嘉里建設有限公司

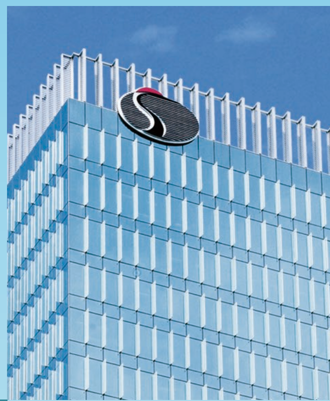
KERRY PROPERTIES LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 683

ANNUAL REPORT

2024

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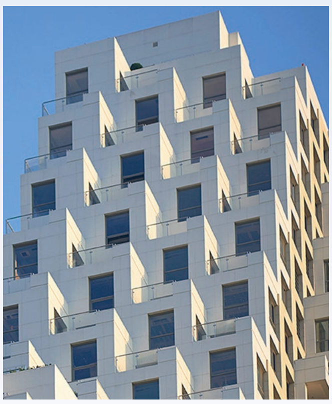


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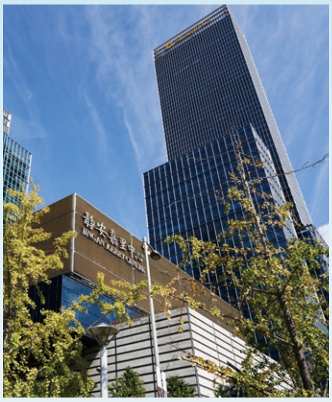
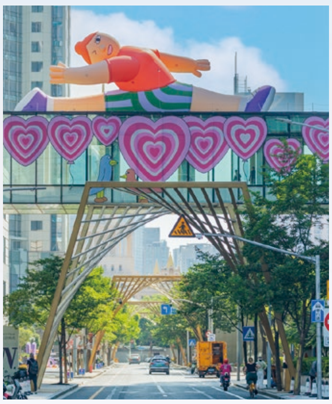
KERRY PROPERTIES LIMITED

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





Hong Kong Kerry Centre

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FINANCIAL HIGHLIGHTS

Results (for the year ended 31 December)	**2024 HK$ Million**	2023 HK$ Million	Change
Combined revenue N1	**21,361**	18,127	18%
Property sales	***13,830***	*10,416*	*33%*
Property rental and others	***5,355***	*5,450*	*-2%*
Hotel operations	***2,176***	*2,261*	*-4%*
Revenue N2	**19,499**	13,090	49%
Property sales	***12,928***	*6,349*	*104%*
Property rental and others	***4,894***	*4,986*	*-2%*
Hotel operations	***1,677***	*1,755*	*-4%*
Underlying profit N3	**3,973**	3,189	25%
Profit attributable to shareholders	**808**	3,243	-75%

Financial information (for the year ended 31 December)	**2024 HK$**	2023 HK$	Change
EPS	**0.56**	2.23	-75%
Adjusted EPS	**2.74**	2.20	25%
Dividend per share	**1.35**	1.35	–
Interim	**0.40**	0.40	–
Final	**0.95**	0.95	–
Net asset value per share (as at 31 December)	**71.18**	73.90	-4%

Financial information (as at 31 December)	**2024 HK$ Million**	2023 HK$ Million	Change
Cash and bank deposits	**11,207**	13,845	-19%
Undrawn bank loan facilities	**26,929**	31,126	-13%
Total debt	**59,581**	55,131	8%
Net debt	**48,374**	41,286	17%
Shareholders' equity	**103,311**	107,257	-4%
Total equity	**116,647**	121,157	-4%
Gearing ratio N4	**41.5%**	34.1%	+7.4% pts

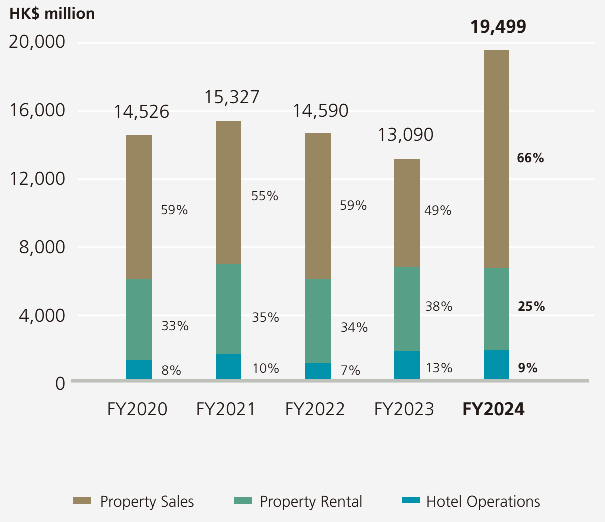
N1 Combined revenue includes revenue from the Company, its subsidiaries and share of associates and joint ventures in the Mainland and Hong Kong.

N2 Revenue includes revenue from the Company and its subsidiaries only.

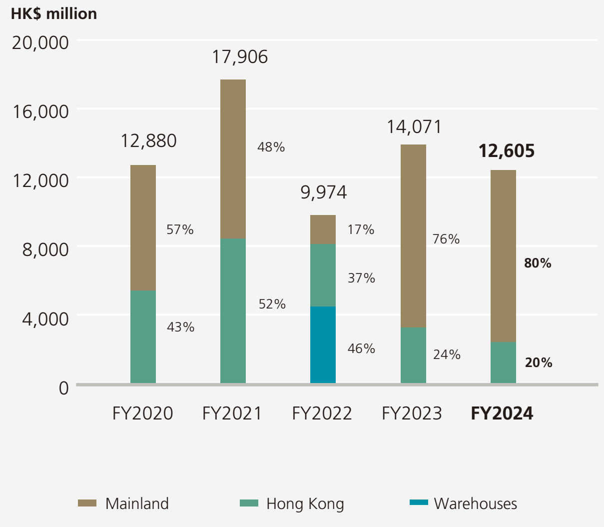
N3 Underlying profit represents profit attributable to shareholders excluding the one-off provision in 2024 for certain land lots held by the Group in the Kwu Tung North New Development Area, impairment provision for development properties and the non-cash change in fair value of investment properties.

N4 Calculated as net debt to total equity.

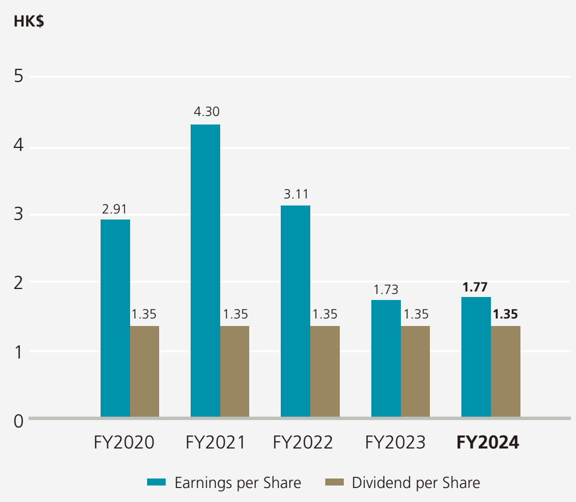
Revenue by Principal Activities [N1]



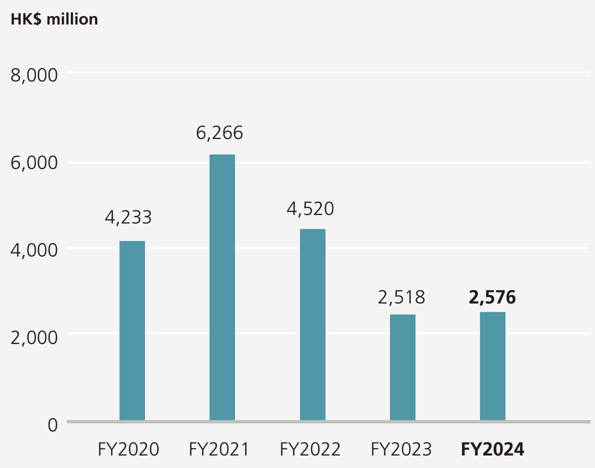
Contracted Sales



EPS (excluding fair value change of investment properties) [N2] and Dividend per Share [N3]



Profit Attributable to Shareholders (excluding fair value change of investment properties) [N2]



N1: Revenue includes revenue from the Company and its subsidiaries only.

N2: Excluding gain on disposal of partial interest in an associate in FY2021.

N3: Excluding special dividend of HK$2.30 per share for FY2021.

CHAIRMAN'S STATEMENT

Mr Kuok Khoon Hua
Chairman

Dear Shareholders,

I am pleased to present our 2024 annual results on behalf of Kerry Properties Limited.

Business Environment

The property market in Hong Kong remained subdued throughout the year. Despite a brief rebound in transaction volumes following the removal of all property cooling measures in February 2024, residential prices fell by 7% year over year(1) and there continues to be a significant overhang of completed residential inventory. Homebuyers remained cautious and focused mainly on projects in good locations offered at meaningful discounts to secondary prices. Consumption also remained weak, with retail sales dropping by 7% year over year and private consumption decreasing by 0.6% year over year(2) due to lower consumer confidence and changing consumption patterns among residents and tourists.

In the Mainland, persistently low business and consumer confidence continued to weigh heavily on the market. This is evidenced by a surge in RMB bank deposits, which exceeded RMB300 trillion in December 2024, marking an increase of over 6% from December 2023 and more than a 33% rise since June 2021(3), during when economic sentiment in the Mainland was at a multi-year peak. Potential homebuyers, despite having the financial means, remained hesitant to invest in properties. Additionally, the trend of consumption downgrading continues, with consumers becoming more price-sensitive and selective in their spending. Corporates have also adopted a cautious approach, focusing on cost control and consolidating their rental footprint.

Operational Performance

Against this economic environment, I am pleased to report encouraging results. Our Hong Kong development properties sold well, and we feel grateful for the positive response to our products. This performance highlights our heavy weighting of premium developments and the appropriate sales and marketing strategies adopted by our teams. In the Mainland, despite the headwinds, our investment properties performed decently. We continued to upgrade our retail positioning and launched various initiatives during the year to raise awareness of our malls and optimise tenant mix, allowing us to grow our retail sales.

In 2024, we achieved contracted sales of HK$12,605 million (2023: HK$14,071 million). The decrease was mainly due to fewer saleable resources in the Mainland, which was partially offset by a higher contribution from Hong Kong.

Note:
(1) Source: Rating and Valuation Department of Hong Kong Special Administrative Region
(2) Source: Census and Statistics Department of Hong Kong Special Administrative Region
(3) Source: The People's Bank of China

The Group recorded combined revenue of HK$21,361 million (2023: HK$18,127 million), representing an increase of 18% year-on-year, primarily driven by higher attributable sales recognition for development properties of HK$13,830 million (2023: HK$10,416 million).

Combined rental income from investment properties, excluding hotels, saw a 2% year-on-year decline to HK$5,355 million (2023: HK$5,450 million) but remained largely unchanged in local currency terms. The performance of our hotels, which had substantially recovered from the effects of COVID-19 in 2023, normalised in 2024, declining 4% year-on-year in combined revenue to HK$2,176 million (2023: HK$2,261 million), representing a 2% year-on-year decrease in local currency terms.

Financial Results and Dividend

The Group reported profit attributable to shareholders of HK$808 million in 2024 (2023: HK$3,243 million), representing a 75% year-on-year decline. In view of the challenging environment of the property sector in the Mainland and Hong Kong, we are taking a more conservative approach in marking the value of our development and investment properties. Adjusting for the impact of exceptional items[(4)], underlying profit increased by 25% year-on-year to HK$3,973 million (2023: HK$3,189 million). This growth in underlying profit was primarily driven by higher revenue from development properties. EPS for 2024 was HK$0.56 per share (2023: HK$2.23 per share), while adjusted EPS based on underlying profit was HK$2.74 per share (2023: HK$2.20 per share).

The Board has recommended the payment of a final dividend of HK$0.95 per share for the year. Together with the interim dividend of HK$0.40 per share, the total dividend for the year amounts to HK$1.35 per share (2023: HK$1.35 per share).

Sustainable Development

2024 marked another positive year for our sustainable development progress. We have been recognised as both the Regional Sector Leader and Regional Listed Sector Leader in the Asia Diversified sector in the Global Real Estate Sustainability Benchmark ("**GRESB**"). This achievement highlights our ongoing commitment to ESG best practices. We piloted biodiversity assessments at Shenzhen Qianhai Kerry Centre and Hong Kong Kerry Centre, with plans to expand this programme across the Group. Through this initiative, we aim to gain valuable insights into the natural habitats surrounding our properties, thereby enhancing our ability to conserve local species. We have also completed climate risk vulnerability assessments for all our investment properties, identifying key risks to guide our mitigation and adaptation strategies.

We are pleased to announce our 2030 mid-term decarbonisation target, which aims for a 2% reduction in our operational emissions every year from now until 2030. We recognise that collaboration is crucial to achieving our sustainability goals and will continue to actively engage with our value chain partners as we move forward on our decarbonisation journey.

Outlook

Looking further ahead, we remain positive on the Mainland's long-term growth prospects. Structurally, the level of urbanisation in the Mainland remains meaningfully lower than that of its more developed peers, as does consumption as a proportion of GDP. The further growth and development of Mainland cities and the emerging consumption power of the middle class, coupled with the advancement of industries and innovation to globally competitive levels will continue to play a crucial role in the Mainland's future economic expansion. We are also optimistic about Hong Kong's prospects as the sole financial gateway between the Mainland and the world. Its unique role as the Mainland's international financial centre will become increasingly important as Mainland businesses seek access to global markets and international investors continue to invest in the Mainland.

However, over the shorter term, there is very low visibility on when business and consumer confidence will recover meaningfully in both Hong Kong and the Mainland. Trade tensions and geopolitical headwinds continue to create a challenging environment while US interest rates are expected to remain high in the foreseeable future. We therefore continue to hold a conservative stance with a focus on deleveraging our balance sheet and delivering stable dividends.

On behalf of the Board, I extend my sincere gratitude and heartfelt appreciation to our dedicated colleagues for delivering a set of decent results. I would also like to express my sincere appreciation to my fellow Directors for their insightful counsel and support.

Kuok Khoon Hua
Chairman
Hong Kong, 19 March 2025

Note:
(4) Exceptional items refer to the one-off non-cash provision in 2024 for certain land lots held by the Group in the Kwu Tung North New Development Area, the non-cash impairment provision for development properties and the non-cash change in fair value of investment properties.

MANAGEMENT DISCUSSION & ANALYSIS
BUSINESS REVIEW

KEY HIGHLIGHTS

HK$ Million	2024	2023	Change
Combined revenue	**21,361**	18,127	18%
Combined results	**6,850**	7,916	–13%
Gross margin (%)	***32%***	*44%*	*–12% pts*
Underlying profit	**3,973**	3,189	25%
Provision on development properties	**(1,397)**	(671)	108%
Underlying profit including provision on development properties	**2,576**	2,518	2%
Fair value changes of investment properties	**(1,768)**	725	n/a
Profit attributable to shareholders	**808**	3,243	–75%
Net finance costs	**(378)**	(600)	–37%
Taxation	**(1,070)**	(2,696)	–60%
Contracted sales	**12,605**	14,071	–10%
Gearing ratio (%)	**41.5%**	34.1%	+7.4% pts

Combined revenue

Combined revenue of the Group rose by 18% to HK$21,361 million (2023: HK$18,127 million), with a breakdown below. Combined revenue for development properties increased by 33% year-on-year to HK$13,830 million (2023: HK$10,416 million) primarily due to higher revenue recognition from the Mainland. Combined revenue for investment properties and hotels slightly declined by 2% year-on-year to HK$7,531 million (2023: HK$7,711 million) and remained stable on a constant exchange rate basis.

Combined revenue in the Mainland and Hong Kong

HK$ Million	2024	2023	% Change Reporting currency basis	% Change Constant exchange rate basis
Development properties				
Mainland	**7,457**	3,459	+116%	+114%
Hong Kong	**6,373**	6,957	–8%	–8%
Total	**13,830**	10,416	+33%	+32%
Investment properties and hotels				
Mainland rental properties	**4,069**	4,216	–3%	–1%
Hong Kong rental properties	**1,286**	1,234	4%	4%
Hotel operations	**2,176**	2,261	–4%	–2%
Total	**7,531**	7,711	–2%	flat

Combined results

The Group's combined results amounted to HK$6,850 million (2023: HK$7,916 million), with a corresponding gross margin of 32% (2023: 44%). The decline in gross margin was mainly due to a different product mix of development properties recognised.

Provision on development properties

A one-off provision for certain land sites held by the Group in the Kwu Tung North New Development Area was made due to resumption of these sites by the Hong Kong government. Additionally, as a result of the weak market conditions in the residential sector, an impairment provision on development properties predominantly in the second and third-tier cities in the Mainland was recorded. These resulted in an attributable share of non-cash provision amounting to HK$1,397 million for the year (2023: HK$671 million).

Investment property revaluation

The Group's investment property portfolio was valued at HK$84,273 million as of 31 December 2024, including the Mainland property portfolio of HK$55,839 million and the Hong Kong property portfolio of HK$28,434 million.

Due to increased risks in the office and retail sectors particularly for the relatively new assets, an attributable share of non-cash fair value loss of investment properties (net of deferred tax) of HK$1,768 million was recognised in 2024 (2023: gain of HK$725 million). Capitalisation rates remained largely steady.

Finance costs

Gross finance costs increased by 4% to HK$2,660 million (2023: HK$2,550 million) principally due to higher gross debt following the settlement of the final land payment for the Shanghai Huangpu project. Net finance costs charged to the consolidated income statement declined to HK$378 million (2023: HK$600 million). On the other hand, capitalised finance costs rose to HK$2,282 million (2023: HK$1,950 million). Upon completion of various projects, the proportion of the capitalised amount is anticipated to decrease.

Through active management of treasury activities, the effective interest rate for the year remained stable at 4.6% (2023: 4.7%). The average debt maturity as of 31 December 2024 was 2.6 years (31 December 2023: 2.7 years). Further details on the Group's treasury policies and activities can be found in the "Capital Resources and Liquidity" section.

Taxation

Taxation decreased to HK$1,070 million (2023: HK$2,696 million) primarily due to the decline in deferred tax in relation to the fair value loss of investment properties, as well as lower land appreciation tax in the Mainland.

Contracted sales

The Group achieved contracted sales of HK$12,605 million (2023: HK$14,071 million), a drop of 10% year-on-year, with fewer contracted sales in the Mainland partially offset by improved contracted sales in Hong Kong.

Contracted sales in the Mainland and Hong Kong

HK$ Million	2024	2023	% Change	2024 % of total	2023 % of total
Development properties					
Mainland	**2,477**	10,636	–77%	**20%**	76%
Hong Kong	**10,128**	3,435	+195%	**80%**	24%
Total	**12,605**	14,071	–10%	**100%**	100%

As of 31 December 2024, contracted sales yet to be recognised amounted to approximately HK$10,200 million, of which 57% was generated from Hong Kong and 43% from Mainland projects. Revenue recognition is expected in 2025 upon completion of these projects and handover of the completed units to buyers.

Gearing ratio

The Group's gearing ratio as of 31 December 2024 rose to 41.5% (31 December 2023: 34.1%) as a result of higher gross debt as mentioned above. The Group will continue to execute its deleveraging plan and maintain disciplined financial management to keep gearing at a reasonable level.

Shenyang Kerry Centre
Shenyang
Beijing Kerry Centre
Beijing
Qinhuangdao
Tangshan
Tianjin Kerry Centre
Tianjin
Jinan
Zhengzhou Mixed-Use Development
Zhengzhou
Nanjing
Shanghai
Wuhan Mixed-Use Development
Wuhan
Hangzhou
Nanchang Enterprise Centre
Nanchang
Fuzhou Rivercity
Fuzhou
Putian
Kunming
Kunming Mixed-Use Development
Shenzhen
Macau
Hong Kong
Huangpu Mixed-Use Development
Jing An Kerry Centre
Pudong Kerry Parkside
Pudong Mixed-Use Development
Kerry Everbright City
Hangzhou Kerry Centre
Hangzhou Kerry Plaza
Shenzhen Kerry Plaza
Qianhai Kerry Centre
Kerry Centre
MegaBox / Enterprise Square Five
Residential
Office
Retail
Hotel

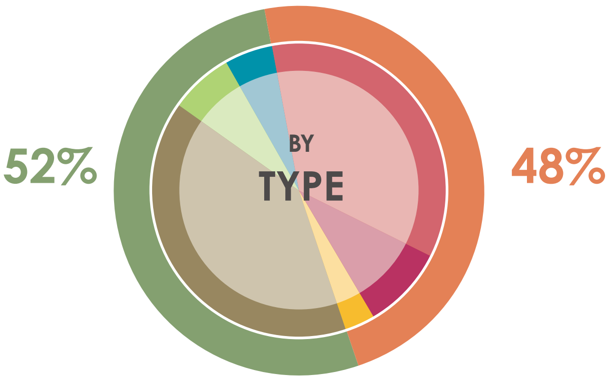
LANDBANKING STRATEGY

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

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

PROPERTY PORTFOLIO COMPOSITION

50.10 million sq ft in attributable GFA

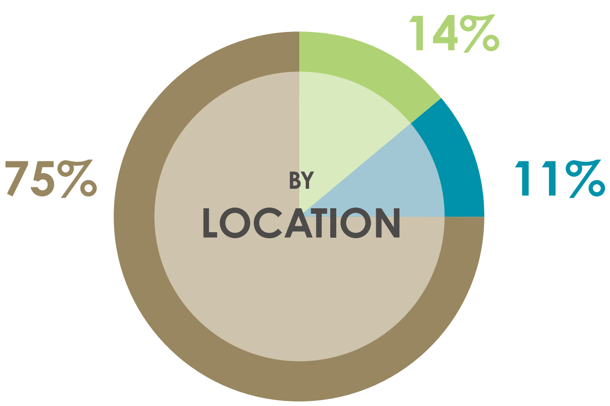


Under Development

24.10 million sq ft in attributable GFA	48%
Mainland	74%
Overseas	19%
Hong Kong	7%

Completed investment properties / Hotel properties / Properties held for sale

26.00 million sq ft in attributable GFA	52%
Mainland	77%
Hong Kong	13%
Overseas	10%



Mainland	75%
Overseas	14%
Hong Kong	11%

The Group's property portfolio comprised 50.1 million sq ft of attributable GFA as of 31 December 2024 (31 December 2023: 50.9 million sq ft) across the Mainland, Hong Kong and elsewhere overseas.

Of the 17.7 million sq ft of attributable GFA of properties under development in the Mainland, approximately 5.1 million sq ft is allocated for a mixed-use project in Shanghai's Huangpu district, which includes residential and commercial components. This strategic project is expected to generate healthy revenue from development properties while enhancing the investment property portfolio in downtown Shanghai with progressively increasing recurrent rental revenue.

In 2024, the Group announced a transaction involving existing and new landbank in Wuhan. With this transaction, the Wuhan mixed-use project is positioned with a higher-quality residential and commercial GFA mix, comprising approximately 3.6 million sq ft of for-sale development properties (including properties held for sale and properties under development) and 1.2 million sq ft of investment properties. A summary of the Group's property portfolio in attributable GFA follows:

The Group's property portfolio in attributable GFA

	As of 31 December 2024				As of 31 December 2023
('000 sq ft)	**Mainland**	**Hong Kong**	**Overseas**	**Total**	Total
Properties under development	17,706	1,793	4,607	**24,106**	26,256
Investment properties	10,836	3,073	1,990	**15,899**	15,765
Hotel properties	4,634	38	504	**5,176**	5,009
Properties held for sale	4,603	322	1	**4,926**	3,874
Total GFA	**37,779**	**5,226**	**7,102**	**50,107**	50,904

DEVELOPMENT PROPERTY PIPELINE

Based on its portfolio of properties under development, the Group runs a robust sales pipeline supported by upcoming development property projects sufficient for the next five years and beyond. As of 31 December 2024, the total attributable GFA of for-sale development properties of the Group in the Mainland and Hong Kong stood at 8.9 million sq ft.

Meanwhile, the Group's pipeline in the Mainland will yield 7.2 million sq ft of attributable GFA. All of the Mainland development properties are part of a master-planned mixed-use development in key city areas, offering convenient access to transport networks. They will feature high-quality homes with the added benefit of amenities from the commercial components, such as shopping malls and well-designed public spaces.

In Hong Kong, the Group oversees a landbank of high-quality projects totalling approximately 1.7 million sq ft of attributable GFA. This allows the Group to maintain a balanced pipeline comprising a diverse mix of ultra-luxury, premium and middle-market developments.

The Group's attributable development property completion pipeline

Target completion	Location	Region	Equity stake	Attributable GFA *('000 sq ft)*
2025	Shenyang	Mainland	60%	1,387
2025	Wong Chuk Hang	Hong Kong	50%	319
2025	Yuen Long	Hong Kong	100%	282
2025	Shanghai Pudong	Mainland	40%	205
2025	Tianjin	Mainland	49%	147
2025	Shenzhen Qianhai	Mainland	70%	42
2025 onwards	Wuhan	Mainland	100%	2,823
2026 onwards	Qinhuangdao	Mainland	60%	1,340
2027	Tseung Kwan O	Hong Kong	25%	387
2027 onwards	Shanghai Huangpu	Mainland	100%	1,329
2028	To Kwa Wan	Hong Kong	100%	370
2029	Tsuen Wan	Hong Kong	100%	314
				8,945
			Mainland Total	7,273
			Hong Kong Total	1,672
			Group Total	**8,945**

INVESTMENT PROPERTY AND HOTEL PIPELINE

As of 31 December 2024, the Group held 18.6 million sq ft of attributable GFA within its major investment property and hotel portfolio, which includes office, retail, apartment, hotel and warehouse assets in Hong Kong and the Mainland. The Mainland accounted for 83% or 15.5 million sq ft, while Hong Kong accounted for 17% or 3.1 million sq ft of the major investment property and hotel portfolio. The portfolio's composition follows:

The Group's investment property and hotel portfolio in Hong Kong and the Mainland (attributable GFA)*

	As of 31 December 2024								As of 31 December 2023
('000 sq ft)	**Hong Kong**	**Beijing**	**Shanghai**	**Shenzhen**	**Hangzhou**	**Shenyang**	**Others**	**Total**	Total
Office	778	711	1,519	3,003	102	354	195	**6,662**	6,662
Retail	1,197	98	959	361	811	486	1,186	**5,098**	5,087
Hotel	38	500	759	121	448	395	2,411	**4,672**	4,505
Apartment	799	277	774	–	–	–	–	**1,850**	1,850
Warehouse	299	–	–	–	–	–	–	**299**	299
Total	**3,111**	**1,586**	**4,011**	**3,485**	**1,361**	**1,235**	**3,792**	**18,581**	18,403

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

Over the next six years, the Group expects to add 10.4 million sq ft of GFA to its investment property and hotel portfolio from major mixed-use projects. This includes approximately 5.7 million sq ft for office properties, 4.1 million sq ft for retail and 0.6 million sq ft for hotels and apartments. Key cities driving this growth are Shanghai (Pudong and Huangpu districts), Hangzhou, Wuhan and Shenyang.

The Group's major mixed-use projects under development in the Mainland (attributable GFA)

Target completion	**City**	**Office**	**Retail** ('000 sq ft)	**Hotel**	**Apartment**	**Total**
2025	Hangzhou	235	996	173	197	**1,601**
2025	Tianjin	489	92	–	–	**581**
2025	Shenzhen Qianhai	503	76	–	–	**579**
From 2025	Shenyang	447	594	–	–	**1,041**
2026	Shanghai Pudong	110	981	–	–	**1,091**
From 2026	Zhengzhou	349	–	226	–	**575**
From 2028	Shanghai Huangpu	2,396	1,332	–	–	**3,728**
From 2030	Wuhan	1,163	–	–	–	**1,163**
	Total	**5,692**	**4,071**	**399**	**197**	**10,359**

The Group has developed a solid pipeline of mixed-use projects in major cities due to its strategic vision and disciplined landbanking. The upcoming launches of malls, premium offices, apartments and hotels will act as growth catalysts, providing steadily increasing recurrent revenue. Additionally, the Group will focus on asset enhancement to keep its properties competitive. Efficient management of existing assets and high-quality tenant service will also support rental levels of the Group, occupancies and tenant loyalty.

MAINLAND PROPERTY DIVISION

Overview

The Mainland Property Division recorded combined revenue of HK$13,665 million (2023: HK$9,900 million) and combined results of HK$4,446 million (2023: HK$5,585 million) for 2024. The growth in combined revenue was primarily driven by the increase in recognised sales from development properties.

(i) Development Property Portfolio Performance

Combined revenue from development properties in the Mainland Property Division reached HK$7,457 million (2023: HK$3,459 million) due to increased sales revenue recognition on completion of relevant projects. Combined results amounted to HK$817 million (2023: HK$1,765 million), with a corresponding gross margin of 11% (2023: 51%). The decline in gross margin reflected a different product mix and generally soft selling prices in a weak market.

The Mainland Property Division delivered attributable contracted sales of HK$2,477 million (2023: HK$10,636 million). In 2024, sales launches in the Mainland were smaller in scale and mainly focused on second and third-tier cities. Key contributions came from Shenyang The Arcadia, Wuhan River Mansion and other projects in Tianjin, Shenzhen Qianhai, Qinhuangdao, Fuzhou and Kunming. A summary of major attributable contracted sales in the Mainland for 2024 follows:

Project name	Group's attributable interest	Location	Approximate total saleable area (sq ft)	Total contracted sales in 2024 (HK$ Million)
The Arcadia	60%	Shenyang	3,283,000	842
River Mansion	100%	Wuhan	1,561,000	678
Arcadia Terrace	49%	Tianjin	299,000	190*
The Bayside	100%	Shenzhen Qianhai	459,000	186
Habitat Phase II	60%	Qinhuangdao	1,965,000	169
Fuzhou Rivercity	100%	Fuzhou	2,908,000	126
Peakview	55%	Kunming	225,000	117
Others	–	–	–	169
Total				**2,477**

Note: Others include sales from projects in Qinhuangdao, Shanghai, Shenyang, Zhengzhou and other cities.

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

(ii) Investment Property and Hotel Portfolio Performance

In the Mainland, the Group's investment property and hotel portfolio mainly comprises office, retail, apartments-for-lease and hotel properties in key cities. In 2024, combined revenue from the Mainland investment property and hotel portfolio amounted to HK$6,208 million (2023: HK$6,441 million).

Excluding hotels, Mainland investment properties contributed combined rental revenue of HK$4,069 million (2023: HK$4,216 million) and combined results of HK$2,910 million (2023: HK$3,043 million). The corresponding gross margin was 72% (2023: 72%), underscoring the resilience and defensive nature of our leasing portfolio. On a constant exchange rate basis, Mainland combined rental revenue recorded a slight 1% decrease, with higher retail rental revenue partially offset by lower office rental revenue. A summary of Mainland combined rental income follows:

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

Investment properties	**2024 HK$ Million**	2023 HK$ Million	% Change Reporting currency basis	% Change Constant exchange rate basis
The Company and its subsidiaries	**3,727**	3,883	–4%	–2%
Share of associates and joint ventures	**342**	333	3%	5%
Total	**4,069**	4,216	–3%	–1%

The Group's retail segment experienced moderate improvement, with a slight increase in foot traffic, tenant sales and occupancy levels, despite a weak economy. This was partly due to the premium locations and quality of our assets, along with property upgrades and an effective tenant mix optimisation strategy. The office segment remained the major revenue driver for the Group's investment property portfolio. However, with low economic visibility and an oversupply of office buildings, corporate tenants have been cautious, often downsizing their office spaces. To secure recurring revenue in this challenging market, the Group focused on lease renewals, striving for favourable leasing terms based on current market prices while maintaining stable occupancy levels. Meanwhile, the residential leasing portfolio remained stable. The Group will continue to prioritise revenue management by optimising its retail brand mix and concentrating on renewals within its established blue-chip and red-chip tenant base.

There has been a minor change in the Mainland investment property portfolio GFA during 2024 due to reconfiguration of floor space. A breakdown of attributable GFA by asset type and respective occupancy rates follows:

	As of 31 December 2024		As of 31 December 2023	
	Group's attributable GFA ('000 sq ft)	**Occupancy rate**	Group's attributable GFA ('000 sq ft)	Occupancy rate
Office	**5,884**	**90%**	5,884	90%
Retail	**3,901**	**89%**	3,890	85%
Apartment	**1,051**	**91%**	1,051	92%
	10,836		10,825	

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

Property name	**Occupancy rate as of 31 December 2024**	Occupancy rate as of 31 December 2023
Shanghai Jing An Kerry Centre *	**94%**	98%
Shanghai Pudong Kerry Parkside *	**97%**	96%
Beijing Kerry Centre *	**87%**	91%
Hangzhou Kerry Centre *	**90%**	91%
Shenzhen Kerry Plaza	**92%**	92%

*Note: * Excludes the hotel portion.*

The Group's hotel business in the Mainland normalised after the strong rebound earlier in 2023, recording a normalised combined revenue of HK$2,139 million (2023: HK$2,225 million), reflecting a 4% year-on-year decrease in reporting currency terms and 2% decline on a constant exchange rate basis.

HONG KONG PROPERTY DIVISION

Overview

The Hong Kong Property Division reported combined revenue of HK$7,696 million (2023: HK$8,227 million) and combined results of HK$2,404 million (2023: HK$2,331 million) in 2024, with the combined revenue decline mainly due to lower sales recognition for development properties.

(i) Development Property Portfolio Performance

The Group recorded development property combined revenue of HK$6,373 million (2023: HK$6,957 million), with the majority recognised in the second half of the year. Combined results amounted to HK$1,423 million (2023: HK$1,408 million), resulting in a gross margin of 22% (2023: 20%). The change in combined revenue and gross margin was mainly attributed to a different product mix.

Benefiting from relaxed property policies, the Hong Kong Property Division achieved total attributable contracted sales of HK$10,128 million (2023: HK$3,435 million) in 2024. This was largely driven by the Mont Verra high-end project, which recorded HK$8,514 million of contracted sales. The Aster delivered contracted sales of HK$1,053 million, while the Group's Wong Chuk Hang MTR station projects, namely La Marina and La Montagne, together recorded HK$557 million in attributable contracted sales during the year.

A summary of Hong Kong's contracted sales achieved for 2024 follows:

Project name	Group's attributable interest	Location	Approximate total saleable area (sq ft)	Total contracted sales in 2024 (HK$ Million)
Mont Verra	100%	Beacon Hill	325,000	8,514
The Aster	100%	Happy Valley	71,000	1,053
La Marina	50%	Wong Chuk Hang	425,800	508*
La Montagne	50%	Wong Chuk Hang	559,000	49*
Others	–	–	–	4
Total				**10,128**

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

(ii) Investment Property Portfolio Performance

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

For 2024, the Hong Kong investment property portfolio achieved combined rental revenue of HK$1,286 million (2023: HK$1,234 million) and combined results of HK$972 million (2023: HK$915 million), resulting in a gross margin of 76% (2023: 74%). The decrease in rental income due to challenging market conditions and disruptions at individual assets was offset by rental income from certain development property units which were or will be subsequently sold.

A summary of the Hong Kong Property Division's combined rental income follows:

Combined rental income of the Hong Kong Property Division

Investment properties	2024 HK$ Million	2023 HK$ Million	% Change
The Company and its subsidiaries	**1,167**	1,103	6%
Share of associates and joint ventures	**119**	131	–9%
Total	**1,286**	1,234	4%

MegaBox performed well despite the city's tepid consumer sentiment, benefiting from its position as a family-oriented mall. However, its revenue declined due to partial refurbishment, which affected approximately 14% of net leasable area. Excluding the area under refurbishment, MegaBox was fully occupied. The office segment faced significant challenges in 2024, with lower occupancy level and downward rent adjustment amid an oversupply of office space and weak demand driven by a bleak economic outlook. The apartment portfolio remained stable, but its revenue was impacted by refurbishment works in one building and the conversion of The Aster into a development property for sale. However, this decline was offset by rental income from certain development property units which were or will be subsequently sold. Excluding these factors, Hong Kong combined rental revenue for the apartment segment experienced a slight 1% growth on a like-for-like basis.

There has been no change in the Hong Kong investment property portfolio during 2024. A breakdown of attributable GFA by asset type and respective occupancy rates follows:

	As of 31 December 2024		As of 31 December 2023	
	Group's attributable GFA ('000 sq ft)	**Occupancy rate**	Group's attributable GFA ('000 sq ft)	Occupancy rate
Retail [1]	**1,197**	**100%**	1,197	95%
Apartment [2]	**799**	**95%**	799	89%
Office	**778**	**78%**	778	84%
Warehouse	**299**	**24%**	299	43%
	3,073		3,073	

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

Property name	**Occupancy rate as of 31 December 2024**	Occupancy rate as of 31 December 2023
MegaBox [1] /	**100%**	95%
Enterprise Square Five	**77%**	82%
Kerry Centre	**82%**	89%
Mid-Levels Portfolio [2]	**95%**	93%

Note:
(1) As of 31 December 2024, occupancy rate excluded area undergoing refurbishment at MegaBox.
(2) As of 31 December 2024 and 31 December 2023, occupancy rate excluded Branksome Crest due to major refurbishments.

MANAGEMENT DISCUSSION & ANALYSIS
CAPITAL RESOURCES AND LIQUIDITY

Treasury Policies

The Group adopts prudent policies for liquidity and financial risk management. These treasury policies, approved by the Finance Committee of the Company and regularly reviewed by the Group's internal audit function, are designed to mitigate the liquidity, foreign exchange, interest rate and credit risks as part of normal business operations. The Group centrally coordinates and controls liquidity management and financing activities at the corporate level, ensuring better operational oversight and reduced average funding costs. It is the Group's policy to avoid entering derivatives transactions for speculative purposes.

Foreign Exchange Management

The Group closely monitors its foreign exchange exposure and primarily conducts its businesses in Hong Kong and the Mainland, with related cash flows, assets and liabilities denominated mainly in HK$ and RMB. Key foreign exchange exposure arises from property developments and investments in the Mainland denominated in RMB as well as bank loans denominated in RMB, AUD and JPY.

As at 31 December 2024, the total foreign currency borrowings (excluding RMB bank loans) amounted to the equivalent of HK$1,295 million. RMB bank loans amounted to the equivalent of HK$20,305 million. As such, non-RMB foreign currency borrowings and RMB bank loans represented approximately 2% and 34% respectively, of the Group's total borrowings of HK$59,581 million.

The Group's foreign currency borrowings of HK$21,600 million included RMB19,168 million (equivalent to HK$20,305 million), AUD187 million (equivalent to HK$900 million) and JPY8,000 million (equivalent to HK$395 million) bank loans.

To hedge exchange rate exposure, the Group arranged cross currency swap contracts totalling RMB1,000 million, AUD187 million and JPY8,000 million for bank borrowings drawn in Hong Kong. The remaining RMB18,168 million in bank borrowings, primarily allocated to development projects in the Mainland, are naturally hedged by maintaining an appropriate level of RMB borrowings against the net investment in the Mainland, which also help to lower the overall interest costs of the Group.

Interest Rate Management

The Group actively monitors subsidiaries' cash flow forecasts, redistributing surplus cash to the corporate level to reduce gross debt. By arranging intra-group loans from cash-rich companies to meet funding needs of other group companies, the Group optimises the use of surplus cash and minimises overall interest costs. Intra-group financing arrangements are regularly reviewed to adjust for changes in foreign exchange and interest rates.

In addition to raising funds directly on a fixed rate basis, the Group actively manage its interest rate risks from floating rate loans by using floating-to-fixed interest rate swap contracts and applying hedge accounting. As at 31 December 2024, the Group had outstanding interest rate swap contracts amounting to HK$18,410 million (2023: HK$19,500 million), ensuring a more stable interest rate profile. As at 31 December 2024, the Group's fixed rate debt ratio (after swap contracts and fixed rate loans) was 46% (2023: 43%) on a gross debt level and 56% (2023: 58%) on a net debt level. All interest rate swaps qualified for hedge accounting.

Liquidity and Financing Management

Total borrowings amounted to HK$59,581 million (2023: HK$55,131 million) comprising HK$37,981 million HK$ borrowings, HK$20,305 million RMB borrowings, HK$900 million AUD borrowings and HK$395 million JPY borrowings.

As at 31 December 2024, total cash and bank deposit balances stood at HK$11,207 million (2023: HK$13,845 million), resulting in a net debt balance of HK$48,374 million (2023: HK$41,286 million). The increase in net debt balance was mainly due to the settlement of the last batch of land costs for the project in Shanghai Huangpu.

The Group adopts a proactive liquidity management approach to ensure sufficient capital resources for financing needs, disciplined investment opportunities and protection against external economic shocks. Funding requirements are closely monitored and reviewed to maintain financial flexibility and optimise funding costs.

As at 31 December 2024, all borrowings were unsecured, with no asset pledged as collateral. The Group will continue to prioritise unsecured financing and supplement it with secured project financing as needed.

The Group's available financial resources as at 31 December 2024 was HK$38,136 million (2023: HK$44,971 million), comprising undrawn bank loan facilities of HK$26,929 million and cash and bank deposits of HK$11,207 million, decreasing by 13% and 19% respectively compared to 31 December 2023. The reduction was mainly attributable to the utilisation of capital resources on the settlement of land costs as mentioned above. The available financial resources can cover approximately 64% of the total borrowings as at 31 December 2024.

Sustainable Finance Initiatives

The Group recognises sustainable finance as a key enabler for long-term investments in sustainable economic activities and projects. In 2022, the Group established a sustainable finance framework to align the utilisation of financing instruments with our sustainability strategy and vision.

During 2024, the Group secured various sustainability-linked loan agreements, totalling approximately HK$9,923 million in loan facilities. As at 31 December 2024, the Group's total sustainability-linked loan facilities amounted to approximately HK$50,277 million (2023: HK$41,116 million), representing 58% (2023: 48%) of the Group's total loan facilities. These loan facilities are tied to the Group's annual and cumulative sustainability performance, reinforcing our commitment to achieving sustainability targets while supporting the sustainable loan market's growth in the region. Proceeds from these facilities are used to drive long-term sustainability initiatives, enhance the climate resilience of the property portfolio, and support general corporate financing. The Group benefits from discounted interest rates upon meeting pre-determined sustainability milestones. With additional sustainability-linked loans in the pipeline, the Group plans to increase the sustainable finance portion of the Group's overall debt portfolio, further enhancing cost efficiency while advancing our environmental objectives.

Debt Maturity Profile and Gearing Ratio

The Group's total borrowings as at 31 December 2024 amounted to HK$59,581 million (2023: HK$55,131 million). The debt maturity profile, with around 64% of the borrowings repayable after two years, is set out below:

Repayable:	**2024** **HK$ million**		2023 HK$ million	
Within 1 year	**9,700**	**16%**	6,636	12%
In the second year	**11,869**	**20%**	13,034	24%
In the third to fifth year	**38,012**	**64%**	35,001	63%
Over 5 years	**–**	**–**	460	1%
Total	**59,581**	**100%**	55,131	100%

As at 31 December 2024, the Group's gearing ratio, calculated as net debt to total equity, stood at 41.5% (31 December 2023: 34.1%), based on net debt of HK$48,374 million and total equity of HK$116,647 million.

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

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

BUSINESS AT A GLANCE

Property Sales

Mainland

Major Projects with Recent Sales

1. Shanghai Jinling Residences
2. Shenyang The Arcadia
3. Wuhan River Mansion
4. Tianjin Arcadia Terrace
5. Shenzhen Qianhai The Bayside
6. Qinhuangdao Habitat Phase II
7. Fuzhou Rivercity
8. Kunming Peakview

Major Projects in the Pipeline

1. Wuhan Project Phase II

Hong Kong

Major Projects with Recent Sales

1. Mont Verra
2. HAVA
3. La Montagne
4. La Marina
5. The Aster

Major Projects in the Pipeline

1. Yuen Long Project Phase II
2. LOHAS Park Package Thirteen
3. To Kwa Wan Project
4. Tsuen Wan Project

Property Rental

Mainland

Major Projects in Operation

1. Shanghai Jing An Kerry Centre
2. Shanghai Pudong Kerry Parkside
3. Hangzhou Kerry Centre
4. Shenzhen Kerry Plaza
5. Shenzhen Qianhai Kerry Centre Phases I and II
6. Beijing Kerry Centre
7. Shenyang Kerry Centre Phase II

Major Projects in the Pipeline

Commercial Portions in:

1. Shanghai Huangpu MUD
2. Shanghai Pudong MUD
3. Hangzhou Kerry Plaza
4. Shenzhen Qianhai Kerry Centre Phase III
5. Shenyang Kerry Centre Phase III
6. Wuhan MUD
7. Zhengzhou MUD

Hong Kong

Major Projects in Operation

1. MegaBox / Enterprise Square Five
2. Kerry Centre
3. Mid-Levels Portfolio
4. The Bonham

Hotel Operation

Mainland

Major Projects in Operation

1. West Shanghai Jing An Shangri-La Hotel
2. Shanghai Pudong Kerry Hotel
3. Hangzhou Midtown Shangri-La Hotel
4. Beijing Kerry Hotel
5. Shenzhen Qianhai JEN by Shangri-La
6. Nanjing Shangri-La Hotel
7. Shenyang Shangri-La Hotel
8. Tianjin Shangri-La Hotel
9. Tangshan Shangri-La Hotel
10. Putian Shangri-La Hotel
11. Jinan Shangri-La Hotel
12. Nanchang Shangri-La Hotel
13. Kunming JEN by Shangri-La

Major Projects in the Pipeline

1. Hotel Portion in Hangzhou Kerry Plaza
2. Hotel Portion in Zhengzhou MUD
3. Hotel Portion in Kunming MUD

Hong Kong

Project in Operation

1. JEN Hong Kong

Note: MUD = mixed-use development

MAINLAND PORTFOLIO – KEY HIGHLIGHTS

Property Sales


Artist's Impression

Shanghai Jinling Residences

Shanghai Jinling Residences is the residential component of the Shanghai Huangpu Mixed-Use Development, featuring four iconic high-rise towers and restored shikumen-style townhouses. This high-end project is currently under development with a phased completion from 2027 onwards. The high-rise apartment units have been launched for pre-sale in the first quarter of 2025.

Total saleable area: 1,329,000 sq ft
Target completion: 2027 onwards
Equity stake: 100%

Shenyang The Arcadia

Shenyang The Arcadia is the residential component of the mixed-use development, Shenyang Kerry Centre Phase III. This project is located to the east of Shenyang's famous Youth Avenue and south of Youth Park. A portion of the project has been completed and sold. Construction of the remaining portion is expected to be completed in 2025, and pre-sale is currently underway.

Total saleable area: 3,283,000 sq ft
Target completion: 2025 (remaining portion)
Equity stake: 60%


Artist's Impression

Wuhan River Mansion

Wuhan River Mansion is the residential portion of the first phase of the Wuhan Mixed-Use Development. It is situated in the Jianghan district, a prime commercial area, and enjoys direct metro access to the city centre. A portion of the project has been completed and the remaining portion is expected to be completed in 2025 with pre-sale currently ongoing.

Total saleable area: 1,560,000 sq ft
Target completion: 2025 (remaining portion)
Equity stake: 100%

Shenzhen Qianhai The Bayside

Qianhai The Bayside is the last apartment building for sale in the Shenzhen Qianhai Mixed-Use Development. The project has been completed, with sales currently underway.

Total saleable area: 187,000 sq ft
Equity stake: 100%

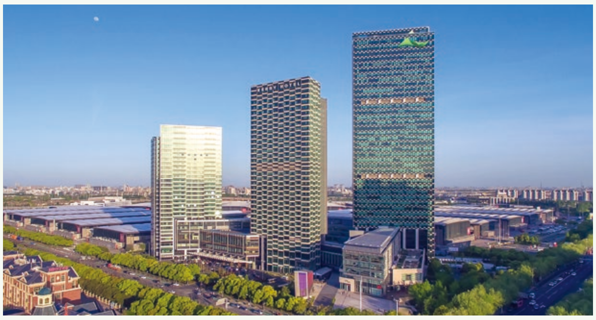
Note: Total saleable area is on 100% basis.

Property Rental

Shanghai Jing An Kerry Centre

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

Total GFA:	**Phase I:**	**747,000 sq ft**
	Phase II:	**2,990,000 sq ft**
Equity stake:	**Phase I:**	**74.25%**
	Phase II:	**51%**



Shanghai Pudong Kerry Parkside

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

Total GFA:	**2,728,000 sq ft**
Equity stake:	**40.8%**

Beijing Kerry Centre

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

Total GFA:	**2,227,000 sq ft**
Equity stake:	**71.25%**

Hangzhou Kerry Centre

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

Total GFA:	**1,815,000 sq ft**
Equity stake:	**75%**

Shenzhen Kerry Plaza

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

Total GFA:	**1,654,000 sq ft**
Equity stake:	**100%**

Note: Total GFA is on 100% basis.

Mixed-Use Developments in the Pipeline

Shanghai Huangpu Mixed-Use Development

A rare placemaking opportunity in the heart of Shanghai, the development is designed to deliver high-rise apartments overlooking The Bund and restored shikumen-style townhouses, as well as commercial elements. Located along Jinling Road in the Bund area of Huangpu, the site has direct access to Yuyuan Station, an important interchange for two major metro lines, and good vehicular connection via expressway and tunnels. The project is set for phased completion, with the residential portion expected from 2027 onwards and the commercial elements from 2028 onwards.

Total GFA:	**5,057,000 sq ft**
Target completion:	**2027 onwards**
Equity stake:	**100%**

Hangzhou Kerry Plaza (formerly Hangzhou Mixed-Use Development)

Situated in the Gongshu District of Hangzhou, this development offers a blend of retail experiences, Grade A office buildings, residential units, long-leased apartments, and a hotel. Retail experiences are designed with a unique mix of shopping, dining and entertainment. The residential component has been completed and sold while the commercial components are slated for completion in 2025.

Total GFA:	**2,681,000 sq ft**
Target completion:	**2025 (commercial and hotel portion)**
Equity stake:	**100%**

Shenzhen Qianhai Kerry Centre

Located in the vibrant Qianhai District of Shenzhen, this project is being developed in three phases, comprising a mix of office, residential, retail and hotel properties. Phases I and II have already been completed, while Phase III will feature office and retail spaces, along with community facilities, with an expected completion in 2025.

Phase III

Total GFA:	**886,000 sq ft**
Target completion:	**2025**
Equity stake:	**70%**

Wuhan Mixed-Use Development

This project in the Jianghan District of Wuhan is designed to deliver a complex with residential and commercial components. The site is located in a prime commercial area at the intersection of the Yangtze and Han Rivers, and in the vicinity of the city-centre with direct metro access. The complex is being developed in phases, with Phase I being completed from 2024 onwards and Phase II from 2030 onwards.

Total GFA:	**Phase I:**	**1,624,000 sq ft**
	Phase II:	**3,122,000 sq ft**
Target completion:	**Phase I:**	**2024 onwards**
	Phase II:	**2030 onwards**
Equity stake:	**100%**	

Note: Total GFA is on 100% basis.

HONG KONG PORTFOLIO – KEY HIGHLIGHTS

Property Sales

Mont Verra

This ultra-luxurious residential project sits atop Beacon Hill and enjoys panoramic views of Victoria Harbour and Kowloon East. It features an exclusive collection of low-density typical units, penthouse units and mansions. The project has been completed and sales are currently ongoing.

Total saleable area: **325,000 sq ft**
Equity stake: **100%**

HAVA

HAVA is the first phase of the Group's Yuen Long residential project, located near the Yuen Long South Development Area. The project is expected to be completed in 2025, while pre-sale has been launched in the first quarter in the same year.

Total saleable area: **215,000 sq ft**
Target completion: **2025**
Equity stake: **100%**

La Montagne

La Montagne is the Group's second Wong Chuk Hang Station transit-oriented residential project, in co-development with Sino Land and Swire Properties. Its units offer magnificent views of Shouson Hill and Deep Water Bay. Completion of this residential project is expected in 2025 while pre-sale is currently underway.

Total saleable area: **559,000 sq ft**
Target completion: **2025**
Equity stake: **50%**

LOHAS Park Package Thirteen

A consortium comprising the Group, Sino Land, K. Wah International and China Merchants Land is jointly developing LOHAS Park Package Thirteen with an expected completion in 2027. This residential project is the largest waterfront development atop LOHAS Park station.

Total GFA: **1,547,000 sq ft**
Target completion: **2027**
Equity stake: **25%**

Note: Total saleable area and GFA are on 100% basis.

To Kwa Wan Project

This project is a key component of the Urban Renewal Authority's urban renewal plan in To Kwa Wan. It includes both residential and commercial elements and is scheduled for completion in 2028.

Total GFA:	**444,000 sq ft**
Target completion:	**2028**
Equity stake:	**100%**

Tsuen Wan Project

This project is nestled in lush green hills in Tsuen Wan, offering views of the Tsing Yi and Ting Kau waterfront. The residential site is located near the Tsuen Wan town centre and offers convenient access to public transportation. Completion of the project is expected in 2029.

Total GFA:	**314,000 sq ft**
Target completion:	**2029**
Equity stake:	**100%**

Note: Total GFA is on 100% basis.

Property Rental

MegaBox / Enterprise Square Five

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

Total GFA: 1,665,000 sq ft
Equity stake: 100%

Kerry Centre

This project is located in Island East and is the Group's flagship Grade-A office property in Hong Kong. This landmark development offers a panoramic harbour view of Kowloon East, while offering convenient access to the MTR and the highways.

Total GFA: 511,000 sq ft
Equity stake: 40%

Mid-Levels Portfolio

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

Total GFA: 722,000 sq ft
Equity stake: 100%

Note: Total GFA is on 100% basis.

CORPORATE SUSTAINABILITY

In 2024, we remained dedicated to achieving our sustainability vision targets and advancing along our sustainability roadmap. This section provides an overview of our 2024 sustainability performances highlighting our key ESG achievements and progress.

SUSTAINABILITY AT A GLANCE

2024 TOP ACCREDITATIONS

S&P Global

- Sustainability Yearbook 2025 Member
- Sustainability Yearbook 2024 Member (China)
- **Top 15%** of Real Estate Management and Development Industry in both editions

GRESB ★★★★★ 2024 / GRESB Public Disclosure 2024

- Highest **5-Star** rating for 4th consecutive year
- 2024 Sector Leaders in Asia Diversified Category (Standing Investment Benchmark)
  – **Regional Sector Leader**
  – **Regional Sector Leader – Listed**
- Public Disclosure Score: **100/100**

CDP

- Maintained **A-** Rating for Climate Change

Hang Seng Corporate Sustainability Index Series Member 2024-2025

- **AA+** ESG rating for 4th consecutive year
- Constituent of Hang Seng Corporate Sustainability Benchmark Index

MSCI ESG RATINGS AA

- Upgraded to **AA** Rating (2023: A)

FTSE4Good

- Constituent

GBABSI Greater Bay Area Business Sustainability Index 2023 粵港澳大灣區企業可持續發展指數2023

- Ranked 11th

RE BSI Real Estate Business Sustainability Index 房地產業可持續發展指數

- Obtained Top 10

SUSTAINALYTICS a Morningstar company RATED

- Maintained **Low Risk**

Scan to read our **Sustainability Report 2024**

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KEY ESG PERFORMANCES

Environment

100%
Investment properties completed Climate Risk and Vulnerability Assessment
(2023: 80%)

▼ 26%
Greenhouse gas (GHG) intensity[1]
(2023: ▼ 29%)

▼ 5%
Energy intensity[1]
(2023: ▼ 13%)

People

99%
Employee trained rate
(2023: 98%)

42%
Women in senior positions[2]
(2023: 34%)

8.1 per
1,000 Employees work-related injury rate[3]
(2023: 8.8)

Community

HK$ 17 million
Donations
(2023: HK$25 million)

690+
Community initiatives
(2023: 680+)

Value Chain

92%
Contractors / suppliers are governed by Vendor Code of Conduct
(2023: 90%)

87%
Operations are governed by green procurement guidelines
(2023: 85%)

87%
Customers are satisfied with our services[4]
(2023: 95%)

Sustainable Finance

Sustainability-linked Loan Facilities
58%
of the Group's total loan facilities[5]
(2023: 48%)

Sustainable Building

100%
Major MUDs received 3-Star/Gold or above sustainable building certifications[6,7]
(2023: 95%)

84%
of our properties obtained WELL Core/WELL Health-Safety Rating certifications[7]
(2023: 70%)

LEED | LEED Zero | TRUE

40%
of our investment portfolio in the Mainland obtained all 3 reputable accreditations[7]
(2023: 31%)

1. As compared to baseline year 2019. Performance data covers our owned and managed investment properties in Hong Kong and the Mainland (excluding hotels). The increase in GHG emissions and energy usage was mainly due to the newly reported energy contribution from projects in Shenyang, Shanghai and Shenzhen.
2. Refer to directors' grade or above. The percentage is calculated based on the total number of employees directly employed by the Group (including hotels). The figure is 45% if hotel employees are excluded from the calculation. As at 31 December 2024, the Group (excluding hotels) had 4,719 employees. For 2023 figure, it referred to senior directors' grade or above.
3. Refer to recordable employee work-related injuries that resulted in incapacity for a period of exceeding 3 days.
4. Our satisfaction surveys cover the offices, retail and residential properties managed by the Group.
5. As at 31 December 2024, the Group's total sustainability-linked loan facilities stood at approximately HK$50,277 million.
6. Sustainable building certifications include BEAM/BEAM Plus, LEED, WELL, and Green Building Evaluation Label.
7. Calculated based on gross floor area.

DOUBLE MATERIALITY

In 2024, we increased tremendously the number of external stakeholders in our assessment to achieve more diverse results and better understand the impact dynamics between KPL, society, and the environment. Three new material topics identified this year are elaborated in our Sustainability Report 2024. The responses received from downstream and upstream business partners, as well as public stakeholders, doubled compared to last year.

Double materiality approach to evaluate each ESG topic from two perspectives:

Financial materiality
Inward impact on KPL's enterprise value

Impact materiality
KPL's outward impact on society and environment

2,500+
Stakeholder engagement feedback received

6
In-depth interviews with management

2
Focus group discussions
– Employees
– Business partners & NGOs

Tier 1: Material Topics[8]	
Business Ethics and Integrity	
Sustainable Buildings	
Climate Change and Resilience	
Greenhouse Gas (GHG) Emissions and Energy Efficiency	
Occupational Health and Safety	
Community Engagement, Development and Investment	NEW
Stakeholder Well-being	
Responsible Supply Chain Management	
Service and Product Quality	NEW
Customer Engagement and Collaboration	NEW
Innovation	

NEW SUSTAINABLE BUILDING CERTIFICATIONS OBTAINED IN 2024

LEED	**LEED for Operations and Maintenance**	Platinum	• Hangzhou Kerry Centre • Shenyang Kerry Centre
	LEED for Building Design and Construction – Precertification	Gold	• Shanghai Huangpu Mixed-Use Development
	LEED for Communities	Platinum	• Tianjin Kerry Centre Phase I
	LEED for Communities – Precertification	Platinum	• Tianjin Kerry Centre Phase II
LEED Zero	**LEED Zero Waste**		• Hangzhou Kerry Centre
TRUE	**TRUE Zero Waste**	Platinum	• Hangzhou Kerry Centre
WELL	**WELL Core**	Platinum	• Hangzhou Kerry Centre
	WELL Certification	Gold	• Nanchang Enterprise Centre
	WELL – Precertification		• Shanghai Huangpu Mixed-Use Development • Tianjin Kerry Centre Phase II
HKGBC BEAM Plus 綠建環評	**BEAM Plus New Buildings (NB) Version 1.2**	Gold	• La Marina, Phase 2 of THE SOUTHSIDE

8. Information Privacy was excluded from material topics in 2024.

SUSTAINABILITY VISION 2030 TARGETS AND PROGRESS

Sub-category	Vision 2030 Targets	Target Status	2024 Performance	Compared to 2023
Environment				
Greenhouse Gas (GHG) Emissions and Energy Efficiency NEW	Reduce 2% of our Scope 1 and 2 carbon emission intensity every year[9]	–	N/A	N/A
	Conduct carbon audits for office tenants across 100% of our investment properties	O	44%	N/A
Sustainable Buildings	Achieve green certifications for 100% of new investment properties[10]	✔	100%	–
	Adopt wellness features in building design across 100% of investment properties	O	95%	+1%
	Adopt biophilic design features across 50% of new investment properties[10]	✔	100%	–
Climate Change and Resilience	Conduct Climate Risk and Vulnerability Assessment across 100% of investment properties	✔	100%	+20%
	Adopt climate-resilient building features across 100% of investment properties	O	94%	+4%
Water Consumption and Conservation	Implement rainwater harvesting system across 100% of investment properties	O	61%	+9%
People				
Occupational Health and Safety	Reduce work-related injury rate of employees to 10 per 1,000	✔	8.1	-0.7
	Maintain record of zero work-related fatalities of all our employees	✔	Maintained Zero	–
Diversity, Equity, and Inclusion	100% of employees receive gender equality, anti-sexual harassment, and related ethical training	O	91%	-6%
	Maintain zero discrimination cases in all operations by treating all people fairly, impartially and with dignity and respect	✔	Maintained Zero	–
	At least one third of senior positions are held by women[11]	✔	42%	+8%
	100% of employees receive labour rights, diversity, and social inclusion training	O	97%	–
Community				
Community Engagement, Development and Investment	100% of new MUDs[12] are planned and designed with cultural and heritage conservation consideration	✔	100%	–
	100% of new MUDs[12] are planned and designed through a mandatory community engagement process, with but not limited to women, children, elderly, and disabled persons	✔	100%	–
Value Chain				
Responsible Supply Chain Management	100% of contractors/suppliers are governed by Vendor Code of Conduct which forbids forced labour, slave labour, and child labour	O	92%	+2%
	100% of operations are governed by green procurement guidelines which include use of sustainable resources throughout property development and operation	O	87%	+2%
	100% of construction projects implement waste recycling programmes	✔	100%	–
	100% of building contractors/suppliers are governed by sustainable procurement guidelines which contain mandatory diversity requirements	O	33%	+1%

O On track ✔ Achieved

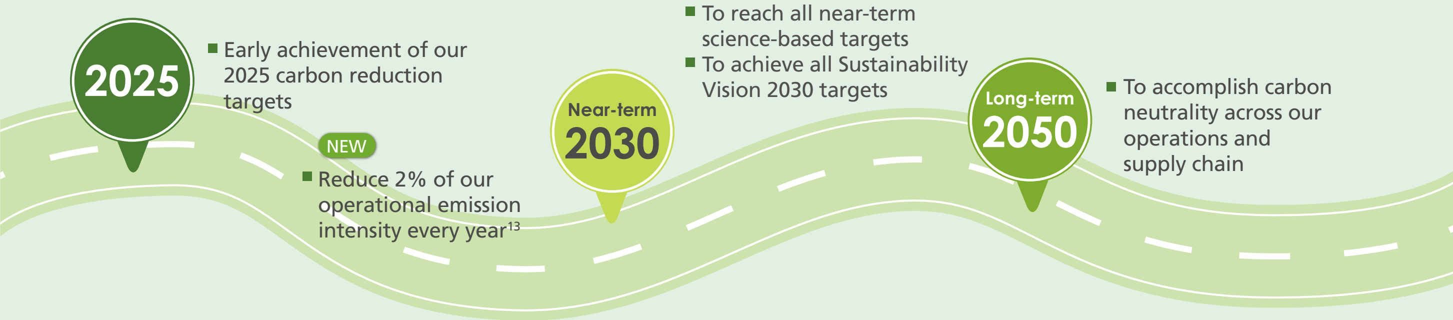
9. This target is newly introduced in 2024 and the progress update will be presented starting in 2025.
10. New investment properties refer to investment properties that were completed in or after 2019.
11. Refer to directors' grade or above. The percentage is calculated based on the total number of employees directly employed by the Group (including hotels). The figure is 45% if hotel employees are excluded from the calculation. As at 31 December 2024, the Group (excluding hotels) had 4,719 employees. For 2023 figure, it referred to senior directors' grade or above.
12. New MUDs refer to MUDs that were completed in or after 2019.

FROM ACTIONS TO IMPACT

A series of initiatives across our operations, aligned with our sustainability values, progressed us towards the Sustainability Vision 2030.

PROTECTING OUR ENVIRONMENT

Our Carbon Neutrality Roadmap



In response to our carbon neutrality roadmap, below are our key achievements in 2024:

Climate-resilient Practices

- Group-wide Climate Risk and Vulnerability Assessment for our managed investment properties and major development projects
- Group-wide carbon audit for all of our managed investment properties to identify potential areas for carbon reduction
- Sustainable Event Management Guideline launched to enhance sustainability awareness across all our operational teams

Renewable Energy

- On-site renewable energy generation capabilities at the majority of our construction projects
- Actively sourcing renewable energy options for our properties

Biodiversity Initiatives

- Pioneering biodiversity assessment with Southern University of Science and Technology (SUSTech) at Qianhai, Shenzhen completed with baseline research on plants, birds, and pollinators
- Biodiversity assessment across our Hong Kong portfolio is under preparation
- Ongoing stakeholder engagement initiatives to enhance biodiversity protection awareness. For instance, we adopted a food waste recycling programme by using black soldier flies as a nature-based solution

Smart Waste Solutions

- IoT-based smart recycling systems, assisted by a reward scheme, incentivise tenants and residents to adopt sustainable waste management practices
- Centralised data collection system to enhance data transparency and accuracy while fostering stakeholder cooperation

13. New target set to reduce Scope 1 and 2 emission intensity starting from 2025.

PUTTING PEOPLE FIRST

Well-being

- Inter-city sports games to promote a healthy lifestyle

- Step Challenge, our annual iconic employee engagement campaign, encourages colleagues to adopt a healthy walking habit

Highlights of Step Challenge 2024:

- **1,900+** Employees participated
- **167+ million** Steps accumulated
- **HK$1.3+ million** Donated to support ocean conservation including seawater filtration by bivalves

Human Capital Development

- The L.E.A.D. Programme covering essential leadership competencies to nurture our future leaders
- A group of Climate Fresk facilitators was formed by our employees to enhance climate change awareness among our stakeholders
- Regular health and safety training, such as fire drills

Highlights:

- **20+** Average training hours per employee
- **95,000+** Total training hours (including 8,800+ hours on sustainability-related topics)

Diversity, Equity, and Inclusion

- A workplace culture that embraces diversity and promotes inclusivity through employee training programmes and seminars

97% of employees received training on sustainability topics, such as business labour rights, diversity and social inclusion

- **Remuneration Ratio** (Female-to-Male)[14]

	Female	Male
Hong Kong	1	1.02
The Mainland	1	1.04

14. Remuneration ratio = average remuneration of female employees : average remuneration of male employees.

CREATING POSITIVE COMMUNITIES

Positive Social Impact

- KERRY HONG KONG STREETATHON 2024 saw a record high participation of nearly 20,000 runners

- NGO engagement focused on supporting the underprivileged, the hearing-impaired, and fostering youth development

Highlights:

1,599 Runners from 26 charitable organisations

645 Teachers and students from 50 schools

100+ Visually impaired runners

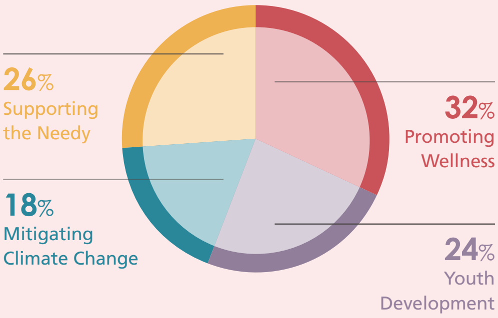
Independent Social Impact Assessment for KERRY HONG KONG STREETATHON 2024

91%	93%	86%	91%
Participants were satisfied with the event	Participants agreed the event promoted physical health	Participants agreed the event fostered social connectedness	Participants said they would recommend the event to friends and family

Donation Initiatives

- HK$17 million donation creating positive impact allocated to four pillars: Promoting Wellness, Mitigating Climate Change, Youth Development, and Supporting the Needy

Breakdown of donation figures:



Highlights:

700+ Employee volunteers

5,000+ Employee volunteering hours

Social Impact Assessment for Donation Initiatives to Measure Our Impacts in 2024

2,000+	93%	89%	96%
Responses received from beneficiaries	Overall satisfaction rate	Respondents found our donation helpful	Respondents were inspired to help others

EMPOWERING OUR VALUE CHAIN

Responsible Supply Chain Management

- **Suppliers** - Low Carbon Stewardship Scheme to engage our supply chain partners for Scope 3 data collection
- **Tenants** - Free carbon audit services and Dark Green Leasing Programme for our tenants to work together along our decarbonisation journey

Highlights:

100% Contractors and suppliers underwent annual performance reviews as part of our due diligence process[15]

Applying **e-Tender** and **e-Procurement** system to centralise data management

Value Chain Engagement

- Our year-round KPL Sustainability Education Programme, covering various ESG topics, was distributed to our suppliers and contractors
- This was also circulated to all employees, receiving a tremendous response

Highlights:

▲**20%** Number of carbon audits conducted for tenants as compared to last year's

100% Our stakeholder groups along the value chain are engaged to promote ESG practices

Service and Product Quality

- Survey conducted on property management service improvement

Highlights:

6,900+ Customer satisfaction survey responses received

- Regular engagement activities with our tenants and residents on ESG-related topics were held at our properties

15. Refers to business operation in Hong Kong.

MAJOR AWARDS AND RECOGNITIONS

KPL remains committed to excellence in all aspects of our operations. We are sincerely grateful to have garnered prominent awards and recognitions in 2024. The newly awarded accolades, with key ones listed below, will further motivate us to pursue even greater achievements in the year ahead.

1 2 3

8 

9 10

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11 

12 

6 7 13 14

15 

Green

1. **Sustainability Yearbook 2025**
   S&P Global
   - Yearbook Member

2. **Sustainability Yearbook (China) 2024**
   S&P Global
   - Yearbook Member

3. **Global Real Estate Sustainability Benchmark (GRESB) 2024**
   GRESB
   - Asia Diversified Category (Standing Investments Benchmark) – Regional Sector Leader
   - Asia Diversified Category (Standing Investments Benchmark) – Regional Sector Leader – Listed
   - Highest 5-Star Rating, for the fourth consecutive year

4. **Hong Kong Green Awards 2024**
   Green Council
   - Sustainable Procurement Award (Large Corporation) – Grand Award
   - Green Management Award – Corporate (Large Corporation) – Gold
   - Sustained Performance (15 Years+)

5. **BEAM Plus New Buildings (NB) Version 1.2**
   Hong Kong Green Building Council
   - Final Gold Rating: La Marina, Phase 2 of THE SOUTHSIDE

6. **LEED Zero Waste Certification**
   U.S. Green Building Council
   - Hangzhou Kerry Centre Office Tower

7. **TRUE Zero Waste Certification**
   U.S. Green Building Council
   - Platinum: Hangzhou Kerry Centre Office Tower

Property Development and Management

8. **BCI Asia Awards 2024**
   BCI Central
   - Top Ten Developers – Hong Kong Chapter

9. **WELL Core Certification**
   International WELL Building Institute (IWBI)
   - Platinum: Hangzhou Kerry Centre Office Tower

10. **WELL Certification**
    International WELL Building Institute (IWBI)
    - Gold: Nanchang Enterprise Centre

11. **Quality Property and Facility Management Award 2024**
    The Hong Kong Institute of Surveyors Property and Facility Management Division (HKIS-PFMD) and The Hong Kong Association of Property Management Companies (HKAPMC)
    - Grand Award in Residential Category – Small-Scale Residential: Mont Rouge

12. **Excellence in Facility Management Award 2023/2024**
    The Hong Kong Institute of Facility Management (HKIFM)
    - Grand Award in Medium-Scale Residential: Lions Rise

13. **LEED v4.1 Operations and Maintenance: Existing Buildings Certification**
    U.S. Green Building Council
    - Platinum: Hangzhou Kerry Centre Office Tower; Shenyang Kerry Centre Enterprise Square A, B and Kerry Parkside

14. **LEED v4 Building Design and Construction: Core and Shell Development**
    U.S. Green Building Council
    - Gold: Nanchang Enterprise Centre

15. **CIC Construction Digitalisation Award 2024**
    Construction Industry Council (CIC)
    - Organisation – Client (Private) – Silver

16 Hang Seng Corporate Sustainability Index Series Member 2024-2025

17


18


19


20


21


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28


29


Corporate Governance and Citizenship

16. Hang Seng Corporate Sustainability Index Series 2024
Hang Seng Indexes Company Limited
- Constituent Member of the Hang Seng Corporate Sustainability Benchmark Index

17. 1st Greater China Real Estate Business Sustainability Index
The Chinese University of Hong Kong and Centre for Business Sustainability, CUHK Business School
- Exemplar Level

5th Greater Bay Area Business Sustainability Index
The Chinese University of Hong Kong and Centre for Business Sustainability, CUHK Business School
- Pace-setter Level

18. The Asset ESG Corporate Awards 2024
The Asset
- Benchmark Award – Platinum Award

19. Hong Kong Sustainability Award 2024
Hong Kong Management Association
- Distinction Award in the Large Organisation Category

20. ESG Achievement Awards 2023/2024
The Institute of ESG & Benchmark (IESGB)
- ESG Benchmark Awards – Diamond Award
- ESG Benchmark Awards – Outstanding Performance in Social Responsibility

21. 2024 WELL at Scale Award
International WELL Building Institute (IWBI)
- Commitment and Engagement Award

22. LEED v4.1 Cities and Communities Certification: Existing
U.S. Green Building Council
- Platinum: Tianjin Kerry Centre Phase I

Communications and Promotions

23. IR Magazine Awards – Greater China 2024
IR Magazine
- Best annual report (small to mid-cap)

24. BDO ESG Awards 2024 – Middle Market Capitalisation
BDO Limited
- ESG Report of the Year Awards
- Best in ESG Awards
- Best in Reporting Awards

25. 2023 Vision Awards Annual Report Competition
League of American Communications Professionals (LACP)
- Platinum Award in Real Estate / REIT category: Annual Report 2023

26. ASTRID Awards 2024
MerComm, Inc.
- Gold Award in Annual Reports – Online: Sustainability & ESG Reporting: Sustainability Report 2022

27. The International Annual Report Design Awards 2024
IADA Global
- Silver Award in Overall Presentation: Sustainability Report 2023
- Silver Award in Interior Design: Sustainability Report 2023

28. International ARC Awards 2024
MerComm, Inc.
- Silver Award in Script / Writing – Sustainability Report – Hong Kong: Sustainability Report 2023

29. Hong Kong Green and Sustainability Contribution Awards 2024
Hong Kong Quality Assurance Agency
- Outstanding Award for ESG Disclosure Contribution

CORPORATE GOVERNANCE REPORT

PURPOSE, VALUES, AND CORPORATE CULTURE

GROW. TOGETHER.

We aim to build a company that nurtures and inspires people to grow and become better versions of themselves.

At Kerry Properties we believe that growth is not a solitary endeavour but a collective journey. As such we are committed to fostering an ecosystem built on trust, diversity and shared purpose where our employees, clients, tenants, and communities can grow and flourish together, like in a vibrant garden.

OUR VALUES – THE PILLARS OF OUR ECOSYSTEM

Our values are the bedrock of our culture, mirroring the interdependent elements of a healthy garden:

Integrity – This is the foundation of everything we do. We do what we say, and we do what is right for the Company and society.

Care – We pride ourselves with the care that we place into our work, knowing that what we **do directly impacts people's lives**, whether we are developing homes, workplaces, hotels, retail and entertainment spaces, public realms or natural environments. We show our care for the Company and for society through the quality of our work.

Commitment and ownership – We take ownership of the Company's objectives and commit to them as our own, exercising sound judgement, and executing with speed and quality in order to consistently exceed expectations.

Curiosity and learning – All growth involves change. Change is one of the rare constants in life. Whether we are a seasoned executive or a new trainee we must develop curiosity and an attitude of constant learning – learning from others, from successes, from failures – to improve our abilities, to work better with our teams, and to drive effectiveness and efficiency in the Company.

Humility – We are respectful, possess an attitude of openness, value the contribution of others, and are generous with assigning credit when due.

Teamwork – We work as a team; share knowledge; lead and develop others to succeed; and are grateful to those who have helped us along the way. The ability to attract, lead, and develop people will be the key to our long-term success in the Company.

OUR CULTURE – A COLLABORATIVE ECOSYSTEM

KPL is a living, breathing ecosystem with a culture of trust, diversity, and shared purpose. Our teams are fueled by open communication, mutual respect, and care. We empower employees to take initiative, innovate, and grow – knowing that setbacks are opportunities to learn. At KPL, we lead by providing guidance, support, and mentorship; by fostering an environment where every voice is heard, and by recognising that every contribution enriches the whole.

As a property developer, we channel our purpose into creating premium, quality properties in prime locations – spaces that reflect the same care and intentionality as our cultural ethos.

Just as a garden's beauty lies in its balance of design and functionality, our developments strive to blend timelessness with innovation. We select prime locations as the "fertile soil" where our gardens can take root, designing spaces that aim to inspire and promote well-being. Every project is a testament to our commitment to excellence, attention to detail, and respect for the environments we shape. By building not just structures but ecosystems, we aim to enhance lives and elevate neighbourhoods, ensuring that our developments stand as enduring landmarks.

CORPORATE GOVERNANCE

Corporate governance is the structure of roles, practices, and processes used to direct and manage a business ensuring that a company's objectives are met, and evolves with each business and operating environment. KPL is committed to high standards of corporate governance and recognises that good governance is vital for the long-term success and sustainability of the Company's businesses. KPL is also committed to ensuring that its affairs are conducted in accordance with high ethical standards so that the Shareholders' interests will be maximised in the long-term and that its employees, business partners, communities and stakeholders will all benefit. The Board strives to enhance KPL's corporate governance practices to ensure that high standards of ethics are maintained whilst at the same time maintaining returns to the Shareholders.

The CG Code sets out (a) the mandatory requirements for disclosure in the Corporate Governance Report; and (b) the principles of good corporate governance, the code provisions on a "comply or explain" basis and certain recommended best practices.

KPL complied with all the code provisions set out in the CG Code throughout 2024, except for C.2.1 of the code provisions as Mr Kuok Khoon Hua ("**Mr Kuok**") has served as both Chairman and CEO.

As Mr Kuok has extensive experience in the business of the Group, the Company is of the view that it is in the best interest and is more efficient for Mr Kuok to perform the role of Chairman as well as CEO. It is also more favourable to the development and management of the business of the Group. Moreover, the powers and authorities have not been concentrated as all major decisions are made in consultation with the Board as well as the appropriate Board Committees and the senior management team, who possess the relevant knowledge and expertise. The Board believes that the balance of powers and authorities is adequately ensured by the operations and governance of the Board which comprises experienced and high calibre individuals, with more than half of them being INEDs.

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

THE BOARD OF DIRECTORS

ROLE AND RESPONSIBILITIES OF THE BOARD

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

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

- Setting the tone and continuing KPL's corporate culture.
- Leading, directing and supervising KPL's affairs to enable its long-term success and aligning with KPL's desired corporate culture.
- Setting long-term strategic objectives and strategic policies with appropriate focus on value creation and risk management and alignment with KPL's values and standards.
- Ensuring appropriate and adequate reporting in the annual reports, including financial statements, ESG reporting and disclosures of the Board's practices (e.g. the terms of references of the Board Committees, and adoption of various policies of KPL as disclosed in KPL's website).
- Being accountable for its actions or inactions, and where appropriate, taking the Shareholders' and the stakeholders' views into account in its decisions.
- Ensuring adequacy of resources, staff qualifications and experience, training programmes and budget, especially for KPL's accounting, internal audit and financial reporting, and ESG performance and reporting functions.
- Overseeing KPL's business, corporate governance, financial performance and ESG matters.
- Ensuring efficient communication with the Shareholders and recognition of the Shareholders' interest.

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

(1) Audit and Corporate Governance Committee;
(2) Remuneration Committee;
(3) Nomination Committee; and
(4) Finance Committee.

An overview of the delegated responsibilities of each Board Committee is set forth on pages 44 and 45 of this annual report.

CHAIRMAN AND CHIEF EXECUTIVE

Mr Kuok, being the Chairman, is responsible for providing leadership to the Board in terms of establishing policies and business directions, and overseeing and monitoring the day-to-day business operations of KPL.

Mr Kuok ensures that all Directors are properly briefed on issues arising at the Board meetings and that they receive adequate information which is accurate, complete and reliable in a timely manner. He works closely with other Board members and encourages them to make active and effective contributions to the Board's affairs and to voice their concerns during discussion to ensure that the Board discharges its responsibilities effectively and all key and appropriate issues are discussed by the Board timely. He defines long-term strategies for the Group, including business direction, sustainable business strategy and promotion of the Group's culture and values, and implements the strategies and policies set by the Board. He also drives sustainable long-term value to the Group, focusing on consistent performance and balancing the needs of stakeholders. He promotes a culture of openness and trust, and ensures that good corporate governance practices and procedures are established through the Board.

NON-EXECUTIVE DIRECTORS (INCLUDING INDEPENDENT NON-EXECUTIVE DIRECTORS)

Non-executive Directors (including the INEDs) are responsible for bringing independent advice and judgement on issues relating to KPL's performance, strategies and policies, and potential conflict of interests in KPL through their regular attendance and active participation in Board meetings and Board Committee meetings, which enable them to give the Board and the Board Committees they serve the benefit of their skills, expertise and knowledge.

Apart from the appointments as INEDs, none of the INEDs has any form of service contract with KPL or any of its subsidiaries.

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

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

BOARD COMPOSITION AND CHANGES

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

The Board comprises one ED, three INEDs and one NED. They are identified in all corporate communications to Shareholders that disclose the Directors' names.

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

- Resignation of Mr Au Hing Lun, Dennis, a former ED and Deputy Chief Executive Officer of the Company
- Retirement of Ms Wong Yu Pok, Marina, a former INED

A list of all the Directors' roles, functions, titles and biographical details is set out in the section headed "Directors and Senior Management" on pages 78 and 79 of this annual report and is posted on KPL's website.

BOARD INDEPENDENCE

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

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

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

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

Material Decisions – Material decisions of the Company shall be dealt with by physical Board meetings, complemented with detailed presentations, if necessary, rather than written resolutions so as to enhance the Directors' understanding on the matters to be decided, to promote discussion and exchange of independent views.

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

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

APPOINTMENT AND RE-ELECTION

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

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

DIVERSITY

KPL has adopted the Board Diversity Policy since 2013. The policy was reviewed during the year to ensure its implementation and effectiveness and KPL is maintaining a diversified Board. When deciding on appointments of Board members and continuation of those appointments, the Board considers a number of board diversity criteria according to the policy, including but not limited to gender, age, cultural, educational background, ethnicity, professional experience, skills, knowledge and length of service and other factors that may be relevant from time to time towards achieving a diversified Board. Details of the principles of the Board Diversity Policy are set out in the section headed "Nomination Committee" of this corporate governance report.

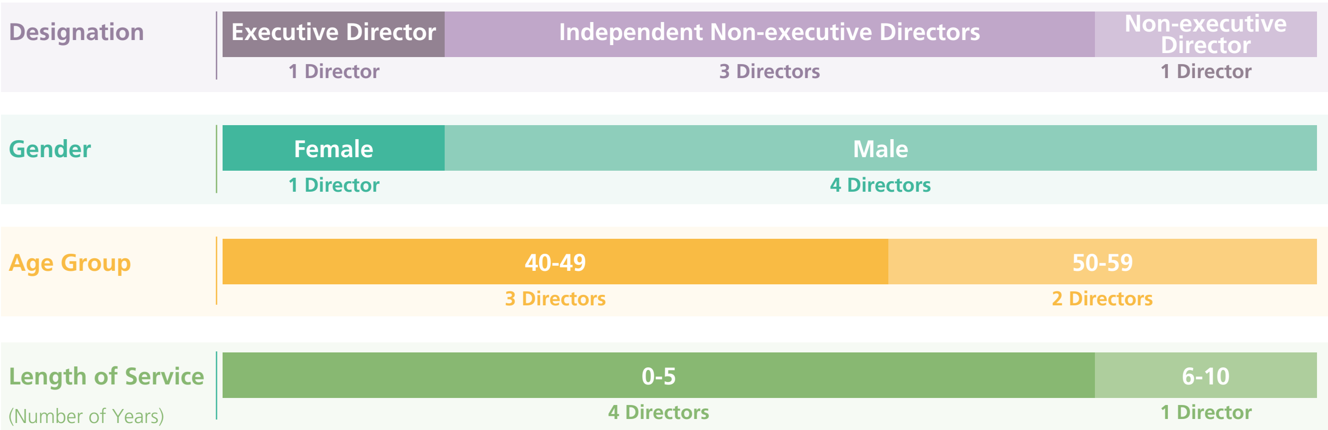
To identify potential successors to the Board to maintain board diversity, the Company would search via internal resources and may engage professional search firms as and when required.

The Board currently has one female Director out of five Directors (20% of the Board members).

KPL is committed to improving gender diversity on the Board based on its needs and as and when suitable candidates are identified. KPL will strive to maintain an appropriate level of female representation on the Board with at least one female Director (i.e. over 15% of the Board members) in 2025.

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

As at 31 December 2024, approximately 43% of the employees of the Company are women and approximately 42% of senior positions (director grade or above) are held by women.



DELEGATION BY THE BOARD

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

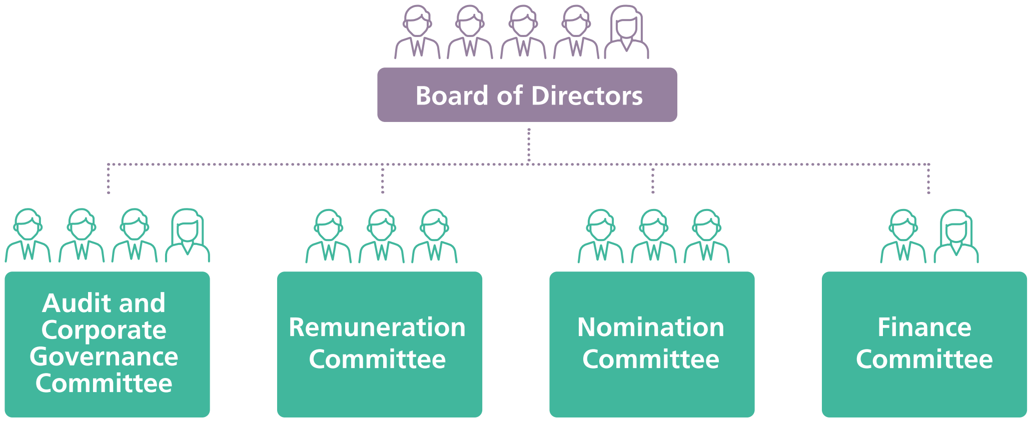
Below are major responsibilities rested with each Board Committee:

1. **Audit and Corporate Governance Committee** – delegated with responsibilities for reviewing the Group's financials and monitoring external audit, internal audit, risk management and internal controls and corporate governance related matters.

2. **Remuneration Committee** – delegated with responsibilities for reviewing and approving remuneration proposals for the ED and senior management with reference to KPL's performance, individual responsibilities and performance, KPL's goals and objectives, the market condition and other relevant factors, and making recommendations to the Board on the remuneration of INEDs and the NED.

3. **Nomination Committee** – delegated with responsibilities for reviewing the structure, size and composition of the Board and the Board Committees, identifying and assessing potential Board members, making recommendations to the Board on the appointment or re-appointment of the Directors and assessing INEDs' independence in accordance with the Nomination Policy and the Board Diversity Policy.

4. **Finance Committee** – this Committee comprises the ED and CFO. All members of this Committee are appointed by the Board. The Board has approved and adopted the written terms of reference of the Finance Committee and this Committee is delegated with responsibilities for reviewing and approving certain financial matters for KPL, including investment of surplus funds, undertakings, determination and approval of investment, acquisitions and disposals with amounts not exceeding HK$2.5 billion, arrangement of banking facilities and approval of guarantees and indemnities within designated limits.



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

- Audit and Corporate Governance Committee: pages 54 to 56.
- Remuneration Committee: pages 57 and 58.
- Nomination Committee: pages 58 to 60.

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

BOARD MEETING PROCESSES

The Board and all Board Committees follow the same meeting processes. Board meetings are structured so as to encourage open discussion and active participation by the Directors in meetings. Management provides the Board and the Board Committees with information and explanations as are necessary to enable the Directors to make an informed decision. Updates on the Company's performance, financial position and prospects in sufficient details are provided to all Directors on monthly basis to enable the Board as a whole and each Director to discharge his or her duties. Queries raised by the Directors are answered fully and promptly.

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

BOARD MEETING PROCESSES (Continued)

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

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

The timeline for the Board meetings, the Board Committee meetings and the AGM held in 2024 is set out below:

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

ACGCM = Audit and Corporate Governance Committee Meeting
BM = Board Meeting
NCM = Nomination Committee Meeting
RCM = Remuneration Committee Meeting
AGM = Annual General Meeting

During the year, the Directors participated extensively in KPL's affairs and the Board's discussions and decisions, as reflected in their high attendance records in the Board meetings and the Board Committee meetings.

Details of the attendance of each Director at the Board meetings, the Board Committee meetings and the AGM held in 2024 as well as trainings are set out in the table below:

	Meetings Attended/Held					
Directors	**Board**	**ACGC**	**Remuneration Committee**	**Nomination Committee**	**AGM**	**Trainings**
EDs						
Kuok Khoon Hua	4/4	N/A	2/2	1/1	1/1	★
Au Hing Lun, Dennis (resigned on 31 July 2024)	2/2	2/2♦	N/A	N/A	1/1	★
INEDs						
Wong Yu Pok, Marina, JP (retired with effect from the conclusion of the 2024 AGM)	2/2	2/2	1/1	1/1	1/1	★
Hui Chun Yue, David	4/4	4/4	2/2	1/1	1/1	★
Chum Kwan Lock, Grant	4/4	3/4	1/1	N/A	1/1	★
Li Rui	4/4	4/4	N/A	N/A	1/1	★
NED						
Tong Shao Ming	4/4	4/4	N/A	N/A	1/1	★

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

★ Training courses and professional development attended/received by the Directors during the year:
- Received legal and regulatory updates and corporate governance practices in briefings conducted by the Company Secretary
- Attended seminars/conferences of relevance to, for example, sustainability workshop and director's duties organised by the Company or the professional bodies
- Read training materials of relevance to, for example, cybersecurity and anti-corruption, share repurchase and treasury shares, director's role and fulfillments and corporate governance

DIRECTORS' INDUCTION

To ensure newly appointed Directors are equipped to discharge their responsibilities, they are given a comprehensive, formal and tailored induction upon appointment, including:

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

CONTINUOUS PROFESSIONAL DEVELOPMENT

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

Members of the management and the Company Secretary had access to a variety of training activities in 2024, including attending seminars and conferences and receiving legal and regulatory updates relevant to their business and duties. They received sufficient internal and external trainings to equip themselves for fulfilment of their roles in supporting KPL.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

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

SECURITIES TRANSACTION

KPL has adopted the Model Code as the code for securities transactions by the Directors. A copy of the Model Code has been sent to all Directors by KPL. In addition, regular reminders are sent to the Directors regarding restrictions on dealings in the securities and derivatives of KPL during the black-out period before the interim and final results of KPL are published.

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

KPL made specific enquiries with all Directors and they have confirmed compliance with the required standards set out in the Model Code throughout 2024. KPL's employees who are likely to be in possession of unpublished and price-sensitive inside information have been requested to comply with provisions similar to those terms in the Model Code.

KPL is not aware of any non-compliance with the Model Code throughout 2024.

ACCOUNTABILITY IN FINANCIAL REPORTING

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

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

The external auditor has a primary responsibility for auditing and reporting on the financial statements and the Independent Auditor's Report to the Shareholders is included in this annual report. During 2024, the Board reviewed the Group's financial projections in respect of the next five financial years. On the basis of this review, the Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over 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.

INTERNAL AUDIT DEPARTMENT

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

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

The Internal Audit Department adopts a risk-based audit approach and conducts annual risk assessment to devise a 3-years-rolling internal audit plan. The internal audit plan and resources are reviewed and agreed with the ACGC. Significant audit findings and recommendations are reported to the ACGC, the implementation of respective remediation actions are tracked and followed up regularly, and their respective status is reported to the ACGC.

The Group has adopted and regularly updated a Whistleblowing and Complaints Policy for its employees, customers, suppliers and the communities it connects with. A formalised procedure with the reporting line through the ACGC to the Board will be undertaken upon receipt of whistleblowing and complaint reports, which can be filed on an anonymous basis, to ensure the Group's affairs are conducted to a high ethical standard.

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

EXTERNAL AUDITOR

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

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

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

Fees paid/payable to PwC for the year ended 31 December 2024:

Nature of Services	HK$ million
Audit and audit related services	14
Non-audit services	
– Taxation services	3
– Other services(Note)	1
Total	**18**

Note:
Other services represented consultancy services for cyber security and sustainability.

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

INSIDE INFORMATION

With respect to procedures and internal controls for the handling and dissemination of inside information, the Group has adopted and regularly updated the Policy on Inside Information Disclosure and Insider Dealing. The procedures and internal controls for the handling and dissemination of inside information are summarised below:

- The Group shall disclose inside information as soon as reasonably practicable in accordance with the SFO and the Listing Rules
- Business units are subject to policies designed to identify potential inside information in the course of conducting their affairs
- All employees of the Group are subject to a strict prohibition on the unauthorised use of confidential or inside information
- Practical measures, such as the use of codenames and limiting internal dissemination, are adopted to maintain the confidentiality of inside information
- The Directors, CFO and/or the Company Secretary shall be informed immediately in any event of leakage of inside information so that remedial actions can be taken at the earliest opportunity
- Inside information shall be reviewed by CEO, CFO and designated division heads in advance before its dissemination to external parties to ensure the appropriate handling and dissemination of inside information
- The Group Finance Department shall keep track of the Group's threshold levels for disclosure pursuant to the size tests under the Listing Rules, so that announcements can be made as soon as practicable should a notifiable transaction arise
- Inside information shall be announced promptly through the Stock Exchange's and KPL's websites
- Briefing sessions on KPL's performance and results will be organised for analysts and the media in the afternoon on the same day after the announcement of interim and final results

SHAREHOLDERS ENGAGEMENT

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

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

Interactive Engagement	• Briefings in relation to the interim and final results announcements are held twice a year, at which our CEO and CFO are available to answer questions regarding KPL's operation and financial performance. • The CEO and the CFO make themselves available for meetings with major Shareholders, investors and analysts over a defined period immediately after the announcement of the interim and final results, and at other times during the year. • KPL also avails itself of opportunities to communicate and explain its strategies to capital market stakeholders via investor conferences, one-on-one and group meetings, non-deal roadshows and property visits with financial analysts, Shareholders and potential investors. In 2024, through these channels of communication, KPL engaged with various investors from Hong Kong, the Mainland and overseas, fostering constructive two-way dialogues with the participants.
Corporate Communication	• KPL's corporate communication 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) and means of receipt of corporate communications (in hard copy or through electronic means).
Corporate Website	• KPL's website includes important corporate information, key corporate governance policies, interim and annual reports, announcements and circulars issued by KPL, as well as general information about KPL's business which enables Shareholders and the investor community to have timely access to updated information about KPL.

General Meetings	• The general meetings are an important forum to engage with Shareholders and are open to all Shareholders. Shareholders can raise any comments on the performance and future direction of KPL with the Directors at the general meetings. • Board and Board Committee members or their duly appointed delegates are available at the general meetings to answer questions raised by Shareholders. The Chairman of the Board and the Chairmen of the Board Committees are also present to answer questions at any general meeting which is convened to approve a connected transaction or any other transaction that requires the independent Shareholders' approval. The external auditor also attends the AGM to answer questions relating to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence. • We conducted all voting at the 2024 AGM by poll. The poll voting procedures were conducted and scrutinised by KPL's Hong Kong branch share registrar and transfer office, and the poll results at the 2024 AGM were announced and published on the websites of KPL and the Stock Exchange. All Directors attended the 2024 AGM in person. • KPL will send the notice of the AGM to Shareholders not less than 21 clear days before the AGM. Shareholders who will be unable to attend the AGM can appoint proxies to attend and vote at the AGM. • To facilitate enforcement of Shareholders' rights, significant issues, including the election of the Directors, will be dealt with under separate resolutions at the AGM. The procedures for conducting a poll will be explained at the AGM prior to the polls being taken. All resolutions will be passed by way of poll.
Enquiries from the Shareholders	• All Shareholders are welcome at all times to offer feedback to, communicate with and send their enquiries to the Corporate Communication Department of KPL by post or email to communication@kerryprops.com and/or the Investor Relations Department of KPL by post or email to ir@kerryprops.com. The relevant contact details are set out on KPL's website and in the section headed "Corporate Information & Financial Calendar" of this annual report. • The Shareholders who wish to put enquiries to the Board can send their enquiries to the Company Secretary at KPL's head office and principal place of business as stated in the section headed "Corporate Information & Financial Calendar" of this annual report. The Company Secretary will ensure these enquiries are properly directed to the Board.

The Board has reviewed the implementation of the communication channels and, based on the above, considered the Shareholders Communication Policy has been effectively implemented during the year.

SHAREHOLDERS' RIGHTS

Pursuant to Bye-law 62, one or more Shareholders holding not less than one-tenth of KPL's paid-up capital may deposit a requisition to convene a SGM and state the purpose of requiring the SGM to be called by the Board therefor at KPL's registered office.

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

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

DIVIDEND POLICY

The Board has adopted a Dividend Policy since 2019 which will be subject to review on a regular basis. In proposing any distribution of dividend, the Board will take into consideration of the following factors:

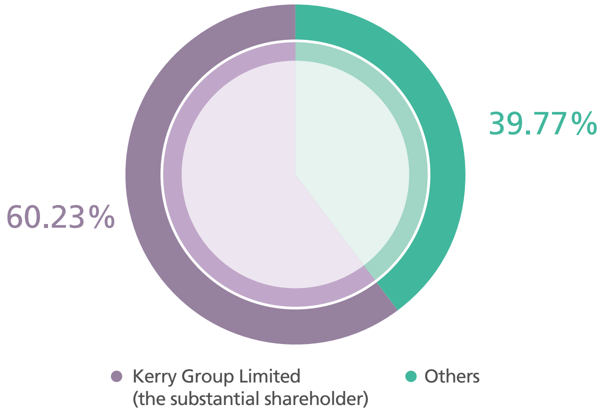
- The long-term interests of the Group
- The general interests of all the Shareholders
- The sustainable development of the Group
- The earnings, cash flow, financial condition, capital requirement and distributable reserves of the Group
- Any other factors that the Board deems relevant

OTHER INFORMATION FOR SHAREHOLDERS

No amendment has been made to the Bye-laws in 2024.

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

KPL's Shareholding as at 31 December 2024



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

COMPANY SECRETARY

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

AUDIT AND CORPORATE GOVERNANCE COMMITTEE

KEY RESPONSIBILITIES

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

The ACGC operates pursuant to the written terms of reference which are published on the websites of KPL and the Stock Exchange. Some of its key responsibilities are set out below:

- Consider and make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approve the remuneration and terms of engagement of the external auditor, etc.
- Review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable accounting standards.
- Develop and implement a policy on engaging the external auditor to supply non-audit services.
- Review and monitor the integrity of KPL's financial statements and accounts, results announcements, interim and annual reports, and review significant financial reporting judgements contained in them.
- Review, together with the external auditor, the developments of any new accounting standards and assess the relevant potential impacts on the Group's financial statements and disclosures.
- Review the Group's financial controls, risk management and internal control systems.
- Review the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function.
- Review reports on the major risks faced by the Group and consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and the management's response to these findings.
- Ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Group, and review and monitor its effectiveness.
- Review KPL and its subsidiaries' financial and accounting policies and practices.
- Review the external auditor's management letter and queries raised by the external auditor to management, and management's response.

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

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

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

COMPOSITION

The ACGC comprises three INEDs and one NED. This complies with the Listing Rules' requirement that the majority of the ACGC members shall be INEDs.

ACGC MEMBERS

Li Rui (Chairman)*

Hui Chun Yue, David*

Chum Kwan Lock, Grant*

Tong Shao Ming#

* INED
\# NED

Their biographies are set out in the section headed "Directors and Senior Management" on pages 78 and 79 of this annual report.

MEETING SCHEDULES

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

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

KEY ACTIVITIES

In 2024, the ACGC carried out the following major activities and reported to the Board on its findings and recommendations after each ACGC meeting.

Financial Reporting

- Reviewed the draft annual and interim financial statements and the draft results announcements of KPL, focusing on main areas of judgement, consistency of and changes in accounting policies and adequacy of information disclosure prior to recommending them to the Board for approval.

- Reviewed, in conjunction with the external auditor, the developments of accounting standards and assessed their potential impacts on the Group's financial statements.

External Auditor

- Reviewed and monitored the external auditor's independence and objectivity and the effectiveness of audit process in accordance with applicable standards.

- Assessed the independence of the Group's external auditor, prior to formally engaging the external auditor to carry out the audit for the Group's financial statements for the year ended 31 December 2024.

- Discussed the proposed audit scope and strategy with the external auditor prior to the actual commencement of the audit. Upon completion of the audit, the ACGC reviewed the results of the external audit, and discussed with the external auditor on any significant findings and audit issues.

- Recommended to the Board regarding the appointment and remuneration of the external auditor.

- Reviewed and approved the non-audit fees paid/payable to the external auditor.

Internal Auditor

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

- Reviewed the independence of the internal audit function and the level of support and co-operation given by the Group's management to the Internal Audit Department, as well as the resources of the Internal Audit Department when undertaking its duties and responsibilities.

- Provided business partnership and advisory services to centralised functions on enhancing policies and procedures and on systems controls.

- Expanded the Internal Audit Department to focus more on addressing information technology, system and cybersecurity risks.

Risk Management and Internal Control Systems

- Reviewed the adequacy and effectiveness of the Group's systems of risk management and internal control through a review of the work undertaken by the Group's internal and external auditors, and written representations by the senior management of each of the Group's business divisions and centralised functions and leaders of business divisions and functions and discussions with the Board.

- Received a confirmation from the management on the effectiveness on the Group's risk management and internal control systems.

- Reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's financial reporting as well as internal audit functions through a review of the work undertaken by the Group's financial management and internal control mechanism together with internal control assessment report by the financial head of each of the Group's business divisions and discussions with the Board.

- Considered the key risks registers presented by the management quarterly.

- Reviewed the information security risks of the Group and the mitigation measures quarterly.

Corporate Governance

The ACGC ensures that good corporate governance practices and procedures are established and is responsible for reviewing the corporate governance of the Group. Below is a summary of the corporate governance work performed by the ACGC during the financial year ended 31 December 2024:

- Reviewed the Group's policies and practices on corporate governance and made recommendations to the Board.

- Reviewed and monitored the Group's policies and practices on compliance with legal and regulatory requirements.

- Reviewed the Group's compliance with the code provisions of the CG Code issued by the Stock Exchange.

- Reviewed reports on the Group's continuing connected transactions and connected transactions with the connected persons.

- Reviewed all the legal and regulatory updates, requirements and trends that may affect the Group and their implications.

In March 2025, the ACGC, apart from the major activities mentioned aforesaid, carried out the following specific activities and reported to the Board on its findings and recommendations after the ACGC meeting:

- Reviewed the audited consolidated results and the consolidated financial statements of the Group for the year ended 31 December 2024.

- Reviewed the market valuations of investment properties and investment properties under development of the Group as at 31 December 2024.

- Reviewed the risk matrix as at 31 December 2024.

- Considered the annual confirmation for the discloseable continuing connected transactions during the year.

REMUNERATION COMMITTEE

KEY RESPONSIBILITIES

The Remuneration Committee reviews and advises the Board on the remuneration proposals, including benefits in kind, pension rights and compensation payments, for all Directors and senior management with reference to individual performance, goals and objectives of KPL, market trend and other relevant factors to ensure that the remuneration packages are commensurate with the qualifications and competencies of the Directors and senior management and are appropriate to the best interests of KPL and the Shareholders. Where necessary, independent professional advice regarding remuneration proposals for the executive directors can be sought by the Remuneration Committee.

The Remuneration Committee operates pursuant to the written terms of reference which are published on the websites of KPL and the Stock Exchange. Some of its key responsibilities are set out in the following:

- Review the structure and policies for the remuneration of all Directors and senior management of KPL, and make recommendations to the Board.

- Review, determine or advise the Board on the remuneration packages of ED and senior management.

- Review and/or approve matters relating to the share schemes of KPL.

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

COMPOSITION

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

REMUNERATION COMMITTEE MEMBERS

Hui Chun Yue, David (Chairman)*

Kuok Khoon Hua

Chum Kwan Lock, Grant*

* INED

Their biographies are set out in the section headed "Directors and Senior Management" on pages 78 and 79 of this annual report.

MEETING SCHEDULES

The Remuneration Committee generally meets at least once a year. Senior management may be invited to the meetings to present updates and answer relevant questions in order to facilitate the decision-making process. No Director or any of his/her associates is involved in deciding his/her own remuneration. The Remuneration Committee met twice in 2024. The Remuneration Committee members' attendance records are disclosed in the table set out in the section headed "Board Meeting Processes" of this corporate governance report.

REMUNERATION POLICY

KPL has adopted a Remuneration Policy since 2012. It aims to provide remuneration levels which shall be sufficient to motivate, retain and attract best talent for KPL to maximise Shareholders' value, through a set of formal and transparent procedures for implementing the Remuneration Policy. Pursuant to the Remuneration Policy, the following key principles have been established for the remuneration of the ED and the fees of the INEDs and NED:

- ED's salary shall be reviewed annually by the Remuneration Committee.

- Revisions to the ED's salary shall be made to reflect individual performance, contribution and responsibilities and/or by reference to market trends.

- ED shall be eligible to receive a discretionary bonus taking into consideration factors such as market conditions as well as corporate and individual performances.

- The Remuneration Committee shall annually review and recommend, if appropriate, to the Board for approval of the grant of share awards to the eligible participants under the Share Award Scheme.

- INEDs' and NED's fees shall be reviewed annually by the Board.

- Recommendations shall be made by the Board to the Shareholders to approve at a general meeting any revision to the INEDs' and NED's fees according to their responsibilities and/or by reference to market trends.

KEY ACTIVITIES

In 2024, the Remuneration Committee held two meetings and carried out the following major activities and reported to the Board on its findings and recommendations after the Remuneration Committee meetings.

- Reviewed and determined the salaries and pension contributions of the EDs for 2024.

- Reviewed and determined the payment of bonuses to the EDs for 2023.

- Reviewed the fees for INEDs, NED and Board Committee members.

- Considered and recommended to the Board on the adjustment of the remuneration for INEDs and NED with reference to factors such as level of responsibility, experience and abilities required of directors, the level of care and amount of time required and the fees offered for similar positions in companies requiring the same talents.

- Considered and recommended to the Board for the adoption of an addendum to KPL's share award scheme adopted on 25 November 2022.

- Considered and recommended to the Board for the grant of award shares to the ED and the selected participants.

Details of the amount of the Directors' emoluments, including the ED who is a member of senior management of KPL, in 2024 are set out in notes 13 to the consolidated financial statements of this annual report. Details of the share option schemes of KPL and Share Award Scheme are set out in the Report of Directors and notes 33 and 34 to the consolidated financial statements of this annual report.

The Remuneration Committee also held a meeting on 6 January 2025 that:

- Reviewed and determined the salary of the ED for 2025.

- Reviewed and determined the payment of bonus to the ED for 2024.

- Reviewed the fees for INEDs, NED and Board Committee members.

NOMINATION COMMITTEE

KEY RESPONSIBILITIES

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

COMPOSITION

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

NOMINATION COMMITTEE MEMBERS

Kuok Khoon Hua (Chairman)

Hui Chun Yue, David*

Chum Kwan Lock, Grant*

* INED

Their biographies are set out in the section headed "Directors and Senior Management" on pages 78 and 79 of this annual report.

MEETING SCHEDULES

The Nomination Committee generally meets at least once a year. The meeting of the Nomination Committee was held on 17 January 2024. The Nomination Committee members' attendance records are disclosed in the table set out in the section headed "Board Meeting Processes" of this corporate governance report.

BOARD DIVERSITY POLICY

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

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

- Recruitment and selection of candidates for Board appointment will be based on KPL's Nomination Policy and the Board Diversity Criteria.

- The Nomination Committee is responsible for reviewing the structure, size, diversity profile and skills matrix of the Board, selecting individuals to be nominated as directors, reviewing succession plan of directors and making recommendation on these matters to the Board for approval. The Nomination Committee will consider the Board Diversity Criteria according to the circumstances of KPL and take into account factors based on KPL's own business model and specific needs.

- Selection of the Board members to ensure gender, age, cultural and ethnic diversity will be, in part, dependent on the pool of such candidates with the necessary skills, knowledge and experience. All Board appointments will be based on merit and contribution that the chosen candidate will bring to the Board to complement and expand the competencies, experience and perspectives of the Board as a whole, taking into account the corporate strategy of KPL. The Board believes that such merit-based appointments will best enable KPL to serve the Shareholders and other stakeholders going forward.

- The ultimate decision on the appointment of the Board members will be made by the Board after consideration of the recommendation made by the Nomination Committee.

- The Nomination Committee will consider appropriate measurable objectives for implementing the Board diversity and recommend them to the Board for adoption.

NOMINATION POLICY AND PROCEDURES

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

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

- Perspectives, skills and experience that the candidate can bring to the Board.

- Merit and contribution which the candidate is expected to bring to the Board.

- Accomplishment and experience of the candidate of a similar nature to KPL's business.

- Expected time commitment of the candidate.

- Candidate's contribution to diversity of the Board.
- Aspects of the Board Diversity Criteria as stated in the Board Diversity Policy.
- Any other factors that the Board deems relevant.

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

- A meeting of the Nomination Committee will be convened or a written resolution of the Nomination Committee will be circulated to the Nomination Committee members to consider a candidate to be nominated before a meeting of the Board to be held or a written resolution of the Board to be circulated to the Board members to approve the appointment, re-designation, election or re-election of the candidate as a Board member.
- Each proposed new appointment, re-designation, election or re-election of a director will be evaluated, assessed and/or considered against the factors as stated in the selection criteria above. The Nomination Committee will recommend its views to the Board and/or the Shareholders for consideration and determination.
- The ultimate decision of appointment, re-designation, election or re-election will be made by the Board after consideration of the recommendation made by the Nomination Committee.
- Sufficient resources have been provided to the Nomination Committee to perform its duties.

KEY ACTIVITIES

In 2024, the Nomination Committee carried out the following major activities.

The Nomination Committee reported to the Board on its findings and recommendations after the meeting of the Nomination Committee held on 17 January 2024.

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

  (1) appointment of Dr Li Rui, as the chairman of the ACGC;

  (2) appointment of Mr Hui Chun Yue, David as the chairman of the Remuneration Committee; and

  (3) appointment of Mr Chum Kwan Lock, Grant as a member of each of the Remuneration Committee and the Nomination Committee.

The Nomination Committee also held a meeting on 6 January 2025 that:

- Reviewed the structure, size, composition and diversity of the Board and INEDs' independence.
- Reviewed and considered that the balanced composition of skills, expertise, experience and qualifications of the Directors complement KPL's corporate strategy and business development.
- Reviewed the potential conflict of interests of Directors and assessed the independence of the INEDs pursuant to the requirements of the Listing Rules.
- Considered and recommended the retiring Directors for re-election by Shareholders at the 2025 AGM.

RISK MANAGEMENT AND INTERNAL CONTROLS

RESPONSIBILITY

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

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

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

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

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

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

First Line

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

Second Line

The second line of defence consists of activities covered by components of internal governance such as compliance, financial control, quality, information technology and other control departments. This line of defence monitors and facilitates the implementation of effective risk management practices by operational management and assists the risk owners in reporting adequate risk related information throughout the organisation. To achieve this objective, the Group has established the internal control system and embedded relevant policies and procedures into daily operations.

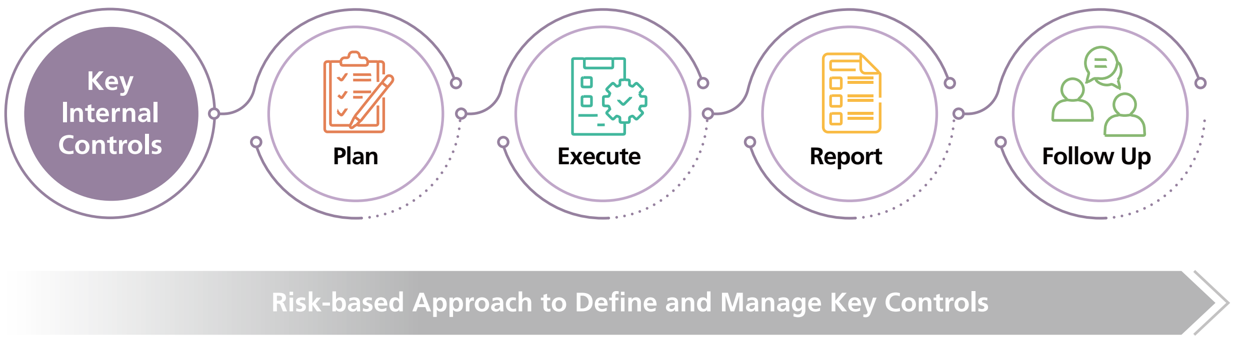
Third Line

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

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

INTERNAL CONTROL

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



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

1. **Culture of Integrity and Compliance** – The Group is committed to conducting business honestly, ethically and with integrity. In line with the commitment, the Code of Conduct, Policy on Inside Information Disclosure and Insider Dealing and Anti-Corruption Policy are endorsed, applicable and communicated to all employees within the Group.

   Furthermore, with support by way of mandatory e-learning courses, the Group provides the regular refresher training available for all employees and annual major mandatory information security training for system users plus ongoing security updates on an as-needed basis.

2. **Setting of Objectives, Budgets and Targets** – Strategies and objectives of the Group are determined by the Board. Annual budgets and financial projections for the next five years are also reviewed by the Board. The management team has specific responsibilities for monitoring the conduct and operations of individual business units. This includes the review and approval of business strategies and plans, the setting of business-related performance targets as well as the design and implementation of internal controls and risk management.

3. **Establishment of Regular Reporting of Financial Information** – Monthly financial and operational information is provided to the Board. Variance analysis between actual performances and targets are documented and discussed at Board Meetings, which helps the Board and the senior management to monitor the Group's business operations and to plan on a prudent and timely basis. Other regular and ad hoc reports will also be submitted to the Board and its various committees, to ensure that the Directors are supplied with all the requested information in a timely and appropriate manner.

4. **Clear Lines of Accountability and Implementation of Policies and Procedures** – To allow for delegation of authority as well as to enhance segregation of duties and accountability, a clear organisational structure exists which details different levels of authority and control responsibilities within each business unit. Policies and procedures are established and up-to-date that actively support business operations. A series of innovative technologies and applications are promoted and adopted, for instance, the systems of financial management, internal workflow operations and sales operations, which more effectively support the day-to-day control implementations in the business units.

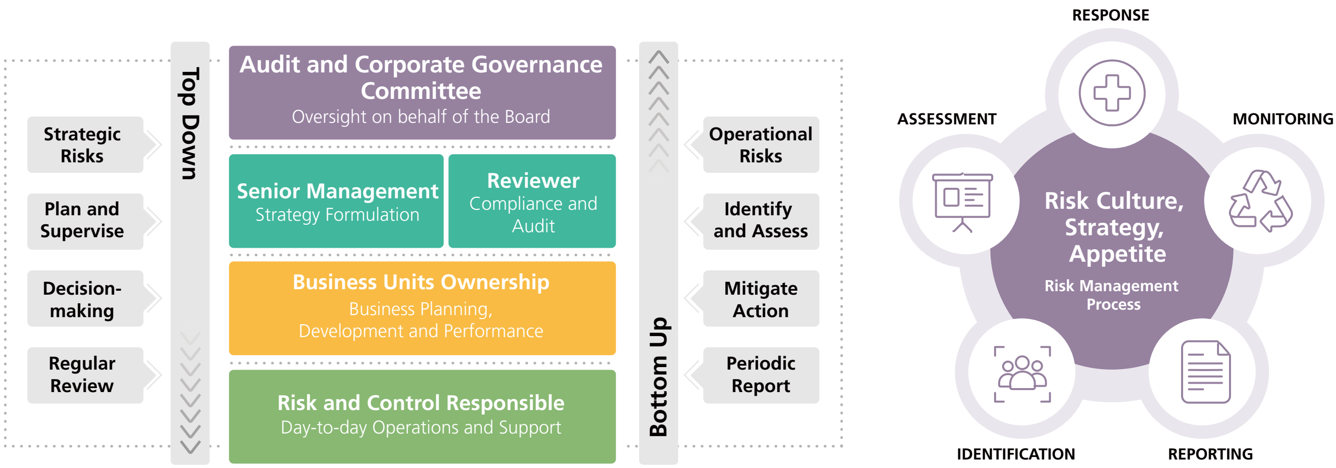
5. **Review, Monitoring and Evaluation of the Systems** – To systematically review and evaluate the adequacy and effectiveness of the Group's existing systems, an internal self-assessment process was conducted annually. This involved individual business units and function leaders assessing the effectiveness of their operations, including financial controls, operational controls, risk management and other contingency measures. The results were submitted to the Board through confirmation of the internal self-assessment questionnaires on the adequacy and effectiveness of its risk management and controls systems, which were discussed at the ACGC Meeting of 20 November 2024. Beyond this annual review program, the management regularly provides updates to the ACGC on major risks and appropriate mitigation measures, and actively fulfil the ESG responsibilities under the supervision of the Sustainability Council of the Company. This approach drives ESG progress in our business and helps our customers achieve their ESG objectives. In 2024, the ACGC held four meetings to address dynamic risks and strengthen compliance. Each session included in-depth discussion of risk management, highlights of audit findings, and recent developments.

RISK MANAGEMENT

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

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

Risk Management Framework



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

The Internal Audit Department reviews the major operational, financial and risk management controls of the Group's businesses, plays the advisory role on the management's development of policies, and provides reasonable assurance over the operational controls on a regular basis.

A sophisticated methodology is designed for formulating annual audit plans. One of the consideration factors of the methodology is the risk assessment result which ensures areas of relatively higher perceived risks are considered in Internal Audit's scope of review. Audit plans are approved by the ACGC at the end of the preceding financial year in conjunction with the management.

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

RISK FACTORS

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

The Category of Top Risk Factors

BUSINESS RISK

Macroeconomic and Geopolitical Risk

The ongoing global and national economic slowdown has heightened uncertainty. The geopolitical factors have led to trade restrictions, supply chain disruptions, energy crises as well as lowering forward visibility. Domestically, structural challenges including an aging population and high corporate and government debt, may dampen consumer purchasing power and spending. Additionally, technological advancements such as e-commerce and artificial intelligence are reshaping consumer behavior and the workforce, potentially altering tenant demand for commercial spaces. The Group constantly monitors ongoing developments and conducts regular performance review of operations, properties and projects during the year but there is still risk on material adverse effect on the Group's financial condition and results of operations.

Market Risk

The Group operates in highly competitive and potentially volatile markets. We compete on the basis of products or service performance, quality and/or price across the industries and markets served. The customers' expectations and demands are constantly evolving, influenced by economic conditions and market trends, which could impact the investment strategies and business models. The Group's businesses are largely dependent on the current and future business environment including capital and consumer spending. New market entrants and in the intensification of price competition by existing competitors could adversely affect the prices or customers demand for our products and services. The Group actively monitors property market conditions, constantly enhances product quality and customer experience to strengthen its brand and market position. While these efforts aim to mitigate market risks, there is no assurance that these will not impact our sales or profit margins, and/or resulting in a loss of market share.

Government Policy and Regulatory Risk

The Group's business is subject to the government policies and regulatory interventions, which can affect the capital environment and market sentiment. Changes in property-related regulations, such as Land supply, construction and pre-sales licenses, permitted selling price, mortgage levels and interest rates, may directly impact the Group financial and performance. Furthermore, regulation changes in specific industries or taxation could influence the operations of our tenants and business partners, indirectly affecting the Group's business. In 2024, the Group established a corporate governance sub-committee to strengthen corporate governance, proactively and closely monitor regulatory developments, and ensure compliance with all relevant policies. However, the introduction of new regulations or sudden policy shifts could adversely affect the Group's project investments and results of operations.

OPERATIONAL RISK

Ability to Attract, Develop and Retain Key Employees

The Group's success depends on the effort and abilities of our management and key employees. The Group has developed employer branding strategy and manpower plan focused on talent acquisition, leadership development, and succession planning for key positions, alongside training and development programs aimed at accelerating upskilling and reskilling efforts. The failure to attract, develop and retain highly qualified employees could affect the Group's ability to deliver its strategic objectives as planned or correspondingly impact the business and operating results.

Project Management and Safety Risk

The Group engaged in properties development including properties construction and renovation which may have serious injury or fatal accidents if site or work conditions are unsafe or workers do not handle with due care. Besides, supply of materials, construction costs and project development progress could be disrupted by natural disasters, a health epidemic or pandemic, or other events. The Group established policies and standards to ensure projects are delivered with high quality, on time, and within budget. The senior management team regularly conducts review meetings and on-site inspections to oversee the project throughout its lifecycle. However, unforeseen significant shortage or price increases could impact the project development costs and progress, which could adversely affect the Group's results of operations.

FINANCIAL RISK

Interest Rate Risk

The real estate sector and the Group's results are affected by market sentiment and are sensitive to interest rate change. In 2024, the United States and Hong Kong interest rates remain high and have declined from the peak levels. Meanwhile, Mainland have implemented monetary easing measures including rate cuts. Unfavourable movements in interest rates or borrowing rates could negatively impact customers demand on the properties and increase the financing costs and development costs. The Group implemented interest rate swaps as a hedge against the interest rate fluctuations, but there can be no assurance that changes in these conditions will not materially and adversely affect the Group's financial condition and the profitability of the operations.

Foreign Exchange Risk

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

Cash Flow and Liquidity Risk

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

TECHNOLOGICAL RISK

Cybersecurity Risk

The Group relies on information technologies networks and systems to process, transmit and store electronic information and support a variety of business activities. These systems may be susceptible to damage, disruptions or shutdown due to cyberattacks.

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

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

Despite the implementation of cybersecurity measures including access controls, data encryption, continuous monitoring and maintenance of backup, the Group's information systems may still be vulnerable to unforeseen and unknown cybersecurity threats. Should the Group be unable to prevent security breaches or other damage to the information technology systems, which could exceed the insurance coverage the Group maintains, which could result in third party claims and/or regulatory claims or investigation, any of these disruptions could negatively impact the operations as well as expose the Group to litigation, liability or penalties under privacy laws and reputational damage.

SUSTAINABILITY RISK

Environmental and Climate Risk

In response to growing interest in ESG from customer, investor, government and other stakeholder, the Group has increased its reporting of ESG programmes, set committed target towards carbon neutrality, and expanded other sustainability-related goals. The Group has established a Sustainability Council to oversee the strategy, targets, and closely monitor their performance. The ability to achieve such goals and the expectations of the stakeholders is still subject to numerous risks and uncertainties. Many of which rely on the collective efforts of others and may be outside of the Group's control. Moreover, standards and expectations for ESG matters continue to evolve and may be subject to varying interpretations, which may result in revisions to our goals or progress.

2024 REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL EFFECTIVENESS

For 2024, the Board has received a written confirmation of the internal self-assessment questionnaires on the adequacy and effectiveness of the systems from each business unit and function. An annual review of the effectiveness of the systems (including business, operational and functional risks) and material controls (including financial, operational and compliance controls) has been conducted by the Internal Audit Department. In addition, the Group has introduced a rating form to evaluate the effectiveness of internal controls and track the enhancement implemented during the testing period. These ratings are aimed to provide insights of current situation and development opportunities, without affecting compliance outcomes.

There is no significant change in the nature and extent of risks and the Group's ability to respond to changes in its business and the external environment since the last annual review. There was no significant control failure or weakness identified in 2024 which might have a material impact on the Group's financial performance or condition. Based on the results of the annual review, the Board considered that the systems are effective and adequate.

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

Resources, qualifications and experience of the Group's accounting, financial reporting, internal audit as well as ESG performance and reporting functions staff and their training programmes and budget were reviewed and considered as adequate for 2024. Each of the Internal Audit and Divisional Finance Heads was requested to assess such adequacy at its own level by submission of an internal questionnaire report to the Group and the ACGC.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMPLIANCE

Our Sustainability Report 2024 satisfied the mandatory disclosure requirements and "comply or explain" provisions of the Environmental, Social and Governance Reporting Guide ("**HKEX ESG Reporting Guide**") as set out in Appendix C2 to the Listing Rules. The HKEX ESG Reporting Guide Content Index below outlines how the HKEX ESG Reporting Guide has been applied by the Company. Please find the details of our sustainability performance in our Sustainability Report 2024.

HKEX ESG REPORTING GUIDE CONTENT INDEX

Mandatory Disclosure ("MD") Requirements

Mandatory Disclosure Requirements	Description	Section in Sustainability Report 2024
MD13 Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise, and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	• Board Statement • Our Sustainability Journey • Climate-related Financial Disclosure
MD14 Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	• About This Report • Our Sustainability Journey • Performance Data Summary – Environmental Performance
MD15 Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	• About This Report

“Comply or Explain” Provisions

Aspects, General Disclosures, KPIs	Description	Section in Sustainability Report 2024	References and Remarks
A1: Emissions			

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	• Our Sustainability Journey – Sustainability Governance and Leadership
		• Climate-related Financial Disclosure
		• Protecting Our Environment –
		  • Sustainable Buildings
		  • Climate Change and Resilience
			• Climate Change Policy
			• Group Environmental Protection Policy
			• Sustainability Policy
			• Sustainable Procurement Policy
			• Environmental Policy
			• Green Procurement Policy
			The above relevant sustainability policies are available on our Sustainability Website.
			In 2024, the Group was not aware of any violation of relevant laws and regulations.

KPI A1.1	The types of emissions and respective emissions data.	• Performance Data Summary – Environmental Performance	Air emissions (e.g., NO_x, SO_x, and other pollutants) are not included in this report as they are not material to our operations.
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	• Performance Data Summary – Environmental Performance	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	• Performance Data Summary – Environmental Performance	
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	• Performance Data Summary – Environmental Performance	

KPI A1.5	Description of emissions target(s) set, and steps taken to achieve them.	• Our Sustainability Journey – Sustainability Vision 2030 Targets
		• Climate-related Financial Disclosure – Metrics and Targets
		• Protecting Our Environment –
		  • Climate Change and Resilience
		  • GHG Emissions and Energy Efficiency	

Aspects, General Disclosures, KPIs	Description	Section in Sustainability Report 2024	References and Remarks
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	• Our Sustainability Journey – Sustainability Vision 2030 Targets • Protecting Our Environment – Resource Circularity and Waste Management	
		A2: Use of Resources	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	• Our Sustainability Journey – Sustainability Governance and Leadership • Protecting Our Environment – • Sustainable Buildings • Climate Change and Resilience • GHG Emissions and Energy Efficiency • Resource Circularity and Waste Management • Water Consumption and Conservation	• Climate Change Policy • Group Environmental Protection Policy • Sustainability Policy • Sustainable Procurement Policy • Environmental Policy • Green Procurement Policy • Water Stewardship Policy The above relevant sustainability policies are available on our Sustainability Website.
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in ’000s) and intensity (e.g. per unit of production volume, per facility).	• Performance Data Summary – Environmental Performance	
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	• Performance Data Summary – Environmental Performance	
KPI A2.3	Description of energy use efficiency target(s) set, and steps taken to achieve them.	• Our Sustainability Journey – Sustainability Vision 2030 Targets • Protecting Our Environment – • Sustainable Buildings • Climate Change and Resilience • GHG Emissions and Energy Efficiency	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set, and steps taken to achieve them.	• Protecting Our Environment – Water Consumption and Conservation • Sustainability Accounting Standard Board (SASB) Real Estate Sector Disclosure	

Aspects, General Disclosures, KPIs	Description	Section in Sustainability Report 2024	References and Remarks
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	–	In 2024, there was no massive use of packaging material involved in our products.
A3: The Environment and Natural Resources			

General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	• Our Sustainability Journey – Sustainability Governance and Leadership
		• Protecting Our Environment –
		  • Biodiversity
		  • Resource Circularity and Waste Management
			• Group Environmental Protection Policy
			• Sustainability Policy
			• Sustainable Procurement Policy
			• Environmental Policy
			• Green Procurement Policy
			• Water Stewardship Policy
			The above relevant sustainability policies are available on our Sustainability Website.

KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	• Protecting Our Environment – Resource Circularity and Waste Management • Climate-related Financial Disclosure	
A4: Climate Change			

General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	• Our Sustainability Journey – Sustainability Governance and Leadership
		• Protecting Our Environment –
		  • Climate Change and Resilience
		  • GHG Emissions and Energy Efficiency
			• Climate Change Policy
			The above relevant sustainability policies are available on our Sustainability Website.

Aspects, General Disclosures, KPIs	Description	Section in Sustainability Report 2024	References and Remarks

KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	• Protecting Our Environment –
		  • Climate Change and Resilience
		  • GHG Emissions and Energy Efficiency
		
		• Climate-related Financial Disclosure	

		B1: Employment	

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	• Our Sustainability Journey – Sustainability Governance and Leadership
		
		• Putting People First –
		  • Human Capital Management
		  • Diversity, Equity and Inclusion
			• Equal Opportunity and Anti-Discrimination Policy
			
			• Remuneration Policy
			
			The above relevant sustainability policies are available on our Sustainability Website.
			
			Internal policies:
			• Employee Handbook
			• Ethical Guidelines
			
			In 2024, the Group was not aware of any violation of relevant laws and regulations.

KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	• Performance Data Summary – Social Performance	
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	• Performance Data Summary – Social Performance	

Aspects, General Disclosures, KPIs	Description	Section in Sustainability Report 2024	References and Remarks
		B2: Health and Safety	

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	• Our Sustainability Journey – Sustainability Governance and Leadership
		
		• Putting People First –
		  • Healthy Lifestyle
		  • Occupational Health and Safety
			• Corporate Health and Safety Policy
			
			The above relevant sustainability policies are available on our Sustainability Website.
			
			Internal policy:
			• Employee Handbook
			
			In 2024, the Group was not aware of any violation of laws and regulations relating to health and safety that had a significant impact.

KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	• Performance Data Summary – Social Performance	
KPI B2.2	Lost days due to work injury.	• Performance Data Summary – Social Performance	

KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	• Putting People First –
		  • Healthy Lifestyle
		  • Occupational Health and Safety	

		B3: Development and Training	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	• Putting People First – Talent Development	
KPI B3.1	The percentage of employees trained by gender and employee category.	• Putting People First – Talent Development • Performance Data Summary – Social Performance	
KPI B3.2	The average training hours completed per employee by gender and employee category.	• Putting People First – Talent Development • Performance Data Summary – Social Performance	

Aspects, General Disclosures, KPIs	Description	Section in Sustainability Report 2024	References and Remarks
B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	• Our Sustainability Journey – Sustainability Governance and Leadership • Putting People First – Human Capital Management	Internal policy: • Employee Handbook In 2024, the Group was not aware of any violation of relevant laws and regulations.
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	• Putting People First – Human Capital Management	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	• Putting People First – Human Capital Management	
B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	• Our Sustainability Journey – Sustainability Governance and Leadership • Empowering Our Value Chain – Responsible Supply Chain Management	• Green Procurement Policy • Sustainable Procurement Policy • Vendor Code of Conduct The above relevant sustainability policies are available on our Sustainability Website.
KPI B5.1	Number of suppliers by geographical region.	• Performance Data Summary – Social Performance	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	• Empowering Our Value Chain – Responsible Supply Chain Management	
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	• Empowering Our Value Chain – Responsible Supply Chain Management	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	• Empowering Our Value Chain – Responsible Supply Chain Management	

Aspects, General Disclosures, KPIs	Description	Section in Sustainability Report 2024	References and Remarks
B6: Product Responsibility			

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling, and privacy matters relating to products and services provided and methods of redress.	• Our Sustainability Journey – Sustainability Governance and Leadership
		• Empowering Our Value Chain –
		  • Responsible Supply Chain Management
		  • Quality Customer Experience
		• Corporate Compliance and Governance Behaviour –
		  • Responsible Marketing
		  • Information and Data Privacy
			• Green Procurement Policy
			• Sustainable Procurement Policy
			• Vendor Code of Conduct
			• Personal Data (Privacy) Policy
			The above relevant sustainability policies are available on our Sustainability Website.
			In 2024, the Group was not aware of any violation of relevant laws and regulations.

KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	–	In 2024, there were no recalls concerning the provision and use of products and services for safety and health reasons.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	–	In 2024, there were no substantiated complaints received relating to the provision and use of products and services that had a significant impact on our operations.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	• Corporate Compliance and Governance Behaviour – Intellectual Property Rights	
KPI B6.4	Description of quality assurance process and recall procedures.	• Empowering Our Value Chain – Quality Customer Experience	Recall procedures are not considered as material to our operations.
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	• Corporate Compliance and Governance Behaviour – Information and Data Privacy	

Aspects, General Disclosures, KPIs	Description	Section in Sustainability Report 2024	References and Remarks
B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud, and money laundering.	• Our Sustainability Journey – Sustainability Governance and Leadership • Corporate Compliance and Governance Behaviour – Business Ethics and Integrity	• Anti-Corruption Policy The above relevant sustainability policy is available on our Sustainability Website. In 2024, the Group was not aware of any violation of relevant laws and regulations.
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	• Corporate Compliance and Governance Behaviour – Business Ethics and Integrity	In 2024, there were no concluded legal cases of corruption brought against the Group or its employees.
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	• Corporate Compliance and Governance Behaviour – Business Ethics and Integrity	
KPI B7.3	Description of anti-corruption training provided to directors and staff.	• Corporate Compliance and Governance Behaviour – Board Independence, Diversity and Trainings	

Aspects, General Disclosures, KPIs	Description	Section in Sustainability Report 2024	References and Remarks
B8: Community Investment			

General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	• Our Sustainability Journey – Sustainability Governance and Leadership
		
		• Creating Positive Communities –
		  • Community Building
		  • Nurturing Positive Changes in Our Communities
			• Charitable Donation Policy
			
			The above relevant sustainability policy is available on our Sustainability Website.

KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	• Creating Positive Communities –
		  • Community Building
		  • Nurturing Positive Changes in Our Communities	

KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	• Creating Positive Communities –
		  • Community Building
		  • Nurturing Positive Changes in Our Communities	

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Director

Mr Kuok Khoon Hua

Aged 46, has been the Chairman of the Company since May 2022 and the Chief Executive Officer of the Company since June 2019. He is also the chairman of the Company's Nomination Committee, a member of the Company's Remuneration Committee and Finance Committee. Prior to his appointment as the Chairman, Mr Kuok was the Vice Chairman of the Company from June 2019 to May 2022 and a Non-executive Director of the Company from June 2015 to May 2019. Mr Kuok is the chairman of KHL and a director of KGL and Kuok (Singapore) Limited. Both KHL and KGL are the controlling shareholders of the Company. Mr Kuok is the vice chairman and a non-executive director of Kerry Logistics Network Limited (a listed company in Hong Kong). He is also a non-executive and non-independent director of Wilmar International Limited (a listed company in Singapore), an independent director of Sea Limited (a listed company in New York), and an independent non-executive director of DBS Bank (Hong Kong) Limited. Mr Kuok holds a Bachelor's degree in Economics from Harvard University.

Independent Non-executive Directors

Mr Hui Chun Yue, David

Aged 53, has been an Independent Non-executive Director of the Company since May 2020. He is now the chairman of the Company's Remuneration Committee and also a member of the Company's Audit and Corporate Governance Committee and Nomination Committee. Mr Hui is the Partner in charge of the Hong Kong office of Heidrick & Struggles International, Inc. (a publicly traded company on the NASDAQ stock market) and is the Regional Managing Partner of the Industrial Practice for Asia Pacific and the Middle East and leads the Chief Executive Officer and Board Practice in Hong Kong. He has over 20 years of experience in executive search and consulting globally and across the Asia Pacific region in the industrial and financial services sectors. Earlier in his career, Mr Hui was a banking and finance lawyer at Allen & Overy and Baker McKenzie. He is qualified to practise as a solicitor in England, Wales and Hong Kong. Mr Hui holds a Bachelor of Law with joint honors in Law and Chinese Studies from the University of Leeds, a Master of Law from the University of London and an Executive Master of Business Administration from Kellogg-HKUST Executive MBA program.

Mr Chum Kwan Lock, Grant

Aged 49, has been an Independent Non-executive Director of the Company since May 2022. He is now a member of the Company's Audit and Corporate Governance Committee, Remuneration Committee and Nomination Committee. Mr Chum is the chief executive officer, president and an executive director of Sands China Ltd. (a listed company in Hong Kong). Since July 2022, he also concurrently serves as the executive vice president – Asia operations at Las Vegas Sands Corp.. Prior to joining the Las Vegas Sands group in 2013, Mr Chum spent 14 years at UBS Investment Bank in a variety of roles, including serving as managing director, head of Hong Kong Equity Research and head of China Equity Research. He was named Asia's stock-picker of the year by the Financial Times in 2011. Mr Chum graduated in Philosophy, Politics and Economics with First Class Honors from the University of Oxford.

Dr Li Rui

Aged 53, has been an Independent Non-executive Director of the Company since November 2023. He is now the chairman of the Company's Audit and Corporate Governance Committee. Dr Li is the Senior Advisor and Adjunct Professor at the Institute for China Business of the University of Hong Kong. He has 30 years of extensive experiences in corporate finance, capital market, and management consulting in China, the United States and Canada. Dr Li was the Group Finance Director at Ping An Insurance Group ("**PingAn**") from 2017 to 2023. He was responsible for PingAn's finance strategy and operations on the insurance, banking, asset management, and technology businesses. Dr Li was a director of Lufax Holding Ltd (a listed company in New York and Hong Kong) from 2021 to 2022 and also a non-executive director of OneConnect Financial Technology Co., Ltd. (a listed company in New York and Hong Kong) from 2019 to 2021. Prior to that, Dr Li served as the Chief Marketing Officer and the Chief Financial Officer at SF Express International. In addition, he provided strategy and management consulting to global Fortune 500 companies at large world-wide consulting firm. Dr Li is a member of American Institute of Certified Public Accountants and Chartered Global Management Accountants. He earned the degree of Doctor of Philosophy in Finance from the International School of Management, Master of Business Administration degree from the Metropolitan State University and Bachelor of Science degree from the Winona State University.

Non-executive Director

Ms Tong Shao Ming

Aged 49, has been a Non-executive Director of the Company since November 2023. She is now a member of the Company's Audit and Corporate Governance Committee. Ms Tong has served as the investment director of KHL since 2010. KHL is the controlling shareholder of the Company. Ms Tong is a director of Kerry TJ Logistics Company Limited (a listed company in Taiwan) and a director of Yihai Kerry Arawana Holdings Co., Ltd. (a listed company in Shenzhen). She is also an alternate director to Mr Kuok Khoon Hua (the Chairman and Chief Executive Officer of the Company) in his capacity as a non-executive and non-independent director of Wilmar International Limited (a listed company in Singapore). Ms Tong was a non-executive director of Kerry Logistics Network Limited (a listed company in Hong Kong) from 2019 to 2021. Between 2009 and 2012, Ms Tong served as the investment director of Wilmar International Limited. Between 2005 and 2008, Ms Tong worked as an executive director in the equity capital markets department of UBS Group AG. Between 1998 and 2005, Ms Tong worked as a solicitor in the London and Hong Kong offices of a law firm, Slaughter and May. She obtained a bachelor's degree in jurisprudence from Oxford University in 1997 and was admitted as a solicitor of England and Wales.

The Executive Director of the Company is a member of senior management of the Group.

REPORT OF DIRECTORS

The Directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding.

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

(i) property development, investment and management in Hong Kong, the Mainland and the Asia Pacific region;

(ii) hotel ownership in Hong Kong, and hotel ownership and operations in the Mainland; and

(iii) integrated logistics and international freight forwarding.

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

BUSINESS REVIEW

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

Sections	Page Numbers
Financial Highlights	4 and 5
Chairman's Statement	6 and 7
Management Discussion & Analysis	8 to 22
Corporate Sustainability	30 to 37

During the financial year ended 31 December 2024, the Company has complied with the requirements under the Listing Rules, the SFO and the Bermuda Companies Act. Details of the Company's compliance with the code provisions set out in the CG Code are provided in the Corporate Governance Report of this annual report.

During the financial year ended 31 December 2024, 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 2024.

In addition, a discussion on the Group's policies and performance in the areas of ESG and its key relationships with stakeholders are discussed in the section headed "Corporate Sustainability" of this annual report.

RESULTS AND APPROPRIATIONS

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

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

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK$17 million (2023: HK$25 million).

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 2024, the reserves of the Company available for distribution amounted to approximately HK$23,522 million (2023: HK$23,596 million).

SHARE CAPITAL

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

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Particulars of the Group's principal subsidiaries, associates and joint ventures as at 31 December 2024 are set out in note 43 to the consolidated financial statements.

PARTICULARS OF BANK LOANS

Particulars of bank loans of the Group as at 31 December 2024 are set out in note 28 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

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

BOARD OF DIRECTORS

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

Executive Directors

Mr Kuok Khoon Hua
(Chairman and Chief Executive Officer)
Mr Au Hing Lun, Dennis
(Deputy Chief Executive Officer)
(Resigned on 31 July 2024)

Independent Non-executive Directors

Mr Hui Chun Yue, David
Mr Chum Kwan Lock, Grant
Dr Li Rui
Ms Wong Yu Pok, Marina, JP
(Retired with effect from the conclusion of the 2024 AGM)

Non-executive Director

Ms Tong Shao Ming

Mr Kuok Khoon Hua and Mr Chum Kwan Lock, Grant will retire by rotation at the 2025 AGM in accordance with Bye-law 99. All the retiring Directors, being eligible, will offer themselves for re-election.

Board Committees

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

Changes in Information of Directors

Set out below are the changes in the Directors' information since the publication of the Interim Report 2024 of the Company, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

(1) Mr Kuok Khoon Hua was appointed as an independent non-executive director of DBS Bank (Hong Kong) Limited with effect from 7 October 2024; and

(2) Dr Li Rui was appointed as the senior advisor and adjunct professor at Institute for China Business of the University of Hong Kong with effect from 21 October 2024.

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

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

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, 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, were as follows:

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

	Number of ordinary shares interested					
Name of Directors	Personal interests[1]	Corporate interests[2]	Other interests[3]	Number of underlying shares held under equity derivatives	Total interests	Approximate % of shareholding[4]
Kuok Khoon Hua	4,115,913[5]	1,000,000	3,297,763	–	8,413,676	0.58
Tong Shao Ming	–	–	50,000	–	50,000	<0.01

Notes:

1. This represents interests held by the relevant Director as beneficial owner.
2. This represents interests deemed to be held by the relevant Director through his/her controlled corporation(s).
3. This represents interests deemed to be held by the relevant Director through discretionary trust(s) of which the relevant Director is a discretionary beneficiary.
4. The percentage represents the number of ordinary shares of the Company interested divided by the total number of the issued shares of the Company as at 31 December 2024 (i.e. 1,451,305,728 ordinary shares).
5. Mr Kuok Khoon Hua is interested in (i) 3,465,913 ordinary shares of the Company as beneficial owner; and (ii) awards granted under the Share Award Scheme conferring the conditional right upon vesting to 650,000 ordinary shares of the Company.

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

(b) Long position in ordinary shares of the Associated Corporations

Associated Corporations	Name of Directors	Number of ordinary shares interested				Approximate % of shareholding[4]
		Personal interests[1]	Corporate interests[2]	Other interests[3]	Total interests	
Kerry Group Limited	Kuok Khoon Hua	2,000,000	–	250,054,644	252,054,644	16.56
	Tong Shao Ming	700,000	–	3,115,476	3,815,476	0.25
Kerry Logistics Network Limited	Kuok Khoon Hua	600,428	–	1,132,479	1,732,907	0.10
	Tong Shao Ming	–	–	717,588	717,588	0.04
Hopemore Ventures Limited	Kuok Khoon Hua	50	–	–	50	3.57
Kerry Mining (Mongolia) Limited	Kuok Khoon Hua	–	–	500	500	0.46
Majestic Tulip Limited	Kuok Khoon Hua	10	–	–	10	3.33
Marine Dragon Limited	Kuok Khoon Hua	1,200	–	–	1,200	4.00
Medallion Corporate Limited	Kuok Khoon Hua	48	–	–	48	4.80
Ocean Fortune Enterprises Limited	Kuok Khoon Hua	91,262	–	–	91,262	6.96
Oceanic Ally Global Limited	Kuok Khoon Hua	1,500	3,000	–	4,500	15.00
Rubyhill Global Limited	Kuok Khoon Hua	1	–	–	1	10.00
Sapphire Global Limited	Kuok Khoon Hua	3,000	–	–	3,000	10.00
	Tong Shao Ming	1,000	–	–	1,000	3.33
United Charm Investments Limited	Kuok Khoon Hua	–	–	15	15	15.00
Vencedor Investments Limited	Kuok Khoon Hua	5	–	–	5	5.00

Notes:

1. This represents interests held by the relevant Director as beneficial owner.
2. This represents interests deemed to be held by the relevant Director through his/her controlled corporation(s).
3. This represents interests deemed to be held by the relevant Director through discretionary trust(s) of which the relevant Director is a discretionary beneficiary.
4. The percentage has been compiled based on the total number of ordinary shares of the respective Associated Corporations in issue as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its Associated Corporations which had been recorded in the register kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

As at 31 December 2024, the number of outstanding share options to subscribe for the Shares and the number of awarded shares granted by the Company to the Directors (if any), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, are set out in the sections headed "Share Option Schemes" and "Share Award Scheme" of this Report of Directors.

Apart from the aforesaid, at no time during the year ended 31 December 2024 was the Company, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARE CAPITAL OF THE COMPANY

As at 31 December 2024, the following companies, other than the Directors, had long positions of 5% or more in the shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO. Their interests were as follows:

Long position in ordinary shares of the Company

Name	Capacity in which ordinary shares were held	Number of ordinary shares interested	Approximate % of shareholding[2]
Kerry Group Limited	Interest of controlled corporations	874,090,494[1]	60.23
Kerry Holdings Limited	Interest of controlled corporations	746,230,656[1]	51.42
Caninco Investments Limited	Beneficial owner	312,248,193[1]	21.51
Darmex Holdings Limited	Beneficial owner	256,899,261[1]	17.70
Moslane Limited	Beneficial owner	73,821,498[1]	5.09

Notes:

1. Caninco Investments Limited ("**Caninco**"), Darmex Holdings Limited ("**Darmex**") and Moslane Limited ("**Moslane**") are wholly-owned subsidiaries of KHL. KHL itself is a wholly-owned subsidiary of KGL. Accordingly, the shares in which Caninco, Darmex and Moslane were shown to be interested had also been included in the shares in which KHL was shown to be interested, and KGL was deemed to be interested in the shares in which KHL was shown to be interested.

2. The percentage represents the number of ordinary shares of the Company interested divided by the total number of the issued shares of the Company as at 31 December 2024 (i.e. 1,451,305,728 ordinary shares).

Save as disclosed above, as at 31 December 2024, no other person (other than Directors) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

EMPLOYEES

As at 31 December 2024, the Group had approximately 7,500 employees. Salaries of employees are maintained at competitive levels while bonuses are granted on a discretionary basis. The Group's emolument policy is formulated based on the performance, contribution and responsibilities of individual employees together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions within the general framework of the Group's salary and bonus system. Other employee benefits include provident fund, insurance, medical cover, subsidised educational and training programmes as well as the share award scheme. Details of employee benefit expense are set out in note 12 to the consolidated financial statements.

PAST PERFORMANCE & FORWARD-LOOKING STATEMENTS

The performance and results of the operations of the Group within this annual report are historical in nature, and past performance is no guarantee for the future results of the Group. This annual report may contain forward-looking statements and opinions, and all forward-looking statements, although based on reasonable estimates, assumptions and projections, involve risks and uncertainties.

Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, and the employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this annual report; and (b) no liability arising from any forward-looking statements or opinions that do not materialise or prove to be incorrect.

SHARE OPTION SCHEMES

At the 2024 AGM, the Shareholders approved the termination of the 2020 Share Option Scheme given the similar purposes served by the 2020 Share Option Scheme and the Share Award Scheme. The 2011 Share Option Scheme was also terminated on 20 May 2020. In this regard, no further share options of the Company (the "**Share Option(s)**") shall be offered or granted under the 2011 Share Option Scheme and the 2020 Share Option Scheme.

(1) Purpose of the Share Option Schemes

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

(2) Participants of the Share Option Schemes

The Eligible Participants under the 2020 Share Option Scheme and the 2011 Share Option Scheme were:

(a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in, any member of the Group (an "**Employee**" in this section), any proposed Employee, any full-time or part-time Employee, or a person for the time being seconded to work full-time or part-time for any member of the Group;

(b) a director or proposed director of any member of the Group;

(c) a consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group;

(d) a person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the Group; or

(e) an associate (having the meaning ascribed to it under the Listing Rules) of any of the foregoing persons.

The Company shall only grant Share Options under the 2020 Share Option Scheme to the Eligible Participants who fall within Rule 17.03A of the Listing Rules. No Share Option had been granted under the 2020 Share Option Scheme since its adoption on 20 May 2020.

SHARE OPTION SCHEMES (Continued)

(3) Maximum Number of Shares Available for Issue

Given the termination of both the 2011 Share Option Scheme and 2020 Share Option Scheme, no further Share Options shall be offered or granted under the 2011 Share Option Scheme and the 2020 Share Option Scheme.

(4) Maximum Entitlement of Each Eligible Participant

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

(5) Exercise and Vesting Period

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

(6) Acceptance of Share Options

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

(7) Exercise Price of Share Options

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

145,650,122 Share Options were available for grant under the 2020 Share Option Scheme as at 1 January 2024, and given the termination of the 2020 Share Option Scheme, no further Share Option has been granted.

A total of 5,023,000 Share Options granted under the 2011 Share Option Scheme were outstanding as at 1 January 2024, all of which have lapsed on 8 January 2024.

SHARE OPTION SCHEMES (Continued)

Movement of Share Options

Details of movement of the Share Options of the 2011 Share Option Scheme during the year ended 31 December 2024 are listed below in accordance with Rule 17.07 of the Listing Rules:

Category of option holders	Date of grant	Tranche	Number of Share Options Outstanding as at 01/01/2024	 Lapsed during the year	 Outstanding as at 31/12/2024	Exercise price per share HK$	Vesting period[1]	Exercise period
Other Employee Participants[2]	08/01/2014	I	1,780,000	(1,780,000)	–	26.88	08/01/2014 – 07/07/2014	08/07/2014 – 07/01/2024
	08/01/2014	II	3,243,000	(3,243,000)	–	26.88	08/01/2014 – 07/01/2015	08/01/2015 – 07/01/2024
Total:			**5,023,000**	**(5,023,000)**	**–**			

Notes:

1. The vesting period of the Share Options set out above, for Tranche I was 6 months and Tranche II was 12 months, in each case from the date of grant until the commencement date of the exercise period.

2. Other employee participants include former Directors, and both former and current employees of the Company and its subsidiaries or former subsidiary.

3. During the year ended 31 December 2024, no Share Option was granted, exercised or cancelled under the 2011 Share Option Scheme.

SHARE AWARD SCHEME

The Share Award Scheme shall be valid for a term of ten years from its adoption date on 25 November 2022 (the "**Adoption Date**").

(1) Purpose of the Share Award Scheme

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

(2) Participants of the Share Award Scheme

The eligible participants of the Share Award Scheme are:

(a) any individual being an employee (whether full-time or part-time employee) of any members of the Group or any Affiliate (defined as below) (an "**Employee**" in this section) provided that the Selected Participant (defined as below) shall not cease to be an Employee in the case of (i) any leave of absence approved by the Company or the relevant Affiliate; or (ii) transfer amongst the Company and any Affiliates or any successor, and provided further that an Employee shall, for the avoidance of doubt, cease to be an Employee with effect from (and including) the date of termination of his/her employment; or

(b) any individual being a director, officer, consultant or advisor of any members of the Group or any Affiliate who the Board considers, in its sole discretion, to have contributed or will contribute to the Group.

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

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

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

(3) Maximum Number of Shares Available to be Granted

No new Shares will be issued under the Share Award Scheme. The share awards will be satisfied by existing Shares to be acquired through on-market transactions by a trustee on the instruction of the Company. Details of the Shares held for the Share Award Scheme are disclosed in note 34 to the consolidated financial statements of this annual report.

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

SHARE AWARD SCHEME (Continued)

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

As at 1 January 2024, a total of 145,130,572 Shares was available for grant under the Share Award Scheme. During the year ended 31 December 2024, 2,090,500 awarded Shares were granted under the Share Award Scheme. As at 31 December 2024, a total of 143,040,072 Shares was available for grant under the Share Award Scheme (representing approximately 9.86% and 9.86% of the total number of the issued Shares as at 31 December 2024 and the date of this annual report, respectively).

(4) Maximum Entitlement of Each Selected Participant

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

(5) Vesting

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

(6) Acceptance of Share Awards

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

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

(7) Purchase Price

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

(8) Remaining Life of the Share Award Scheme

The Share Award Scheme shall be valid and effective for the period commencing on the Adoption Date, and ending on the business day immediately prior to the 10th anniversary of the Adoption Date.

As at the date of this annual report, the remaining life of the Share Award Scheme is approximately 8 years.

SHARE AWARD SCHEME (Continued)

Movement of Awarded Shares

Details of the movement of the awarded Shares granted under the Share Award Scheme during the year ended 31 December 2024 are listed below in accordance with Rule 17.07 of the Listing Rules:

		Number of awarded Shares					
Name or category of grantees	**Date of grant[1]**	**Unvested as at 01/01/2024**	**Granted during the year**	**Vested during the year**	**Unvested as at 31/12/2024**	**Purchase price per awarded Share HK$**	**Vesting period**
1. Director							
Kuok Khoon Hua	01/04/2024	N/A	65,000	–	65,000	N/A	01/04/2024 – 01/04/2025
	01/04/2024	N/A	130,000	–	130,000	N/A	01/04/2024 – 01/04/2026
	01/04/2024	N/A	195,000	–	195,000	N/A	01/04/2024 – 01/04/2027
	01/04/2024	N/A	260,000	–	260,000	N/A	01/04/2024 – 01/04/2028
2. Other Employee Participants[2]	01/04/2024	N/A	144,050	–	144,050	N/A	01/04/2024 – 01/04/2025
	01/04/2024	N/A	288,100	–	288,100	N/A	01/04/2024 – 01/04/2026
	01/04/2024	N/A	432,150	–	432,150	N/A	01/04/2024 – 01/04/2027
	01/04/2024	N/A	576,200	–	576,200	N/A	01/04/2024 – 01/04/2028
Total:		**N/A**	**2,090,500**	**–**	**2,090,500**		

Awarded Shares granted to the five highest paid individuals (including one Director) for the year ended 31 December 2024 are extracted and summarised as follows:

		Number of awarded Shares					
Category of grantees	**Date of grant[1]**	**Unvested as at 01/01/2024**	**Granted during the year**	**Vested during the year**	**Unvested as at 31/12/2024**	**Purchase price per awarded Share HK$**	**Vesting period**
Five Highest Paid Individuals	01/04/2024	N/A	153,050	–	153,050	N/A	01/04/2024 – 01/04/2025
	01/04/2024	N/A	306,100	–	306,100	N/A	01/04/2024 – 01/04/2026
	01/04/2024	N/A	459,150	–	459,150	N/A	01/04/2024 – 01/04/2027
	01/04/2024	N/A	612,200	–	612,200	N/A	01/04/2024 – 01/04/2028
Total:		**N/A**	**1,530,500**	**–**	**1,530,500**		

Notes:

1. The closing price of the Shares immediately before the date of grant on 1 April 2024 was HK$14.32. The fair value of the awarded Shares at date of grant was HK$14.54.
2. Other employee participants include current employees of the Company and its subsidiaries.
3. During the year ended 31 December 2024, no awarded Share was vested, cancelled and/or lapsed under the Share Award Scheme.

Since the Adoption Date and up to 31 December 2024, a total of 2,090,500 awarded Shares have been granted under the Share Award Scheme (representing approximately 0.14% and 0.14% of the total number of the issued Shares as at 31 December 2024 and the date of this annual report, respectively), all of which remain unvested.

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 2025 AGM.

MANAGEMENT CONTRACT

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2024, the combined value of the Group's contracts with its five largest suppliers, which were not of a capital nature, was less than 30 per cent of the total value of supplies purchased. The Group's five largest customers combined contributed less than 30 per cent of its total revenue during the year ended 31 December 2024.

DIRECTOR'S INTERESTS IN COMPETING BUSINESS

Pursuant to Rule 8.10 of the Listing Rules, the following Director disclosed that during the year ended 31 December 2024, he was 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 Director's only interests are as directors appointed to represent the interests of the Group.

During the year ended 31 December 2024, Mr Kuok Khoon Hua was the director of subsidiaries of SA and he had interests in shares of SA, the businesses of which consisted of hotel ownership and operations. As the size of that part of these Excluded Businesses in the Mainland, where the Group has hotel businesses, is not insignificant when compared with the hotel business of the Group in the Mainland, it is likely that these Excluded Businesses may compete with the hotel business of the Group in the Mainland.

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

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

PERMITTED INDEMNITY PROVISION

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

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed, if any, in the sections headed "Connected Transactions" and "Continuing Connected Transactions" of this Report of Directors, no transaction, arrangement or contract of significance in relation to the Group's business to which the Company, its subsidiaries, its fellow subsidiaries or its holding companies was a party or were parties and in which a Director or any entities connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PUBLIC FLOAT

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

PRE-EMPTIVE RIGHTS

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

CONNECTED TRANSACTIONS

During the financial year ended 31 December 2024, the Group entered into the connected transactions that are subject to the annual reporting requirements under Chapter 14A of the Listing Rules. Details of the transactions are as follows:

(i) Services Agreements for Development and Management of Hotel and Apartments in Kunming, the PRC

As disclosed in the Company's announcement dated 29 April 2024 (the "**Kunming Announcement**"), Jian'an Real Estate (Kunming) Co., Ltd. ("**JREK**") (a non-wholly-owned subsidiary of the Company), being the owner of the site located at Nos. 88-96 Dongfeng Dong Road, Pan Long District, Kunming, Yunnan Province, the PRC (the "**Kunming Site**"), entered into three services agreements all dated 29 April 2024 with Shangri-La International Hotel Management Limited ("**SLIM-HK**") and Shangri-La Hotel Management (Shanghai) Co., Ltd. ("**SLIM-PRC**") (both wholly-owned subsidiaries of SA) respectively in relation to the pre-opening technical services and project management consultancy services of Jen Kunming and Shangri-La Kunming (the "**Kunming Hotel**") and apartments (the "**Apartments**"), being developed on the Kunming Site. Details of these transactions are as follows:

(1) JREK and SLIM-HK entered into the technical consultancy services agreement (the "**TCS Agreement**"), pursuant to which SLIM-HK would provide advisory and consultancy services with respect to the development of the Apartments to JREK at the fee of approximately RMB767,000 (approximately HK$828,000) from the date of the TCS Agreement until the discharge of all duties and responsibilities of SLIM-HK under the TCS Agreement;

(2) JREK and SLIM-HK entered into the hotel pre-opening technical services agreement (the "**POTS Agreement**"), pursuant to which SLIM-HK would provide advisory and consultancy services with respect to the development of the Kunming Hotel to JREK at the fee of approximately RMB4,073,000 (approximately HK$4,399,000) from the date of the POTS Agreement to three months after the opening date of Shangri-La Kunming; and

(3) JREK and SLIM-PRC entered into the project management consultancy services agreement (the "**PMCS Agreement**"), pursuant to which SLIM-PRC would provide project management consultancy services with respect to the development, design and construction of the Kunming Hotel and Apartments to JREK at the fee of approximately RMB24,879,000 (approximately HK$26,869,000) from the date of the PMCS Agreement until all project management consultancy services have been provided.

JREK is held indirectly as to 55% and 45% by the Company and SA respectively. Each of SLIM-HK and SLIM-PRC is a wholly-owned subsidiary of SA. KHL is the controlling shareholder of both the Company and SA. Therefore, each of SA, SLIM-HK and SLIM-PRC is an associate of KHL and a connected person of the Company. Accordingly, the transactions contemplated under the TCS Agreement, POTS Agreement and PMCS Agreement constituted connected transactions of the Company under the Listing Rules.

Details of the connected transactions are set out in the Kunming Announcement.

(ii) Supplemental Agreement to Cash Advance Agreement

Reference is made to the Company's announcement dated 5 December 2022 in relation to the cash advance agreement (the "**Cash Advance Agreement**") entered into between Kerry (Shenyang) Real Estate Development Co., Ltd. ("**KSRE**") (as lender) and Lucky Billion Development (Qinhuangdao) Co., Ltd. ("**LBDQ**") (as borrower), both being non-wholly owned subsidiaries of the Company, pursuant to which KSRE agreed to provide the intra-group loan in the principal amount of up to RMB630,000,000 (approximately HK$677,880,000) to LBDQ for a term of two years (the "**Loan**").

As disclosed in the Company's announcement dated 28 November 2024 (the "**Cash Advance Announcement**"), KSRE and LBDQ entered into the supplemental agreement to the Cash Advance Agreement on 28 November 2024 (the "**Supplemental Agreement**") to amend the term and annual interest rate of the Loan under the Cash Advance Agreement.

CONNECTED TRANSACTIONS (Continued)

(ii) Supplemental Agreement to Cash Advance Agreement (Continued)

KSRE is held indirectly as to 60%, 25% and 15% by the Company, SA and Allgreen Properties Limited ("**Allgreen**") respectively, and LBDQ is held indirectly as to 60%, 30% and 10% by the Company, KHL and Allgreen respectively. KHL is the controlling shareholder of the Company and SA and Allgreen are associates of KHL. Accordingly, KHL, SA and Allgreen are connected persons of the Company, and in turn KSRE and LBDQ are connected subsidiaries of the Company. Therefore, the entering into of the Supplemental Agreement constituted a connected transaction of the Company under the Listing Rules.

Details of the connected transaction are set out in the Cash Advance Announcement.

CONTINUING CONNECTED TRANSACTIONS

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

(i) Hotel Management Agreements and relevant agreements

(a) Kerry Hotel, Beijing

SLIM-HK and SLIM-PRC 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 "**Beijing 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 Beijing MTS Agreement was entered into from 28 August 2019 to the termination date of the Beijing HM Agreement.

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

The annual aggregate fee payable by the Group pursuant to the Beijing Agreements for the year ended 31 December 2024 is not expected to exceed RMB110 million ("**Cap A**"). The fee paid by the Group under the Beijing Agreements for the year ended 31 December 2024 amount to RMB21 million (approximately HK$23 million) which is within Cap A.

(b) Jing An Shangri-La Hotel

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

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

The annual aggregate fee payable by the Group pursuant to the Jing An Agreement for the year ended 31 December 2024 is not expected to exceed US$14 million ("**Cap B**"). The fee paid by the Group under the Jing An Agreement for the year ended 31 December 2024 amount to US$5 million (approximately HK$41 million) which is within Cap B.

CONTINUING CONNECTED TRANSACTIONS (Continued)

(i) Hotel Management Agreements and relevant agreements (Continued)

(c) Midtown Shangri-La Hotel, Hangzhou

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

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

The annual aggregate fee payable by the Group pursuant to the Hangzhou Agreements for the year ended 31 December 2024 is not expected to exceed RMB93 million ("**Cap C**"). The fee paid by the Group under the Hangzhou Agreements for the year ended 31 December 2024 amount to RMB15 million (approximately HK$16 million) which is within Cap C.

(d) Kunming Hotel – Jen Kunming and Shangri-La Kunming

As disclosed in the Kunming Announcement, SLIM-HK and SLIM-PRC are also providing, *inter alia*, the hotel management, reservation, sales and marketing and training services to the Kunming Hotel pursuant to the hotel management agreement (the "**Kunming HM Agreement**") and the sales and marketing, training and Shangri-La Circle services agreement (the "**SMTS Agreement**") entered into by JREK with SLIM-HK and SLIM-PRC respectively on 29 April 2024.

The operating term of the Kunming HM Agreement is three years from the opening date of Jen Kunming, with an option to renew for three-year terms, in each case exercisable by mutual agreement of SLIM-HK and JREK, until the twentieth anniversary of the opening date of Jen Kunming. The SMTS Agreement was entered into for the term of three-year from 29 April 2024 until the termination of the Kunming HM Agreement.

The Beijing branch of SLIM-PRC is also providing the Shangri-La standard electronic system (the "**Proprietary Technology Services**") and cloud-based property management system (the "**Cloud-based PMS Services**") to the Kunming Hotel pursuant to the proprietary technology services agreement (the "**Kunming PTS Agreement**") and the cloud-based property management system services agreement (the "**Cloud-PMS Agreement**") entered into by JREK with the Beijing branch of SLIM-PRC on 29 April 2024. Both Kunming PTS Agreement and Cloud-PMS Agreement were entered into for three years from the opening date of Jen Kunming until the termination of the Kunming HM Agreement.

JREK is held indirectly as to 55% and 45% by the Company and SA respectively. SA, SLIM-HK and SLIM-PRC are connected persons of the Company. Accordingly, the provision of the hotel management, reservation, sales and marketing, training, Proprietary Technology Services and Cloud-based PMS Services by SLIM-HK, SLIM-PRC and the Beijing branch of SLIM-PRC to JREK constituted continuing connected transactions of the Company under the Listing Rules.

The annual aggregate fee payable by the Group pursuant to the Kunming HM Agreement, SMTS Agreement, Kunming PTS Agreement and Cloud-PMS Agreement (collectively, the "**Kunming Agreements**") for the year ended 31 December 2024 is not expected to exceed RMB12 million (the "**Cap D**"). The fee paid by the Group under the Kunming Agreements for the year ended 31 December 2024 amount to RMB2 million (approximately HK$3 million) which is within Cap D.

CONTINUING CONNECTED TRANSACTIONS (Continued)

(i) Hotel Management Agreements and relevant agreements (Continued)

(e) Shangri-La Nanchang

SLIM-HK is providing hotel management and reservation services to Shangri-La Nanchang pursuant to the hotel management agreement entered into on 25 December 2014 (as supplemented by the first supplemental agreement dated 1 November 2017, the second supplemental agreement dated 30 September 2020 and the third supplemental agreement dated 1 November 2022) (the "**Nanchang HM Agreement**") between Kerry Real Estate (Nanchang) Co., Ltd. ("**KREN**") and SLIM-HK.

SLIM-PRC is providing marketing and training services to Shangri-La Nanchang pursuant to the marketing, training and Shangri-La Circle services agreement entered into on 1 November 2017 (as supplemented by the first supplemental agreement dated 30 September 2020 and the second supplemental agreement dated 1 November 2022) (the "**Nanchang MTS Agreement**") between KREN and SLIM-PRC.

On 5 July 2024, KREN entered into the supplemental agreement to the Nanchang HM Agreement (the "**Supplemental Agreement to the Nanchang HM Agreement**") and the supplemental agreement to the Nanchang MTS Agreement (the "**Supplemental Agreement to the Nanchang MTS Agreement**") with SLIM-HK and SLIM-PRC respectively to amend certain terms of the Nanchang HM Agreement and the Nanchang MTS Agreement respectively regarding the management of Shangri-La Nanchang.

The operating term of the Nanchang HM Agreement is three years from the opening date of Shangri-La Nanchang. At the end of the initial three-year term, if both contracting parties mutually agree, the Nanchang HM Agreement may be renewed for a further three-year term and so on until the twentieth anniversary of the opening date of Shangri-La Nanchang. Pursuant to the Supplemental Agreement to the Nanchang HM Agreement, the renewal term has commenced with effect from 1 July 2024.

The term of the Nanchang MTS Agreement (as amended by the Supplemental Agreement to the Nanchang MTS Agreement) is from the date of the Nanchang MTS Agreement until the termination of the Nanchang HM Agreement (for a term of three-year). A new three-year renewal term has also commenced with effect from 1 July 2024.

The Beijing branch of SLIM-PRC is also providing the Proprietary Technology Services to Shangri-La Nanchang pursuant to the proprietary technology services agreement (the "**Nanchang PTS Agreement**") entered into by KREN with the Beijing branch of SLIM-PRC on 5 July 2024. The Nanchang PTS Agreement was entered into for a term of three-year with effect from 1 July 2024 until the termination of the Nanchang HM Agreement.

KREN, being the owner of Shangri-La Nanchang, is held indirectly as to 80% and 20% by the Company and SA respectively. SA, SLIM-HK and SLIM-PRC are connected persons of the Company. Accordingly, the provision of the hotel management, reservation, marketing, training and Proprietary Technology Services by SLIM-HK, SLIM-PRC and the Beijing branch of SLIM-PRC to KREN constituted continuing connected transactions of the Company under the Listing Rules.

The annual aggregate fee payable by the Group pursuant to the Supplemental Agreement to the Nanchang HM Agreement, Supplemental Agreement to the Nanchang MTS Agreement and Nanchang PTS Agreement (collectively, the "**Nanchang Agreements**") for the year ended 31 December 2024 is not expected to exceed RMB15.4 million (the "**Cap E**"). The fee paid by the Group under the Nanchang Agreements for the year ended 31 December 2024 amount to RMB11 million (approximately HK$12 million) which is within Cap E.

CONTINUING CONNECTED TRANSACTIONS (Continued)

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

Pursuant to Rule 14A.55 of the Listing Rules, the continuing connected transactions mentioned above have been reviewed by the INEDs who have confirmed that the transactions have been entered into:

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

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

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

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including treasury shares).

AUDITOR

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

On behalf of the Board
Kuok Khoon Hua
Chairman and Chief Executive Officer

Hong Kong, 19 March 2025

INDEPENDENT AUDITOR'S REPORT

pwc

羅兵咸永道

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

OPINION

What we have audited

The consolidated financial statements of Kerry Properties Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 103 to 200, comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, 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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KEY AUDIT MATTERS

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

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

- Valuation of investment properties; and
- Recoverability of properties under development and completed properties held for sale

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties Refer to notes 15 and 19 to the consolidated financial statements. The Group had investment properties held by subsidiaries and associates and joint ventures as at 31 December 2024 of which changes in fair value were recognised and presented as a "(decrease)/increase in fair value of investment properties" and "Share of results of associates and joint ventures" respectively in the consolidated income statement. The Group's investment property portfolio comprises mainly commercial and residential properties in Hong Kong and mainland China. Management has engaged independent valuers, to determine the fair value of the investment properties and investment properties under development held by the Group's subsidiaries, associates and joint ventures as at 31 December 2024. 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.	Our procedures in relation to the key assumptions used in management's valuation of investment properties held by the Group's subsidiaries and associates and joint ventures included: • Understanding management's control and process for determining the valuation of investment properties and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied; • Evaluating the independent valuers' competence, capabilities and objectivity; • Reviewing the valuation reports and meeting with the independent valuers to discuss and challenge the valuation methodologies and key assumptions adopted; • Involving our in-house property valuation experts to assess the appropriateness of the valuation methodologies and the reasonableness of the key assumptions used in the valuation of selected investment properties; • Checking the accuracy of the input data, on a sample basis, used by the independent valuers including rental income and estimated development cost by agreeing them to management's records, invoices received or other supporting documentations such as lease agreements, rental income schedules, construction cost schedules and approved budgets;

Key Audit Matter	How our audit addressed the Key Audit Matter

Valuation of investment properties (Continued)
 	
The valuation of investment properties and investment properties under development is subject to high degree of estimation uncertainty. For investment properties, key assumptions primarily include capitalisation rates and prevailing market rents or prices. For investment properties under development, key assumptions also include development costs and developer's profits and risk margins.
 	
The estimation uncertainty and management judgement, as mentioned in note 4(a)(i) to the consolidated financial statements, led us to consider this a key audit matter.
	Our procedures in relation to the key assumptions used in management's valuation of investment properties held by the Group's subsidiaries and associates and joint ventures included: (Continued)
	
	• Assessing the key assumptions used by the independent valuers against our own expected range of estimates using evidence from comparable market transactions, historical records or approved budgets of the Group by comparing:
	
	  • capitalisation rates to published market data;
	
	  • prevailing market rents to leasing transactions of comparable properties or recent letting of subject properties; and
	
	  • estimated development cost and developer's profits for the investment properties under development to approved budgets and market norm in the industry respectively.
	
	• Assessing the adequacy of the disclosures related to the valuation of investment properties in the context of HKFRSs disclosure requirements.
	
	Based on the procedures performed, we considered that the methods, key assumptions and data used in management's valuation of investment properties were supported by the available evidence.

Key Audit Matter	How our audit addressed the Key Audit Matter

Recoverability of properties under development and completed properties held for sale
 	
Refer to notes 4(a)(ii), 17, 19 and 24 to the consolidated financial statements.
 	
The Group had properties under development and completed properties held for sale held by subsidiaries, joint ventures and associates as at 31 December 2024.
 	
Management assessed the recoverability of properties under development and completed properties held for sale based on an estimation of the net realisable value of the underlying properties. This involves analyses of the estimated costs to completion, estimated costs necessary to make the sale, construction costs contracts, pre-sale contracts and expected future sales price based on prevailing market conditions such as current market prices of comparable standards and locations. As a result of the management's assessments, provisions have been made to certain properties under development and completed properties held for sale.
 	
We focused on the recoverability of properties under development and completed properties held for sale as a key audit matter because the estimation of net realisable value is subject to high degree of estimation uncertainty.
	Our procedures in relation to management's assessments of recoverability of properties under development and completed properties held for sale included:
	
	• Understanding management's control and processes for assessing the recoverability of properties under development and completed properties held for sale and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied;
	
	• Testing the key controls around the property construction cycle with particular focus on, but not limited to, controls over cost budgeting for estimated costs to completion;
	
	• Assessing the reasonableness of key assumptions and estimates in management's assessments, on a sample of properties selected, including:
	
	    • expected future sales prices which we compared to contracted sales prices of the underlying properties or current market prices of properties of comparable standards and locations, where applicable; and
	
	    • estimated costs necessary to make the sales and costs to completion that we compared these costs to the latest budgets of total construction costs and tested, on a sample basis, to committed contracts and other supporting documentation.
	
	• Assessing the adequacy of the disclosures related to the recoverability of properties under development and completed properties held for sale in the context of HKFRSs disclosure requirements.
	
	Based on the procedures performed, we considered that the methods, significant assumptions and data used by management are supported by the available evidence.

OTHER INFORMATION

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

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

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 judgment and maintain professional scepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 19 March 2025

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2024

	Note	2024 HK$ million	2023 HK$ million
Revenue	5	**19,499**	13,090
Cost of sales and direct expenses		**(13,113)**	(6,369)
Gross profit	5	**6,386**	6,721
Other net (losses)/gains	6	**(114)**	130
Selling, administrative and other operating expenses		**(1,971)**	(1,784)
(Decrease)/increase in fair value of investment properties	15	**(2,257)**	1,034
Operating profit before finance costs	7	**2,044**	6,101
Finance costs	8	**(378)**	(600)
Operating profit		**1,666**	5,501
Share of results of associates and joint ventures	19(d)	**916**	1,358
Profit before taxation		**2,582**	6,859
Taxation	9	**(1,070)**	(2,696)
Profit for the year		**1,512**	4,163
Profit attributable to:			
Company's shareholders		**808**	3,243
Non-controlling interests		**704**	920
		1,512	4,163
Earnings per share			
– Basic	11	**HK$0.56**	HK$2.23
– Diluted	11	**HK$0.56**	HK$2.23

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Note	2024 HK$ million	2023 HK$ million
Profit for the year		**1,512**	4,163
Other comprehensive income			
Items that may be reclassified to profit or loss			
Cash flow hedges	36	**(58)**	(295)
Share of other comprehensive income of associates and joint ventures	36	**(107)**	(38)
Net translation differences on foreign operations		**(2,915)**	(2,807)
Items that will not be reclassified to profit or loss			
Fair value (losses)/gains on financial assets at fair value through other comprehensive income	36	**(118)**	236
Share of other comprehensive income of associates and joint ventures	36	**3**	54
Release of exchange fluctuation reserve upon disposal of subsidiaries	36	**10**	–
Other comprehensive income for the year, net of tax		**(3,185)**	(2,850)
Total comprehensive income for the year		**(1,673)**	1,313
Total comprehensive income attributable to:			
Company's shareholders		**(1,913)**	815
Non-controlling interests		**240**	498
		(1,673)	1,313

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Note	2024 HK$ million	2023 HK$ million
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	**4,540**	4,323
Investment properties	15	**84,273**	76,965
Right-of-use assets	16	**1,633**	1,680
Properties under development and land deposits	17	**25,113**	39,223
Associates and joint ventures	19	**25,450**	24,823
Derivative financial instruments	20	**487**	582
Financial assets at fair value through other comprehensive income	21	**845**	758
Financial assets at fair value through profit or loss	22	**620**	651
Mortgage loans receivable	23	**897**	899
Intangible assets		**123**	123
		143,981	150,027
Current assets			
Properties under development	17	**25,239**	23,436
Completed properties held for sale	24	**18,241**	18,624
Accounts receivable, prepayments and deposits	25	**2,214**	1,787
Current portion of mortgage loans receivable	23	**134**	193
Tax recoverable		**326**	326
Tax reserve certificates		**–**	189
Derivative financial instruments	20	**6**	6
Restricted bank deposits	26	**228**	305
Cash and bank balances	26	**10,979**	13,540
		57,367	58,406
Current liabilities			
Accounts payable, deposits received and accrued charges	27	**7,499**	7,508
Contract liabilities	27	**3,466**	8,955
Current portion of lease liabilities	16	**40**	44
Taxation		**1,601**	2,589
Short-term bank loans and current portion of long-term bank loans	28	**9,700**	6,636
Derivative financial instruments	20	**129**	114
		22,435	25,846
Net current assets		**34,932**	32,560

	Note	**2024 HK$ million**	2023 HK$ million
Total assets less current liabilities		**178,913**	182,587
Non-current liabilities			
Long-term bank loans	28	**49,881**	48,495
Amounts due to non-controlling interests	29	**1,838**	2,237
Lease liabilities	16	**1**	41
Derivative financial instruments	20	**293**	279
Deferred taxation	30	**10,253**	10,378
		62,266	61,430
ASSETS LESS LIABILITIES		**116,647**	121,157
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital	32	**1,451**	1,451
Shares held for share award scheme	34(a)	**(50)**	(50)
Share premium	35	**13,133**	13,105
Other reserves	36	**957**	3,982
Retained profits		**87,820**	88,769
		103,311	107,257
Non-controlling interests		**13,336**	13,900
TOTAL EQUITY		**116,647**	121,157

The consolidated financial statements on pages 103 to 200 were approved by the Board of Directors on 19 March 2025 and were signed on its behalf.

Kuok Khoon Hua
Director

Tong Shao Ming
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	**2024 HK$ million**	2023 HK$ million
Operating activities			
Net cash generated from operations	37(a)	**5,496**	8,984
Interest paid		**(2,717)**	(2,695)
Income tax paid		**(1,614)**	(1,312)
Net cash generated from operating activities		**1,165**	4,977
Investing activities			
Additions of property, plant and equipment		**(109)**	(65)
Additions of investment properties		**(600)**	(307)
Increase in land deposits		**(5,001)**	(4,918)
Disposal of subsidiaries	37(c)	**36**	–
Increase in investments in associates and joint ventures		**(50)**	(84)
Return of capital from associates and joint ventures		**–**	154
Dividends received from associates		**413**	641
Additional loans to associates and joint ventures		**(1,757)**	(951)
Repayment of loans by associates and joint ventures		**902**	2,051
Additional loans from associates and joint ventures		**1**	1
Mortgage loans to buyers		**(122)**	(27)
Repayment of mortgage loans from buyers		**154**	270
Interest received		**578**	660
Return of investment from financial assets at fair value through profit or loss		**7**	–
Decrease in restricted bank deposits		**67**	39
Decrease in short-term bank deposits maturing after more than three months		**4**	3
Dividends received from listed and unlisted investments		**72**	78
Proceeds from sale of property, plant and equipment		**1**	1
Proceeds from sale of investment properties		**6**	–
Net cash used in investing activities		**(5,398)**	(2,454)

	Note	2024 HK$ million	2023 HK$ million
Financing activities			
Purchase of shares for share award scheme		**–**	(32)
Repayment of bank loans	37(b)	**(47,664)**	(42,765)
Drawdown of bank loans	37(b)	**52,790**	45,306
Principal elements of lease payments	37(b)	**(47)**	(47)
Dividends paid	10(a)	**(1,959)**	(1,959)
Return of capital to non-controlling interests		**(444)**	(81)
Dividends of subsidiaries paid to non-controlling interests		**(509)**	(212)
Additional loans from non-controlling interests	37(b)	**–**	93
Repayment of loans to non-controlling interests	37(b)	**(78)**	(349)
Net cash generated from/(used in) financing activities		**2,089**	(46)
(Decrease)/increase in cash and cash equivalents		**(2,144)**	2,477
Effect of exchange rate changes		**(414)**	(283)
Cash and cash equivalents at 1 January		**13,519**	11,325
Cash and cash equivalents at 31 December	26(b)	**10,961**	13,519

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Note	Attributable to the shareholders of the Company							
		Share capital HK$ million	Shares held for share award scheme HK$ million	Share premium HK$ million	Other reserves HK$ million	Retained profits HK$ million	Total HK$ million	Non-controlling interests HK$ million	Total equity HK$ million
Balance as at 1 January 2024		1,451	(50)	13,105	3,982	88,769	107,257	13,900	121,157
Profit for the year		–	–	–	–	808	808	704	1,512
Cash flow hedges	36	–	–	–	(58)	–	(58)	–	(58)
Share of other comprehensive income of associates and joint ventures	36	–	–	–	(104)	–	(104)	–	(104)
Net translation differences on foreign operations	36	–	–	–	(2,451)	–	(2,451)	(464)	(2,915)
Fair value losses on financial assets at fair value through other comprehensive income	36	–	–	–	(118)	–	(118)	–	(118)
Release of exchange fluctuation reserve upon disposal of subsidiaries	36	–	–	–	10	–	10	–	10
Total comprehensive income for the year ended 31 December 2024		–	–	–	(2,721)	808	(1,913)	240	(1,673)
Lapse of share options		–	–	28	(28)	–	–	–	–
Share-based compensation under share award scheme		–	–	–	9	–	9	–	9
Dividends paid and payables		–	–	–	–	(1,959)	(1,959)	(566)	(2,525)
Transfer	36	–	–	–	(202)	202	–	–	–
Share of other reserves of associates and joint ventures	36	–	–	–	(83)	–	(83)	–	(83)
Release of other reserve upon disposal of subsidiaries	37(c)	–	–	–	–	–	–	(19)	(19)
Acquisition of additional interest in subsidiaries		–	–	–	–	–	–	225	225
Capital reduction of subsidiaries		–	–	–	–	–	–	(444)	(444)
Total transactions with owners		–	–	28	(304)	(1,757)	(2,033)	(804)	(2,837)
Balance at 31 December 2024		1,451	(50)	13,133	957	87,820	103,311	13,336	116,647

	Note	Attributable to the shareholders of the Company							
		Share capital HK$ million	Shares held for share award scheme HK$ million	Share premium HK$ million	Other reserves HK$ million	Retained profits HK$ million	Total HK$ million	Non-controlling interests HK$ million	Total equity HK$ million
Balance as at 1 January 2023		1,451	(18)	13,103	6,835	87,416	108,787	13,695	122,482
Profit for the year		–	–	–	–	3,243	3,243	920	4,163
Cash flow hedges	36	–	–	–	(295)	–	(295)	–	(295)
Share of other comprehensive income of associates and joint ventures	36	–	–	–	16	–	16	–	16
Net translation differences on foreign operations	36	–	–	–	(2,385)	–	(2,385)	(422)	(2,807)
Fair value gains on financial assets at fair value through other comprehensive income	36	–	–	–	236	–	236	–	236
Total comprehensive income for the year ended 31 December 2023		–	–	–	(2,428)	3,243	815	498	1,313
Lapse of share options		–	–	2	(2)	–	–	–	–
Purchase of shares for share award scheme	34(a)	–	(32)	–	–	–	(32)	–	(32)
Dividends paid and payables		–	–	–	–	(1,959)	(1,959)	(212)	(2,171)
Transfer	36	–	–	–	(69)	69	–	–	–
Share of other reserves of associates and joint ventures	36	–	–	–	(354)	–	(354)	–	(354)
Capital reduction of subsidiaries		–	–	–	–	–	–	(81)	(81)
Total transactions with owners		–	(32)	2	(425)	(1,890)	(2,345)	(293)	(2,638)
Balance at 31 December 2023		1,451	(50)	13,105	3,982	88,769	107,257	13,900	121,157

NOTES TO THE CONSOLIDATED 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 consolidated financial statements have been approved for issue by the Board of Directors on 19 March 2025.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

(i) Adoption of amendments to existing standards and interpretation

The following amendments to existing standards and interpretation have been published that are effective for the accounting period of the Group beginning on 1 January 2024:

Amendments to HKFRS 16, 'Lease liability in a sale and leaseback'
Amendments to HKAS 1, 'Classification of liabilities as current or non-current'
Amendments to HKAS 1, 'Non-current liabilities with covenants'
Amendments to HKAS 7 and HKFRS 7, 'Supplier finance arrangements'
Hong Kong Interpretation 5 (Revised), 'Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause'

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

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

The following new standards, amendments to existing standards and interpretation have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2025, but the Group has not early adopted them:

	Applicable for accounting periods beginning on/after
Amendments to HKAS 21 and HKFRS 1, 'Lack of exchangeability'	1 January 2025
Amendments to HKFRS 9 and HKFRS 7, 'Classification and measurement of financial instruments'	1 January 2026
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7, 'Annual improvements to HKFRS accounting standards – Volume 11'	1 January 2026
HKFRS 18, 'Presentation and disclosure in financial statements'	1 January 2027
HKFRS 19, 'Subsidiaries without public accountability: disclosures'	1 January 2027
Amendments to Hong Kong Interpretation 5, 'Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause'	1 January 2027
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 new standards, amendments to existing standards and interpretation as and when they become effective. The Group has already commenced the assessment of the impact to the Group and is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Consolidation

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

(i) Subsidiaries

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

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

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

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

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

(ii) Transactions with non-controlling interests

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Consolidation (Continued)

(iii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

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

The Group's share of its associates post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

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

(iv) Joint arrangements

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

Joint ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

(v) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income.

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

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

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Director 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 consolidated financial statements are presented in Hong Kong dollar (HK$), which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

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

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as fair value through other comprehensive income are included in other comprehensive income.

(iii) Group companies

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

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

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

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currency translation (Continued)

(iii) Group companies (Continued)

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

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

(e) Property, plant and equipment

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

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

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

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

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

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

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

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Investment properties

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

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

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

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

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

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

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

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

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Properties under development

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

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

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

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

(h) Completed properties held for sale

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

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

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

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Investments and financial assets

(i) Classification

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

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

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

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

(ii) Recognition and derecognition

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

(iii) Measurement

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

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

Equity instruments

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

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Investments and financial assets (Continued)

(iv) Impairment of financial assets

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

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

The impairment loss of other financial assets carried at amortised cost is measured based on twelve months expected credit loss. The twelve months expected credit loss is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within twelve months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss.

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

(k) Derivative financial instruments and hedging activities

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

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

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

(i) Cash flow hedge

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

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

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

(ii) Net investment hedge

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

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

(l) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

(m) Accounts payable

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

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Borrowings

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

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

(o) Current and deferred income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

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

The deferred income tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale.

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

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(p) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Defined contribution plan

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

(iii) Share-based compensation

The Group operate two equity-settled, share based compensation plan.

(I) Share option scheme

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

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

(II) Share award scheme

When shares are acquired for the share award scheme from the market, the total consideration of shares acquired is debited to the shares held for share award scheme under equity.

Upon granting of awarded shares, share-based compensation expense is charged to the income statement and the amount of which is determined by reference to the fair value of the awarded shares granted, taking into account all non-vesting conditions associated with the grants on the grant date. The total expense is recognised on a straight-line basis over the relevant vesting periods (or on the grant date if the awarded shares vest immediately), with a corresponding credit to the share award reserve under equity. For those awarded shares which are amortised over the vesting period, the Group revises its estimates of the number of awarded shares that are expected to ultimately vest based on the vesting conditions at the end of each reporting period. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to share-based compensation expense in the current period, with a corresponding adjustment to the share award reserve.

Upon vesting of awarded shares, the related total consideration of the vested awarded shares when acquired are credited to the shares held for share award scheme under equity, with a corresponding decrease in share award reserve for awarded shares.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(p) Employee benefits (Continued)

(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.

(q) Provisions

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

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

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(r) Revenue recognition

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

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

(i) Revenue from sales of properties is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the properties under development may transfer over time or at a point in time. If properties have no alternative use to the Group contractually and the Group has an enforceable right to payment from the customers for performance completed to date, the Group satisfies the performance obligation over time and therefore, recognises revenue over time in accordance with the input method for measuring progress. Otherwise, revenue is recognised at a point in time when the customer obtains control of the completed property. The Group recognised revenue from sales of properties in the Mainland and Hong Kong 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 (net of lease incentives given) and other revenues incidental to the letting of properties are recognised on a straight-line basis over the periods of the respective leases.

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

(iv) Hotel revenue from room rental is recognised over time during the period of stay for hotel guests. Revenue from food and beverages sales and other ancillary services is generally recognised at the point in time when the services are rendered.

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

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(s) Leases

(i) The Group is the lessee

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

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

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

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

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

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

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

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

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(s) Leases (Continued)

(i) The Group is the lessee (Continued)

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

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

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

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

(ii) The Group is the lessor

Lease income from operating leases where the Group is a lessor is recognised as income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expenses over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated statement of financial position based on their nature.

(t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sales. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. The Group ceases capitalisation of borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sales are completed.

(u) Dividend distribution

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

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

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

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

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

(i) Market risk

(I) Foreign exchange risk

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

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

During the year, Renminbi, the main currency impacting the Group's operations, fluctuated against the Hong Kong dollar. This gave rise to an unrealised loss of approximately HK$2,536 million (2023: HK$2,405 million) on translation of these operations' net assets to the Group's Hong Kong dollar reporting currency, including the Group's share of the translation gains and losses of associates and joint ventures. This unrealised gain/loss is reflected as a movement in other reserves under the heading of exchange fluctuation reserve.

(II) Interest rate risk

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

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(i) Market risk (Continued)

(II) Interest rate risk (Continued)

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

At the end of the reporting periods, if interest rates had increased or decreased by 25 (2023: 25) basis points and all other variables were held constant, the profit of the Group would have increased or decreased by approximately HK$15 million (2023: HK$17 million) resulting from the change in interest income on bank deposits and the borrowing costs of bank borrowings after capitalisation of interest expenses.

(III) Price risk

The Group is exposed to equity securities price risk arising from the listed equity investments held by the Group. The performance of the Group's listed and unlisted equity investments is monitored regularly, together with an assessment of their relevance to the Group's strategic plans. The Group is not exposed to commodity price risk.

The carrying amount of the listed portion of financial assets at fair value through profit or loss would be an estimated HK$2 million (2023: HK$2 million) lower or higher if the year end share prices of the above-mentioned investments were to differ by 20% (2023: 20%).

The carrying amount of the unlisted portion of financial assets at fair value through profit or loss would be an estimated HK$122 million (2023: HK$127 million) lower or higher if the year end underlying fair value of the above-mentioned investments were to differ by 20% (2023: 20%).

The carrying amount of the listed portion of financial assets at fair value through other comprehensive income would be an estimated HK$14 million (2023: HK$Nil) lower or higher if the year end share prices of the above-mentioned investments were to differ by 20% (2023: 20%).

(ii) Credit risk

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

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

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(ii) Credit risk (Continued)

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

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

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

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

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

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

(iii) Liquidity risk

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

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

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

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(iii) Liquidity risk (Continued)

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

	Less than 1 year HK$ million	Between 1 and 2 years HK$ million	Between 2 and 5 years HK$ million	Over 5 years HK$ million	Total HK$ million
At 31 December 2024					
Amounts due to associates and joint ventures	–	418	–	–	418
Bank loans	12,331	14,010	40,620	–	66,961
Amounts due to non-controlling interests	–	1,850	–	–	1,850
Accounts payable, deposits received and accrued charges	6,701	261	364	85	7,411
Lease liabilities	42	–	1	–	43
Derivative financial instruments	157	136	147	–	440
Total	19,231	16,675	41,132	85	77,123

	Less than 1 year HK$ million	Between 1 and 2 years HK$ million	Between 2 and 5 years HK$ million	Over 5 years HK$ million	Total HK$ million
At 31 December 2023					
Amounts due to associates and joint ventures	–	417	–	–	417
Bank loans	9,634	15,274	38,019	469	63,396
Amounts due to non-controlling interests	–	2,259	–	–	2,259
Accounts payable, deposits received and accrued charges	6,626	250	398	136	7,410
Lease liabilities	47	42	–	–	89
Derivative financial instruments	171	146	129	–	446
Total	16,478	18,388	38,546	605	74,017

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the loan and equity balance.

The Directors of the Company review the capital structure periodically. As a part of this review, the Directors of the Company assess the annual budget prepared by the finance department which reviews the planned construction projects proposed by project department and prepared the annual budget taking into account of the provision of funding. Based on the proposed annual budget, the Directors of the Company consider the cost of capital and the risks associated with capital. The Directors of the Company also balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

The Group monitors capital by maintaining prudent gearing ratio based on prevailing market environment and economic condition. This ratio is calculated as net debt to total equity. Net debt is calculated as borrowings (including current and non-current borrowings, as shown in the consolidated statement of financial position) less cash and cash equivalents, short-term bank deposits maturing after more than three months and restricted bank deposits.

The gearing ratios at 31 December 2024 and 2023 were as follows:

	2024	2023
Net debt (HK$ million)	**48,374**	41,286
Total equity (HK$ million)	**116,647**	121,157
Gearing ratio	**41.5%**	34.1%

(c) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

– Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

– Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

– Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (Continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2024:

	Level 1 HK$ million	Level 2 HK$ million	Level 3 HK$ million	Total HK$ million
Assets				
Derivative financial instruments	–	**493**	–	**493**
Financial assets at fair value through other comprehensive income	**73**	–	**772**	**845**
Financial assets at fair value through profit or loss	**9**	–	**611**	**620**
First mortgage loans receivable	–	–	**139**	**139**
Total assets	**82**	**493**	**1,522**	**2,097**
Liabilities				
Derivative financial instruments	–	**422**	–	**422**
Total liabilities	–	**422**	–	**422**

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2023:

	Level 1 HK$ million	Level 2 HK$ million	Level 3 HK$ million	Total HK$ million
Assets				
Derivative financial instruments	–	588	–	588
Financial assets at fair value through other comprehensive income	–	–	758	758
Financial assets at fair value through profit or loss	10	–	641	651
First mortgage loans receivable	–	–	155	155
Total assets	10	588	1,554	2,152
Liabilities				
Derivative financial instruments	–	393	–	393
Total liabilities	–	393	–	393

There were no transfers between levels during the year.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (Continued)

(i) Financial instruments in Level 1

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

(ii) Financial instruments in Level 2

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

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

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

(iii) Financial instruments in Level 3

The following table presents the changes in Level 3 instruments:

	First mortgage loans receivable		Financial assets at fair value through other comprehensive income		Financial assets at fair value through profit or loss	
	2024 HK$ million	2023 HK$ million	**2024 HK$ million**	2023 HK$ million	**2024 HK$ million**	2023 HK$ million
At 1 January	**155**	257	**758**	522	**641**	656
Gains/(losses) recognised in other comprehensive income or profit or loss	**–**	–	**14**	236	**(23)**	(15)
Repayments	**(16)**	(102)	**–**	–	**–**	–
Return of investment from financial assets at fair value through profit or loss	**–**	–	**–**	–	**(7)**	–
At 31 December	**139**	155	**772**	758	**611**	641

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (Continued)

(iii) Financial instruments in Level 3 (Continued)

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

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

(iv) Valuation techniques used to determine fair value

Special valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments,
- for interest rate swaps – the present value of the estimated future cash flows based on observable yield curves,
- for cross currency swaps – present value of future cash flows based on forward exchange rates that are quoted in an active market and forward interest rates extracted from observable yield curves, and
- for other financial instruments – discounted cash flow analysis.

(v) Group's valuation processes for financial instruments

The Group's finance department includes a team that performs the valuation of financial assets required for financial reporting purposes, including Level 3 fair values. Discussions of valuation processes and results are held between the management and the valuation team at each reporting date. Reasons for the fair value movements will be explained during the discussions.

(vi) Fair value of financial assets and liabilities measured at amortised cost

The fair value of the following financial assets and liabilities approximates their carrying amount:

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimate of fair value of investment properties

The valuation of investment properties is performed in accordance with 'The HKIS Valuation Standards 2024' published by the Hong Kong Institute of Surveyors and the 'International Valuation Standards' published by the International Valuation Standards Council.

Details of the judgement and assumptions have been disclosed in note 15(a).

(ii) Provision for properties under development and completed properties held for sale

The Group assesses the carrying amounts of properties under development and completed properties held for sale according to their recoverable amounts based on an estimation of the net realisable value of the underlying properties, taking into account estimated costs to completion based on past experience and committed contracts and expected future sales price/rental value based on prevailing market conditions. If the carrying amounts of the underlying stock of properties differ from those values estimated as a result of changes in market condition, material reversal of or provision for impairment losses on properties under development and completed properties held for sale may result. The assessment requires the use of judgement and estimates.

(iii) Income taxes

Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

The Group is subject to land appreciation taxes and withholding tax on capital gains in the Mainland. Significant judgement is required in determining the amount of the land appreciation and capital gains, and its related taxes. The Group recognised these land appreciation taxes and withholding tax on capital gains based on management's best estimates according to the understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax and deferred income tax provision in the periods in which such taxes have been finalised with local tax authorities.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Critical accounting estimates and assumptions (Continued)

(iv) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of the property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovation. Management will change the depreciation charge where useful lives are different from the previously estimated lives. It will also write-off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

(v) Fair value of certain financial assets and derivative financial instruments

The fair value of financial assets and derivative financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(vi) Impairment of financial assets

The Group assesses whether there is objective evidence as stated in note 2(j)(iv) that trade receivables are impaired. The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables based on the expected credit loss model.

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

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

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

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

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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

(ii) Revenue recognition

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

(iii) Impairment of associates and joint ventures

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

(iv) Impairment of property, plant and equipment

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

5 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS

(a) Revenue recognised during the year is as follows:

	2024 HK$ million	2023 HK$ million
Revenue		
Sale of properties	**12,928**	6,349
Rental and others	**4,894**	4,986
Hotel revenue	**1,677**	1,755
	19,499	13,090

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

	2024					
	The Company and its subsidiaries		Share of associates and joint ventures		Total	
	Revenue HK$ million	Results HK$ million	Revenue HK$ million	Results HK$ million	Combined revenue HK$ million	Combined results HK$ million
Property rental and others						
– Mainland property	3,727	2,681	342	229	4,069	2,910
– Hong Kong property	1,167	883	119	89	1,286	972
	4,894	3,564	461	318	5,355	3,882
Property sales						
– Mainland property	7,441	808	16	9	7,457	817
– Hong Kong property	5,487	1,444	886	(21)	6,373	1,423
	12,928	2,252	902	(12)	13,830	2,240
Hotel operations						
– Mainland property	1,677	570	462	149	2,139	719
– Hong Kong property	–	–	37	9	37	9
	1,677	570	499	158	2,176	728
	19,499	6,386	1,862	464	21,361	6,850

5 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (CONTINUED)

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

	2023					
	The Company and its subsidiaries		Share of associates and joint ventures		Total	
	Revenue HK$ million	Results HK$ million	Revenue HK$ million	Results HK$ million	Combined revenue HK$ million	Combined results HK$ million
Property rental and others						
– Mainland property	3,883	2,825	333	218	4,216	3,043
– Hong Kong property	1,103	814	131	101	1,234	915
	4,986	3,639	464	319	5,450	3,958
Property sales						
– Mainland property	3,327	1,727	132	38	3,459	1,765
– Hong Kong property	3,022	729	3,935	679	6,957	1,408
	6,349	2,456	4,067	717	10,416	3,173
Hotel operations						
– Mainland property	1,755	626	470	151	2,225	777
– Hong Kong property	–	–	36	8	36	8
	1,755	626	506	159	2,261	785
	13,090	6,721	5,037	1,195	18,127	7,916

(c) Information about operating segment:

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

The Executive Director considers the business by principal activities and markets. Management assesses the performance of the principal activities of the Group namely property investment, development and hotel operations (together property business). The property business is further segregated into the Mainland property and Hong Kong property.

Property segment derives revenue primarily from sales of properties, rental revenue and hotel revenue.

Others mainly include corporate activities including central treasury management and administrative function and results of other business not categorised as operating segments.

The Executive Director 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:

	2024				
	Mainland Property HK$ million	Hong Kong Property HK$ million	Total Operating Segments HK$ million	Others HK$ million	Total HK$ million
Revenue	**12,845**	**6,654**	**19,499**	**–**	**19,499**
Results					
Segment results – gross profit	**4,059**	**2,327**	**6,386**	**–**	**6,386**
Other net losses					**(114)**
Selling, administrative and other operating expenses					**(1,971)**
Decrease in fair value of investment properties					**(2,257)**
Operating profit before finance costs					**2,044**
Finance costs					**(378)**
Operating profit					**1,666**
Share of results of associates and joint ventures					**916**
Profit before taxation					**2,582**
Taxation					**(1,070)**
Profit for the year					**1,512**
Profit attributable to:					
Company's shareholders					**808**
Non-controlling interests					**704**
					1,512
Depreciation	**372**	**60**	**432**	**5**	**437**

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)

	2023				
	Mainland Property HK$ million	Hong Kong Property HK$ million	Total Operating Segments HK$ million	Others HK$ million	Total HK$ million
Revenue	8,965	4,125	13,090	–	13,090
Results					
Segment results – gross profit	5,178	1,543	6,721	–	6,721
Other net gains					130
Selling, administrative and other operating expenses					(1,784)
Increase in fair value of investment properties					1,034
Operating profit before finance costs					6,101
Finance costs					(600)
Operating profit					5,501
Share of results of associates and joint ventures					1,358
Profit before taxation					6,859
Taxation					(2,696)
Profit for the year					4,163
Profit attributable to:					
Company's shareholders					3,243
Non-controlling interests					920
					4,163
Depreciation	381	60	441	3	444

5 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (CONTINUED)

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

	2024					
	Mainland Property HK$ million	Hong Kong Property** HK$ million	Total Operating Segments HK$ million	Others HK$ million	Eliminations HK$ million	Consolidated HK$ million
Segment assets	120,285	57,831	178,116	78,827	(84,360)	172,583
Associates and joint ventures	8,291	10,345	18,636	6,814	–	25,450
Derivative financial instruments	–	–	–	493	–	493
Financial assets at fair value through other comprehensive income	–	–	–	845	–	845
Financial assets at fair value through profit or loss	–	619	619	1	–	620
Mortgage loans receivable	–	1,031	1,031	–	–	1,031
Tax recoverable	319	7	326	–	–	326
Total assets	128,895	69,833	198,728	86,980	(84,360)	201,348
Segment liabilities	66,551	20,379	86,930	8,436	(84,360)	11,006
Bank loans	4,296	2,811	7,107	52,474	–	59,581
Derivative financial instruments	–	–	–	422	–	422
Taxation and deferred taxation	11,076	569	11,645	209	–	11,854
Amounts due to non-controlling interests	1,539	128	1,667	171	–	1,838
Total liabilities	83,462	23,887	107,349	61,712	(84,360)	84,701
Segment non-current assets*	92,380	43,044	135,424	8,557	–	143,981

* *Additions to non-current assets mainly comprise of additions to investment properties and properties under development and land deposits as set out in notes 15 and 17 to the consolidated financial statements respectively.*

** *Included Macau.*

5 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (CONTINUED)

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

	2023					
	Mainland Property HK$ million	Hong Kong Property** HK$ million	Total Operating Segments HK$ million	Others HK$ million	Eliminations HK$ million	Consolidated HK$ million
Segment assets	127,241	59,429	186,670	76,862	(83,526)	180,006
Associates and joint ventures	8,408	9,555	17,963	6,860	–	24,823
Derivative financial instruments	–	–	–	588	–	588
Financial assets at fair value through other comprehensive income	–	–	–	758	–	758
Financial assets at fair value through profit or loss	7	643	650	1	–	651
Mortgage loans receivable	–	1,092	1,092	–	–	1,092
Tax recoverable	310	16	326	–	–	326
Tax reserve certificates	–	–	–	189	–	189
Total assets	135,966	70,735	206,701	85,258	(83,526)	208,433
Segment liabilities	69,087	21,904	90,991	9,083	(83,526)	16,548
Bank loans	3,483	2,810	6,293	48,838	–	55,131
Derivative financial instruments	–	–	–	393	–	393
Taxation and deferred taxation	11,630	944	12,574	393	–	12,967
Amounts due to non-controlling interests	1,544	521	2,065	172	–	2,237
Total liabilities	85,744	26,179	111,923	58,879	(83,526)	87,276
Segment non-current assets*	99,075	42,385	141,460	8,567	–	150,027

* *Additions to non-current assets mainly comprise of additions to investment properties and properties under development and land deposits as set out in notes 15 and 17 to the consolidated financial statements respectively.*

** *Included Macau.*

5 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (CONTINUED)

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

	Operating segment non-current assets	
	2024	2023
	HK$ million	HK$ million
Mainland	**92,380**	99,075
Hong Kong	**42,520**	41,861
Others	**9,081**	9,091
	143,981	150,027

6 OTHER NET (LOSSES)/GAINS

	2024	2023
	HK$ million	HK$ million
Dividend income	**72**	78
Interest income	**578**	660
Loss on disposal of property, plant and equipment	**(5)**	(1)
Gain on disposal of investment properties	**4**	–
Exchange losses, net	**(109)**	(90)
Net decrease in fair value of financial assets at fair value through profit or loss	**(24)**	(23)
Loss on disposal of subsidiaries (note 37(c))	**(52)**	–
Provision for properties under development (note 17(a))	**(904)**	(745)
Others	**326**	251
	(114)	130

7 OPERATING PROFIT BEFORE FINANCE COSTS

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

	2024 **HK$ million**	2023 HK$ million
Cost of sales of properties and sales related expenses*	**10,739**	3,973
Direct operating expenses in respect of investment properties	**863**	859
Hotel direct operating expenses	**1,107**	1,128
Depreciation of property, plant and equipment	**334**	342
Depreciation of right-of-use assets – leasehold land and land use rights	**60**	59
Depreciation of right-of-use assets – buildings – offices	**43**	43
Expenses relating to short-term leases	**10**	10
Auditors' remuneration		
– audit services	**13**	12
– audit related services	**2**	2
– non-audit services	**6**	10

* Included provision for completed properties held for sale of HK$522 million (2023: HK$Nil).

8 FINANCE COSTS

	2024 **HK$ million**	2023 HK$ million
Finance costs		
– bank loans	**2,940**	2,768
– derivative financial instruments	**(174)**	(97)
– lease liabilities	**3**	6
– fair value losses on derivative financial instruments designated as cash flow hedges, transfer from equity (note 36)	**66**	13
– others (note)	**(175)**	(140)
Total finance costs incurred	**2,660**	2,550
Less: amount capitalised in properties under development and investment properties under development	**(2,282)**	(1,950)
Total finance costs expensed during the year	**378**	600

The capitalised interest rate applied to funds borrowed and used for the development of properties is between 2.2% and 6.1% per annum (2023: between 2.3% and 5.1% per annum).

Note: The amount included net exchange gain from financing activities of HK$197 million (2023: HK$166 million) for the year ended 31 December 2024.

9 TAXATION

Hong Kong and overseas profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 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% (2023: 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:

	2024 **HK$ million**	2023 HK$ million
Mainland taxation		
– Current	**(892)**	(1,495)
– (Under)/over provision in prior years	**(35)**	2
– Deferred	**(289)**	(974)
	(1,216)	(2,467)
Hong Kong profits tax		
– Current	**(133)**	(182)
– Write-back of/(under) provision in prior years	**318**	(4)
– Deferred	**(6)**	(9)
	179	(195)
Overseas taxation		
– Current	**(12)**	(13)
– Deferred	**(21)**	(21)
	(33)	(34)
	(1,070)	(2,696)

The Group recorded land appreciation tax of HK$249 million (2023: HK$690 million) for the year ended 31 December 2024 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$391 million (2023: HK$322 million) 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:

	2024 HK$ million	2023 HK$ million
Profit before taxation	**2,582**	6,859
Less: Share of results of associates and joint ventures	**(916)**	(1,358)
	1,666	5,501
Calculated at Hong Kong profits tax rate of 16.5% (2023: 16.5%)	**275**	908
Tax effect of different taxation rates in other countries	**183**	674
Utilisation of previously unrecognised tax losses	**(164)**	(23)
Tax effect of net income/expenses that are not taxable/deductible in determining taxable profit	**715**	244
Tax loss not recognised	**85**	251
Adjustments for current tax of prior years	**(283)**	2
	811	2,056
Withholding tax on distributed/undistributed profits	**72**	122
Land appreciation tax	**249**	690
Tax effect of deduction of land appreciation tax	**(62)**	(172)
Taxation charge	**1,070**	2,696

OECD Pillar Two model rules

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

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions where the Group operates, including Australia and the Netherlands. In Australia and the Netherlands, Pillar Two rules would apply from 1 January 2024 onwards. The related current tax exposure for the year is assessed to be immaterial.

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

The Group would continue to analyse and assess the impact brought by the GloBE. Please note that even for those entities with an accounting effective tax rate above 15%, there may still be Pillar Two tax implications. The Group has currently engaged with tax specialists for assisting in applying the legislation.

10 DIVIDENDS

(a) Ordinary shares

	2024 HK$ million	2023 HK$ million
Final dividend for the year ended 31 December 2023 of HK$0.95 (2022: HK$0.95) per fully paid share	**1,379**	1,379
Interim dividend for the year ended 31 December 2024 of HK$0.4 (2023: HK$0.4) per fully paid share	**580**	580
Total dividends paid	**1,959**	1,959

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

At a meeting held on 19 March 2025, the Board of Directors proposed a final dividend of HK$0.95 (2023: HK$0.95) per ordinary share for the year ended 31 December 2024 totalling HK$1,379 million based on 1,451,305,728 ordinary shares in issue as at 31 December 2024 (2023: HK$1,379 million based on 1,451,305,728 ordinary shares in issue as at 31 December 2023). The actual amount of final dividend payable in respect of the year ended 31 December 2024 will be subject to the actual number of ordinary shares in issue on the record date, which is expected to be on or about 29 May 2025.

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.

	2024	2023
Weighted average number of ordinary shares in issue	**1,451,305,728**	1,451,305,728

	2024 HK$ million	2023 HK$ million
Profit attributable to shareholders	**808**	3,243
Basic earnings per share	**HK$0.56**	HK$2.23

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.

	2024	2023
Weighted average number of ordinary shares in issue	**1,451,305,728**	1,451,305,728
Adjustment for share options (note)	**–**	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,451,305,728**	1,451,305,728

	2024 HK$ million	2023 HK$ million
Profit attributable to shareholders	**808**	3,243
Diluted earnings per share	**HK$0.56**	HK$2.23

Note: The share options outstanding during the year ended 31 December 2024 had an anti-dilutive effect.

12 EMPLOYEE BENEFIT EXPENSE

	2024 HK$ million	2023 HK$ million
Staff costs, including directors' emoluments	**1,617**	1,574
Pension costs – defined contribution plans (note)	**98**	92
	1,715	1,666

Note: Details of the defined contribution plans are set out in note 31.

13 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and senior management's emoluments

The remuneration of the Directors for the year ended 31 December 2024, excluding share option and share award benefits, is set out below:

Name of Director	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary Bonuses HK$'000	Employer's contribution to retirement benefit scheme HK$'000	Total HK$'000
Mr Kuok Khoon Hua*	–	6,581	8,400	120	15,101
Mr Au Hing Lun, Dennis[1]	–	5,977	–	10	5,987
Mr Hui Chun Yue, David	588	–	–	–	588
Mr Chum Kwan Lock, Grant	532	–	–	–	532
Dr Li Rui	489	–	–	–	489
Ms Tong Shao Ming	470	–	–	–	470
Ms Wong Yu Pok, Marina, JP[2]	243	–	–	–	243

* *Chairman and Chief Executive Officer.*

1 *Mr Au Hing Lun, Dennis received a contractual payment of HK$16.2 million upon his departure from the Company as an Executive Director on 31 July 2024. Such amount is not reflected in the above table.*

2 *Retired as an Independent Non-Executive Director on 20 May 2024.*

13 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and senior management's emoluments (Continued)

The remuneration of the Directors for the year ended 31 December 2023, excluding share option benefits, is set out below:

Name of Director	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary Bonuses HK$'000	Employer's contribution to retirement benefit scheme HK$'000	Total HK$'000
Mr Kuok Khoon Hua*	–	6,000	7,800	120	13,920
Mr Au Hing Lun, Dennis	–	9,600	3,300	18	12,918
Mr Bryan Pallop Gaw[1]	–	2,062	–	50	2,112
Ms Wong Yu Pok, Marina, JP	605	–	–	–	605
Mr Hui Chun Yue, David	565	–	–	–	565
Mr Chum Kwan Lock, Grant	485	–	–	–	485
Dr Li Rui[2]	85	–	–	–	85
Ms Tong Shao Ming[3]	85	–	–	–	85
Mr Cheung Leong[4]	248	–	–	–	248

* *Chairman and Chief Executive Officer.*

1 *Resigned as an Executive Director on 31 May 2023.*

2 *Appointed as an Independent Non-Executive Director on 1 November 2023.*

3 *Appointed as a Non-Executive Director on 1 November 2023.*

4 *Resigned as an Independent Non-Executive Director on 30 June 2023.*

13 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(b) Share options granted to the Directors of the Company

During the years ended 31 December 2024 and 31 December 2023, there were no share options granted to the Directors.

As at 31 December 2024 and 31 December 2023, no Directors of the Company held share option of the Company to acquire share of the Company.

The closing market price of the Company's share as at 31 December 2024 was HK$15.56 (2023: HK$14.28) per share.

(c) Share awards granted to the Directors of the Company

A Director of the Company was awarded shares under the Share Award Scheme of the Company. During the year ended 31 December 2024, awarded shares of 650,000 shares being vested in the years from 2025 to 2028 were granted to Mr Kuok Khoon Hua.

Movement of the awarded shares granted to the Directors during the year was shown as follows:

	Number of awarded shares	
	2024	2023
Unvested as at 1 January	**–**	–
Granted	**650,000**	–
Unvested as at 31 December	**650,000**	–

(d) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2023: two) Directors. The emoluments payable to the five highest paid individuals during the year are as follows:

	2024 **HK$'000**	2023 HK$'000
Salaries, allowances and benefits in kind	**35,215**	37,293
Discretionary bonuses	**23,506**	26,382
Employer's contribution to retirement benefit scheme	**180**	185
	58,901	63,860

Mr Au Hing Lun, Dennis received a contractual payment of HK$16.2 million upon his departure from the Company as an Executive Director on 31 July 2024. Such amount is not reflected in the above table.

The aggregate emoluments of five highest paid individuals for 2024, including the contractual payment for Mr Au Hing Lun, Dennis upon his departure, was HK$75.1 million.

13 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(d) Five highest paid individuals (Continued)

The emoluments fell within the following bands:

	Number of individuals	
	2024	2023
HK$11,500,001 – HK$12,000,000	**1**	1
HK$12,000,001 – HK$12,500,000	**1**	1
HK$12,500,001 – HK$13,000,000	**–**	2
HK$13,500,001 – HK$14,000,000	**1**	1
HK$15,000,001 – HK$15,500,000	**1**	–
HK$22,000,001 – HK$22,500,000	**1**	–
	5	5

(e) Directors' material interests in transactions, arrangements or contracts

Saved as disclosed in note 38, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company, its subsidiaries, its fellow subsidiaries or its holding companies was a party or were parties and in which a Director of the Company or any entities connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

14 PROPERTY, PLANT AND EQUIPMENT

	Hotel properties HK$ million	Warehouse and buildings HK$ million	Staff quarters HK$ million	Leasehold improvements HK$ million	Motor vehicles, furniture, fixtures and office equipment HK$ million	Total HK$ million
Cost						
At 1 January 2024	**7,151**	**475**	**43**	**95**	**312**	**8,076**
Additions	**60**	**6**	**–**	**3**	**40**	**109**
Disposals	**(18)**	**–**	**–**	**–**	**(8)**	**(26)**
Disposal of subsidiaries (note 37(c))	**–**	**–**	**(13)**	**–**	**–**	**(13)**
Transfer and reclassification	**583**	**–**	**–**	**–**	**–**	**583**
Exchange adjustment	**(244)**	**(2)**	**(1)**	**(1)**	**(7)**	**(255)**
At 31 December 2024	**7,532**	**479**	**29**	**97**	**337**	**8,474**
Aggregate depreciation and accumulated impairment losses						
At 1 January 2024	**3,275**	**152**	**16**	**83**	**227**	**3,753**
Charge for the year	**283**	**16**	**1**	**4**	**30**	**334**
Disposals	**(13)**	**–**	**–**	**–**	**(7)**	**(20)**
Disposal of subsidiaries (note 37(c))	**–**	**–**	**(8)**	**–**	**–**	**(8)**
Transfer and reclassification	**(5)**	**–**	**–**	**–**	**–**	**(5)**
Exchange adjustment	**(112)**	**(1)**	**–**	**(1)**	**(6)**	**(120)**
At 31 December 2024	**3,428**	**167**	**9**	**86**	**244**	**3,934**
Net book value as at 31 December 2024	**4,104**	**312**	**20**	**11**	**93**	**4,540**
Net book value as at 1 January 2024	**3,876**	**323**	**27**	**12**	**85**	**4,323**

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Hotel properties HK$ million	Warehouse and buildings HK$ million	Staff quarters HK$ million	Leasehold improvements HK$ million	Motor vehicles, furniture, fixtures and office equipment HK$ million	Total HK$ million
Cost						
At 1 January 2023	7,253	477	45	95	287	8,157
Additions	11	–	–	1	53	65
Disposals	(13)	–	(1)	–	(23)	(37)
Transfer and reclassification	112	–	–	–	–	112
Exchange adjustment	(212)	(2)	(1)	(1)	(5)	(221)
At 31 December 2023	7,151	475	43	95	312	8,076
Aggregate depreciation and accumulated impairment losses						
At 1 January 2023	3,083	137	15	78	227	3,540
Charge for the year	294	16	1	5	26	342
Disposals	(13)	–	–	–	(22)	(35)
Exchange adjustment	(89)	(1)	–	–	(4)	(94)
At 31 December 2023	3,275	152	16	83	227	3,753
Net book value as at 31 December 2023	3,876	323	27	12	85	4,323
Net book value as at 1 January 2023	4,170	340	30	17	60	4,617

The Group had property, plant and equipment held by subsidiaries and associates which included hotel operations in the Mainland as at 31 December 2024. 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 and when the hotel properties continue to operate materially behind budget.

During the year ended 31 December 2024 and 31 December 2023, 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 8.0% to 9.0% (2023: 8.8% to 9.3%).

15 INVESTMENT PROPERTIES

	2024 **HK$ million**	2023 HK$ million
At 1 January	**76,965**	77,063
Additions	**600**	307
(Decrease)/increase in fair value	**(2,257)**	1,034
Disposals	**(2)**	–
Transfer and reclassification	**10,604**	(38)
Exchange adjustment	**(1,637)**	(1,401)
At 31 December (note a)	**84,273**	76,965

(a) Valuation of investment properties

	Residential properties under development		Commercial properties under development		Completed residential properties		Completed commercial properties		Completed warehouses	Total
	Hong Kong HK$ million	Mainland HK$ million	Hong Kong HK$ million	Mainland HK$ million	Hong Kong HK$ million	Mainland HK$ million	Hong Kong HK$ million	Mainland HK$ million	Hong Kong HK$ million	HK$ million
At 1 January 2024	397	–	195	–	16,759	4,288	10,186	44,657	483	76,965
Additions	81	–	84	–	139	13	210	73	–	600
Change in fair value	(99)	(748)	(30)	(2,902)	331	(13)	(259)	1,506	(43)	(2,257)
Disposals	–	–	–	–	–	–	–	(2)	–	(2)
Transfer and reclassification	–	1,148	–	9,421	–	–	–	35	–	10,604
Exchange adjustment	–	–	–	–	–	(143)	–	(1,494)	–	(1,637)
At 31 December 2024	379	400	249	6,519	17,229	4,145	10,137	44,775	440	84,273

15 INVESTMENT PROPERTIES (CONTINUED)

(a) Valuation of investment properties (Continued)

	Residential properties under development	Commercial properties under development	Completed residential properties		Completed commercial properties		Completed warehouses	Total
	Hong Kong	Hong Kong	Hong Kong	Mainland	Hong Kong	Mainland	Hong Kong	
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
At 1 January 2023	484	404	16,096	4,376	10,346	44,857	500	77,063
Additions	25	73	20	20	45	124	–	307
Change in fair value	(112)	(282)	643	17	(205)	990	(17)	1,034
Transfer	–	–	–	–	–	(38)	–	(38)
Exchange adjustment	–	–	–	(125)	–	(1,276)	–	(1,401)
At 31 December 2023	397	195	16,759	4,288	10,186	44,657	483	76,965

Valuation processes of the Group

The Group measures its investment properties at fair value. The investment properties were revalued by Cushman & Wakefield 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 2024. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuation performed by the independent valuers for financial reporting purposes. This team reports directly to the senior management and the Audit and Corporate Governance Committee. Discussions of valuation processes and results are held between the management and valuers.

At each financial year end, the finance department:

– verifies all major inputs to the independent valuation report;

– assesses property valuation movements when compared to the prior year valuation report; and

– holds discussions with the independent valuers.

15 INVESTMENT PROPERTIES (CONTINUED)

(a) Valuation of investment properties (Continued)

Valuation techniques

Fair value of completed properties in Hong Kong and the Mainland is mainly derived using the income approach and wherever appropriate, by market approach.

Income approach is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

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

Fair value of investment properties under development in Hong Kong and the Mainland is generally derived using the residual method. This valuation method is essentially a means of valuing the completed properties by reference to its development potential by deducting development costs together with developer's profit from the estimated capital value of the proposed development assuming completed as at the date of valuation.

Significant unobservable inputs used to determine fair value

Capitalisation rates are estimated by valuers based on the risk profile of the investment properties being valued. The higher the rates, the lower the fair value. At 31 December 2024, capitalisation rates of 2.4% to 5.0% (2023: 2.4% to 5.0%) and 4.8% to 7.0% (2023: 4.8% to 7.3%) are used in the income approach for Hong Kong and the Mainland properties respectively.

Prevailing market rents are estimated based on recent lettings for Hong Kong and the Mainland investment properties, within the subject properties and other comparable properties. The lower the rents, the lower the fair value.

Estimated costs to completion, and developer's profit required are estimated by valuers based on market conditions at the reporting date for investment properties under development. The estimates are largely consistent with the budgets developed internally by the Group based on management's experience and knowledge of market conditions. The higher the costs and developer's profit, the lower the fair value.

The valuations of investment properties were based on the economic, market and other conditions as they exist on, and information available to management as of 31 December 2024.

16 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

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

	2024 **HK$ million**	2023 HK$ million
Right-of-use assets		
Leasehold land and land use rights	**1,595**	1,598
Buildings – offices (note (a))	**38**	82
	1,633	1,680

(a) For the year ended 31 December 2024, in respect of buildings – offices, additions to the right-of-use assets were HK$1 million (2023: HK$Nil) and total cash outflows of leases was HK$47 million (2023: HK$47 million).

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 held by the lessor.

	2024 **HK$ million**	2023 HK$ million
Lease liabilities		
Current portion of lease liabilities	**40**	44
Non-current portion of lease liabilities	**1**	41
	41	85

As at 31 December 2024, the weighted average lessee's incremental borrowing rates applied was 5.56% (2023: 5.56%) per annum.

As at 31 December 2024, the balance included the lease liabilities payable to an associate of HK$40 million (2023: HK$84 million).

17 PROPERTIES UNDER DEVELOPMENT AND LAND DEPOSITS

	2024 **HK$ million**	2023 HK$ million
Properties under development (note a)	**34,862**	57,059
Land deposits (note b)	**15,490**	5,600
	50,352	62,659

	2024 **HK$ million**	2023 HK$ million
The above are represented by:		
Amount included in non-current assets		
Hong Kong	**1,902**	2,366
Outside Hong Kong	**23,211**	36,857
	25,113	39,223
Amount included in current assets		
Hong Kong	**8,225**	7,217
Outside Hong Kong	**17,014**	16,219
	25,239	23,436
	50,352	62,659

(a) Properties under development

	2024 **HK$ million**	2023 HK$ million
At 1 January	**57,059**	38,097
Additions	**6,560**	6,781
Provision	**(904)**	(745)
Transfer	**(26,371)**	13,621
Exchange adjustment	**(1,482)**	(695)
At 31 December	**34,862**	57,059

(b) Land deposits

Balance as at 31 December 2024 mainly comprised land deposits paid for the acquisition of lands located in Shanghai and Wuhan, the Mainland.

Land deposits will be transferred to properties under development once the relevant certificates are obtained.

18 SUMMARISED FINANCIAL INFORMATION OF A SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

Set out below are the summarised financial information of a subsidiary, Shanghai Ji Xiang Properties Co., Ltd., that has non-controlling interests of 49% that are material to the Group. The principal place of business of Shanghai Ji Xiang Properties Co., Ltd. is Shanghai, the Mainland.

Summarised statement of financial position as at 31 December 2024

	2024 HK$ million	2023 HK$ million
Current		
Assets	**377**	1,211
Liabilities	**(686)**	(1,231)
Total current net liabilities	**(309)**	(20)
Non-current		
Assets	**15,500**	15,526
Liabilities	**(2,781)**	(3,096)
Total non-current net assets	**12,719**	12,430
Net assets	**12,410**	12,410

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

Summarised statement of comprehensive income for the year ended 31 December 2024

	2024 HK$ million	2023 HK$ million
Revenue	**1,667**	1,726
Profit before income tax	**1,501**	1,609
Income tax expenses	**(449)**	(410)
Profit for the year	**1,052**	1,199
Other comprehensive income	**(396)**	(335)
Total comprehensive income	**656**	864
Total comprehensive income allocated to non-controlling interests	**321**	423
Dividend paid to non-controlling interests	**294**	161

Summarised cash flows for the year ended 31 December 2024

	2024 HK$ million	2023 HK$ million
Cash flows from operating activities		
Cash generated from operations	**971**	1,030
Interest paid	**(5)**	(22)
Income tax paid	**(181)**	(170)
Net cash generated from operating activities	**785**	838
Net cash used in investing activities	**(38)**	(29)
Net cash used in financing activities	**(1,609)**	(597)
Net (decrease)/increase in cash and cash equivalents	**(862)**	212
Cash and cash equivalents at 1 January	**1,105**	878
Effect of exchange rate changes	**4**	15
Cash and cash equivalents at 31 December	**247**	1,105

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

19 ASSOCIATES AND JOINT VENTURES

	2024			2023		
	Associates HK$ million	**Joint ventures HK$ million**	**Total HK$ million**	Associates HK$ million	Joint ventures HK$ million	Total HK$ million
Unlisted investments	**10,190**	**1,749**	**11,939**	9,372	1,864	11,236
Listed equity securities, in Hong Kong	**4,147**	**–**	**4,147**	4,304	–	4,304
Listed equity securities, outside Hong Kong	**1,807**	**–**	**1,807**	1,768	–	1,768
Share of net assets, including goodwill (note (a))	**16,144**	**1,749**	**17,893**	15,444	1,864	17,308
Amounts due from associates and joint ventures (note (b))	**2,431**	**5,544**	**7,975**	3,310	4,622	7,932
Amounts due to associates (note (c))	**(418)**	**–**	**(418)**	(417)	–	(417)
	18,157	**7,293**	**25,450**	18,337	6,486	24,823

(a) Details of principal associates and joint ventures are set out in note 43(b).

(b) The amounts due from associates and joint ventures are unsecured, not repayable within twelve months from the end of each reporting period and interest-free except for amounts totalling HK$7,135 million (2023: HK$6,152 million) 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:

	2024 HK$ million	2023 HK$ million
Share of results of associates	**1,011**	890
Share of results of joint ventures	**(95)**	468
	916	1,358

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

	2024 HK$ million	2023 HK$ million
Commitments to provide funding for capital commitments of associates and joint ventures, if called	**930**	1,856

19 ASSOCIATES AND JOINT VENTURES (CONTINUED)

(f) There are no associates or joint ventures that are considered individually material to the Group for the year ended 31 December 2024. Set out below are the summarised financial information for the joint venture of the Group, High Crown Holdings Limited ("High Crown"), which, in the opinion of the Directors, is material to the Group for the year ended 31 December 2023. The joint venture is accounted for using the equity method.

Summarised statement of financial position as at 31 December 2024

	2024 HK$ million	2023 HK$ million
Current		
Assets	**1,952**	3,419
Liabilities	**(571)**	(690)
Total current net assets	**1,381**	2,729
Non-current		
Liabilities	**345**	1,681
Net assets	**1,036**	1,048

Summarised statement of comprehensive income for the year ended 31 December 2024

	2024 HK$ million	2023 HK$ million
Revenue	**1,925**	7,869
Operating expenses and others	**(1,911)**	(6,449)
Interest income	**20**	17
Interest expense	**(46)**	(61)
(Loss)/profit before taxation	**(12)**	1,376
Taxation	**–**	(203)
(Loss)/profit for the year and total comprehensive income	**(12)**	1,173

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

19 ASSOCIATES AND JOINT VENTURES (CONTINUED)

(f) (Continued)

Reconciliation of summarised financial information

	2024 HK$ million	2023 HK$ million
Opening net assets/(liabilities) as at 1 January	**1,048**	(125)
(Loss)/profit for the year	**(12)**	1,173
Closing net assets as at 31 December	**1,036**	1,048
Interest in the joint venture (50%) (2023: 50%)	**518**	524
Carrying value as at 31 December	**518**	524

(g) The aggregate amount of the Group's share of results of its associates and joint ventures which are individually immaterial are as follows:

	2024 HK$ million	2023 HK$ million
Results for the year	**922**	771
Other comprehensive income	**(104)**	16
Total comprehensive income	**818**	787

20 DERIVATIVE FINANCIAL INSTRUMENTS

	2024		2023	
	Assets HK$ million	Liabilities HK$ million	Assets HK$ million	Liabilities HK$ million
Cash flow hedges				
Cross currency and interest rate swap contracts, at fair value (note (a))				
Non-current	**487**	**293**	582	279
Current	**6**	**129**	6	114
	493	**422**	588	393

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.

20 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(a) Cross currency swap and interest rate swap contracts that qualify for hedge accounting – cash flow hedges

The changes in fair value of cross currency swap and interest rate swap contracts that are designated and qualified as cash flow hedges amounting to a loss of HK$124 million (2023: HK$308 million) are recognised in hedging reserve in equity. Under cash flow hedges, the loss of HK$66 million (2023: HK$13 million) was reclassified from hedging reserve to finance costs in the consolidated income statement.

(i) Hedge for Hong Kong dollar bank borrowings

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

As at 31 December 2024, the outstanding total notional principal amounts of interest rate swap contracts were HK$18,410 million (2023: HK$19,500 million). The contracted fixed rates range from 0.63% to 4.18% (2023: 0.415% to 4.18%) per annum.

(ii) Hedge for Australian dollar bank borrowings

During the year ended 31 December 2018, the Group entered into cross currency swap contract amounting to AUD180 million, under which the principal amount was exchanged at inception in December 2018 and was re-exchanged on expiring date in December 2023 at an exchange rate of AUD1 to HK$5.6709. Under the contract, the floating Hong Kong dollar interest rate on the exchanged Hong Kong dollar principal amount was paid and the floating Australian dollar interest rate on the Australian dollar principal amount was received.

During the year ended 31 December 2019, the Group entered into cross currency swap contract amounting to approximately AUD148 million, under which the principal amount was exchanged at inception in September 2019 and was re-exchanged on expiring date in September 2023 at an exchange rate of AUD1 to HK$5.388. Under the contract, the floating Hong Kong dollar interest rate on the exchanged Hong Kong dollar principal amount was paid and the floating Australian dollar interest rate on the Australian dollar principal amount was received.

During the year ended 31 December 2020, the Group entered into cross currency swap contract amounting to approximately AUD187 million, under which the principal amount was exchanged at inception in February 2020 and will be re-exchanged on expiring date in February 2026 at an exchange rate of AUD1 to HK$5.3376. Under the contract, the floating Hong Kong dollar interest rate on the exchanged Hong Kong dollar principal amount would be paid and the floating Australian dollar interest rate on the Australian dollar principal amount would be received.

(iii) Hedge for Japanese yen bank borrowings

During the year ended 31 December 2020, the Group entered into cross currency swap contract amounting to JPY8,000 million, 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.

20 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(a) Cross currency swap and interest rate swap contracts that qualify for hedge accounting – cash flow hedges (Continued)

(iv) Hedge for Renminbi bank borrowings

During the year ended 31 December 2021, the Group entered into various cross currency swap contracts amounting to RMB3,290 million, under which the principal amounts were exchanged without cash settlements at inception in April to June 2021 and will be re-exchanged with cash settlements on expiring dates in March 2022 to January 2025 at an exchange rate of RMB1 to a range of HK$1.1839 to HK$1.2154. Under these contracts, the floating Hong Kong dollar interest rates on the exchanged Hong Kong dollar principal amounts would be paid and the fixed Renminbi interest rates on the Renminbi principal amounts would be received.

As at 31 December 2024, the outstanding principal amounts of RMB cross currency swap contracts were RMB1,000 million (2023: RMB2,040 million).

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the consolidated statement of financial position.

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

	2024 **HK$ million**	2023 HK$ million
Listed equity securities, at fair value	**73**	–
Unlisted equity securities, at fair value	**772**	758
	845	758

22 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group classifies the following financial assets at fair value through profit or loss:

- investments that are held for trading, and
- investments for which the Group has not elected to recognise fair value gains and losses through other comprehensive income.

	2024 **HK$ million**	2023 HK$ million
Non-current portion		
Listed equity securities	**9**	10
Unlisted equity securities	**611**	641
	620	651

Listed equity securities are denominated in Hong Kong dollar, whereas the unlisted equity securities are denominated in Hong Kong dollar and Renminbi.

23 MORTGAGE LOANS RECEIVABLE

	2024 HK$ million	2023 HK$ million
Non-current mortgage loans receivable	**897**	899
Current portion of mortgage loans receivable	**134**	193
Total mortgage loans receivable	**1,031**	1,092

The balance included first mortgage loans of HK$139 million (2023: HK$155 million) 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 (2023: 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 (2023: Nil).

Mortgage loans receivable are denominated in Hong Kong dollars.

24 COMPLETED PROPERTIES HELD FOR SALE

	2024 HK$ million	2023 HK$ million
Land costs	**9,582**	10,397
Other development costs	**8,659**	8,227
	18,241	18,624

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

25 ACCOUNTS RECEIVABLE, PREPAYMENTS AND DEPOSITS

	2024 HK$ million	2023 HK$ million
Trade receivables (note (a))	**118**	122
Prepayments	**439**	372
Others	**1,657**	1,293
	2,214	1,787

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:

	2024 HK$ million	2023 HK$ million
Hong Kong dollar	**923**	299
Renminbi	**1,238**	1,219
Other currencies	**53**	269
	2,214	1,787

(a) The Group maintains defined credit policies and applies those appropriate to the particular business circumstances of the Group. At 31 December 2024, 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:

	2024 HK$ million	2023 HK$ million
Below 1 month	**80**	91
Between 1 month and 3 months	**22**	18
Over 3 months	**16**	13
	118	122

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which use a lifetime expected credit loss allowance for all trade receivables.

The Group determines the provision for expected credit losses by grouping together trade receivables with similar credit risk characteristics and collectively assessing them for likelihood of recovery, taking into account prevailing and forward-looking economic conditions. For trade receivables relating to accounts which are long overdue with significant amounts or known insolvencies or non-response to collection activities, they are assessed individually for impairment allowance.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The Group does not hold any collateral as security.

The management considers the credit risk for the net balance is not high.

The trade receivables, other receivables and deposits do not contain impaired asset.

26 RESTRICTED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

(a) Restricted bank deposits

	2024 **HK$ million**	2023 HK$ million
Restricted bank deposits (note)	**228**	305

Note: As at 31 December 2024, certain bank balances of the Group were deposited in certain banks respectively as guarantee deposits for bank facilities of the Group, including mortgage loan facilities (note 40(a)) granted by the banks to the purchasers of the Group's certain properties and as amounts required to be reserved by the relevant Mainland authorities for the Group's pre-sale of certain properties. The restricted bank deposits are denominated in Renminbi.

(b) Cash and cash equivalents

	2024 **HK$ million**	2023 HK$ million
Cash at bank and on hand	**9,009**	12,761
Short-term bank deposits (note (i))	**1,970**	779
Cash and bank balances (note (ii))	**10,979**	13,540
Less: short-term bank deposits maturing after more than three months	**(18)**	(21)
Cash and cash equivalents	**10,961**	13,519

Cash and bank balances are denominated in the following currencies:

	2024 **HK$ million**	2023 HK$ million
Renminbi	**8,555**	12,401
Hong Kong dollar	**2,274**	1,073
United States dollar	**26**	38
Other currencies	**124**	28
	10,979	13,540

(i) The effective interest rate on short-term bank deposits was 4.61% (2023: 4.32%) per annum; these deposits have an average maturity of less than 3 months.

(ii) Cash at bank and on hand and short-term bank deposits of HK$8,730 million (2023: HK$12,531 million) are held in the Mainland and are subject to local exchange control regulations.

27 ACCOUNTS PAYABLE, DEPOSITS RECEIVED AND ACCRUED CHARGES AND CONTRACT LIABILITIES

(a) Accounts payable, deposits received and accrued charges

	2024 HK$ million	2023 HK$ million
Trade payables	**601**	229
Construction costs payable	**3,180**	3,367
Rental deposits and rent received in advance	**1,543**	1,744
Others	**2,175**	2,168
	7,499	7,508

The ageing analysis of trade payables of the Group as at 31 December 2024 based on invoice date is as follows:

	2024 HK$ million	2023 HK$ million
Below 1 month	**568**	199
Between 1 month and 3 months	**13**	27
Over 3 months	**20**	3
	601	229

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

	2024 HK$ million	2023 HK$ million
Renminbi	**4,920**	5,064
Hong Kong dollar	**2,579**	2,444
	7,499	7,508

(b) Contract liabilities

	2024 HK$ million	2023 HK$ million
Contract liabilities	**3,466**	8,955

The balance represents the contract liabilities recognised in relation to property development activities in Hong Kong and the Mainland.

27 ACCOUNTS PAYABLE, DEPOSITS RECEIVED AND ACCRUED CHARGES AND CONTRACT LIABILITIES (CONTINUED)

(b) Contract liabilities (Continued)

(i) The following table shows the amount of revenue recognised in the current reporting period that relates to contract liability balance at the beginning of the year:

	2024 **HK$ million**	2023 HK$ million
Property sales	**7,016**	4,860

(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:

	2024 **HK$ million**	2023 HK$ million
Revenue expected to be recognised within one year	**7,963**	8,971
Revenue expected to be recognised after one year	**–**	1,405
	7,963	10,376

28 BANK LOANS

	2024 **HK$ million**	2023 HK$ million
Bank loans – unsecured		
Non-current	**49,881**	48,495
Current	**9,700**	6,636
Total bank loans	**59,581**	55,131

As at 31 December 2024, all bank loans are unsecured but guaranteed by the Company and/or shareholders of subsidiaries.

28 BANK LOANS (CONTINUED)

The maturity of bank loans is as follows:

	2024 HK$ million	2023 HK$ million
Within one year	**9,700**	6,636
In the second to fifth year		
– In the second year	**11,869**	13,034
– In the third year	**15,486**	11,600
– In the fourth year	**11,138**	13,753
– In the fifth year	**11,388**	9,648
	49,881	48,035
Repayable within five years	**59,581**	54,671
Over five years	**–**	460
	59,581	55,131

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

	2024		2023	
	HK$	**RMB**	HK$	RMB
Bank loans	**5.41%**	**3.72%**	6.14%	3.82%

The carrying amounts of all bank loans approximate their fair values.

The carrying amounts of the bank loans are denominated in the following currencies:

	2024 HK$ million	2023 HK$ million
Hong Kong dollar	**37,981**	41,511
Renminbi	**20,305**	12,181
Australian dollar	**900**	996
Japanese yen	**395**	443
	59,581	55,131

29 AMOUNTS DUE TO NON-CONTROLLING INTERESTS

The amounts due to non-controlling interests represent proportionate funding from the non-controlling interests of subsidiaries including an amount of approximately HK$379 million (2023: HK$382 million) 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$310 million (2023: HK$523 million) 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:

	2024 HK$ million	2023 HK$ million
Hong Kong dollar	**1,166**	1,558
United States dollar	**468**	469
Other currencies	**204**	210
	1,838	2,237

30 DEFERRED TAXATION

	2024 HK$ million	2023 HK$ million
At 1 January	**10,378**	9,695
Deferred taxation charged to consolidated income statement	**316**	1,004
Disposal of subsidiaries (note 37(c))	**(9)**	–
Exchange adjustment	**(432)**	(321)
At 31 December	**10,253**	10,378

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK$3,384 million (2023: HK$3,455 million) to be carried forward in offsetting the future taxable profits. These tax losses have no expiry dates except for the tax losses of HK$1,533 million (2023: HK$1,039 million) which will expire at various dates up to and including year 2029 (2023: year 2028).

30 DEFERRED TAXATION (CONTINUED)

As at 31 December 2024, the aggregate amount of unrecognised deferred tax liabilities associated with investments in subsidiaries totalled approximately HK$616 million (2023: HK$1,150 million), as the Directors consider that the timing of reversal of the related temporary differences can be controlled and the temporary differences will not be reversed in the foreseeable future.

The movements in deferred tax liabilities during the year were as follows:

	Revaluation HK$ million	**Accelerated depreciation allowances HK$ million**	**Others HK$ million**	**Total HK$ million**
At 1 January 2024	**8,302**	**617**	**1,459**	**10,378**
Deferred taxation (credited)/charged to consolidated income statement	**(230)**	**7**	**539**	**316**
Disposal of subsidiaries (note 37(c))	**(9)**	**–**	**–**	**(9)**
Exchange adjustment	**(282)**	**(5)**	**(145)**	**(432)**
At 31 December 2024	**7,781**	**619**	**1,853**	**10,253**

	Revaluation HK$ million	Accelerated depreciation allowances HK$ million	Others HK$ million	Total HK$ million
At 1 January 2023	8,073	618	1,004	9,695
Deferred taxation charged to consolidated income statement	462	9	533	1,004
Exchange adjustment	(233)	(10)	(78)	(321)
At 31 December 2023	8,302	617	1,459	10,378

31 RETIREMENT BENEFITS

Group companies operate various pension schemes. The schemes are funded through payments to independent trustee-administered funds. The Group has defined contribution plans during the year.

Defined contribution plans

Pursuant to the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) (the "MPF Ordinance"), companies within the Group in Hong Kong have enrolled all employees in Hong Kong aged between 18 and 65 into a mandatory provident fund scheme (the "MPF Scheme") from 1 December 2000.

The MPF Scheme is a master trust scheme established under a trust arrangement and governed by laws in Hong Kong. The assets of the MPF Scheme are held separately from the assets of the employer, the trustees and other service providers. Employees and employer who are covered by the MPF system are each required to make regular mandatory contributions calculated at 5% of the employee's relevant income as defined in the MPF Ordinance to the MPF Scheme, subject to the minimum and maximum relevant income levels. The MPF Contributions made by the employer (the "MPF Contribution") are fully and immediately vested in the employees as accrued benefits once they are paid to the approved trustees of the MPF Scheme. Investment income or profit derived from the investment of accrued benefits (after taking into account any loss arising from such investment) is also immediately vested in the employees.

Certain companies within the Group are also participants of the Kerry Trading Co. Limited – Provident Fund Scheme (the "Fund") which is a defined contribution scheme as defined in the Occupational Retirement Schemes Ordinance (Chapter 426 of the Laws of Hong Kong). The Fund is for certain salaried persons (the "Fund Members") under the employment of the companies participating in the Fund. The assets of the Fund are managed by the trustees of the Fund. Contributions are made to the Fund by companies participating in the Fund at 10% of the Fund Members' monthly basic salaries up to a maximum of HK$10,000 (2023: HK$10,000) per Fund Member per month (the "Basic Contribution") less the MPF Contribution if the Basic Contribution is higher than the MPF Contribution. Fund Members are entitled to 100% of the employers' contributions to the Fund plus investment earnings upon leaving employment after completing ten years of service or more, or upon retirement after attaining the retirement age after any number of years of service, or upon retirement due to ill health. Fund Members are also entitled to the employers' contributions to the Fund plus investment earnings calculated at a reduced scale of between 20% and 90% after completing a period of service of at least two but less than ten years. The unvested benefits of employees terminating employment forfeited in accordance with the terms of the Fund can be utilised by the companies participating in the Fund to reduce future contributions. During the year, forfeited contributions totalling HK$2 million (2023: HK$3 million) were utilised leaving HK$18 million (2023: HK$16 million) at the year end to reduce future contributions.

The Group also made defined contributions to pension plans as required by the relevant municipality or provincial governments in the Mainland. The rates of contributions for the relevant periods ranged from 14% to 16% (2023: 14% to 16%) of the staff's salary.

32 SHARE CAPITAL

	Authorised Ordinary shares of HK$1 each	
	Number of shares	HK$ million
At 31 December 2023 and 2024	10,000,000,000	10,000

32 SHARE CAPITAL (CONTINUED)

	Issued and fully paid Ordinary shares of HK$1 each			
	2024		2023	
	Number of shares	**HK$ million**	Number of shares	HK$ million
At 1 January	**1,451,305,728**	**1,451**	1,451,305,728	1,451
Movement	**–**	**–**	–	–
At 31 December	**1,451,305,728**	**1,451**	1,451,305,728	1,451

33 SHARE OPTIONS

(a) 2011 Share Option Scheme

Under the 2011 Share Option Scheme, the Directors of the Company may, at their discretion, grant share options to executives and key employees in the service of the Group and other persons who may make a contribution to the Group subject to terms and conditions stipulated therein. The exercise price for any particular share option shall be such price as the Board of Directors of the Company may in its absolute discretion determine at the time of grant of the relevant share option subject to the compliance with the Listing Rules.

The 2011 Share Option Scheme was terminated on 20 May 2020 such that no further share options shall be offered but the share options which had been granted during its life were valid and exercisable in accordance with their terms of issue and in all other respects its provisions remained in full force and effect until 8 January 2024.

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

	2024		2023	
	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	**26.88**	**5,023,000**	26.88	5,473,000
Lapsed during the year	**26.88**	**(5,023,000)**	26.88	(450,000)
At 31 December (note (i))	**–**	**–**	26.88	5,023,000

33 SHARE OPTIONS (CONTINUED)

(a) 2011 Share Option Scheme (Continued)

As at 1 January 2024, a total of 5,023,000 share options granted under the 2011 Share Option Scheme were outstanding, all of which had lapsed on 8 January 2024. Since no share option was exercised during the year, there was no weighted average share price (2023: HK$Nil) and no proceeds received (2023: HK$Nil). No share option was granted, granted for adjustment or cancelled during the year (2023: Nil). As at 31 December 2024, no share option was outstanding.

Note:

(i) Terms of share options at the end of the reporting period were as follows:

Exercise period	Exercise price per share (HK$)	Number of share options 2024	2023
08/07/2014 – 07/01/2024	26.88	–	1,780,000
08/01/2015 – 07/01/2024	26.88	–	3,243,000
		–	5,023,000

(b) 2020 Share Option Scheme

The 2020 Share Option Scheme was adopted by the Company on 20 May 2020. Under the 2020 Share Option Scheme, the Directors of the Company may, at their discretion, grant share options to executives and key employees in the service of the Group and other persons who may make a contribution to the Group subject to terms and conditions stipulated therein. The exercise price for any particular share option shall be such price as the Board of Directors of the Company may in its absolute discretion determine at the time of grant of the relevant share option subject to the compliance with the Listing Rules.

At the annual general meeting of the Company held on 20 May 2024, the shareholders of the Company approved the termination of the 2020 Share Option Scheme. A total of 145,650,122 share options were available for grant under the 2020 Share Option Scheme as at 1 January 2024, and given the termination of the 2020 Share Option Scheme, no further share option has been granted.

34 SHARE AWARDS

(a) Shares held for share award scheme

	2024		2023	
	Number of shares	**Total HK$ million**	Number of shares	Total HK$ million
At 1 January	**3,168,500**	**(50)**	1,090,000	(18)
Purchase of shares for share award scheme	**–**	**–**	2,078,500	(32)
At 31 December	**3,168,500**	**(50)**	3,168,500	(50)

The Share Award Scheme has been adopted by the Board of Directors of the Company on 25 November 2022 (together with an addendum thereto dated 28 March 2024) and shall be valid for a term of 10 years. The Group operates the Share Award Scheme as part of the benefits for its employees and the Directors of the Company which allow shares of the Company to be granted to the relevant selected participants. No new shares of the Company will be issued under the Share Award Scheme. The share awards will be satisfied by existing shares of the Company to be acquired through on-market transactions by a trustee on the instruction of the Company.

Since 25 November 2022 (the date of adoption of the Share Award Scheme) and up to 31 December 2024, a total of 3,168,500 shares (2023: 3,168,500) of the Company were acquired and settled through on-market transactions and were held in trust under the Share Award Scheme.

(b) Shares granted and vested under the Share Award Scheme

Details of the movement of the awarded shares granted to the Directors and employees of the Group under the Share Award Scheme during the year ended 31 December 2024 are as follows:

	Number of awarded shares	
	2024	2023
Unvested as at 1 January	**N/A**	N/A
Granted	**2,090,500**	N/A
Vested	**–**	N/A
Unvested as at 31 December	**2,090,500**	N/A

For the year ended 31 December 2024, a total of 2,090,500 awarded shares have been granted, all of which remained unvested.

34 SHARE AWARDS (CONTINUED)

(b) Shares granted and vested under the Share Award Scheme (Continued)

Grant date	Fair value per share	Number of awarded shares granted	Number of awarded shares vested	Vesting period
In year 2024				
1 April 2024	HK$14.54	209,050	–	01/04/2024 – 01/04/2025
1 April 2024	HK$14.54	418,100	–	01/04/2024 – 01/04/2026
1 April 2024	HK$14.54	627,150	–	01/04/2024 – 01/04/2027
1 April 2024	HK$14.54	836,200	–	01/04/2024 – 01/04/2028
Total for 2024		**2,090,500**		

The fair values of the awarded shares granted are based on the quoted market price of the Company on the grant dates which are amortised over the relevant vesting periods. During the year, an expense of HK$9 million (2023: HK$Nil) for the awarded shares granted was charged to the consolidated income statement.

35 SHARE PREMIUM

	2024 HK$ million	2023 HK$ million
At 1 January	**13,105**	13,103
Transfer from share options reserve (note 36(a))	**28**	2
At 31 December	**13,133**	13,105

36 OTHER RESERVES

	Other property revaluation reserve HK$ million	Financial assets at FVOCI reserve HK$ million	Hedging reserve HK$ million	Others (note (a)) HK$ million	Total HK$ million
At 1 January 2024	**78**	**423**	**536**	**2,945**	**3,982**
Cash flow hedges:					
– Fair value losses	–	–	(124)	–	(124)
– Transfer to finance costs (note 8)	–	–	66	–	66
Fair value losses on financial assets at fair value through other comprehensive income	–	(118)	–	–	(118)
Share of exchange fluctuation reserve of associates and joint ventures	–	–	–	(85)	(85)
Share of other comprehensive income of associates and joint ventures	3	(21)	(3)	2	(19)
Net translation differences on foreign operations	–	–	–	(2,451)	(2,451)
Release of exchange fluctuation reserve upon disposal of subsidiaries (note 37(c))	–	–	–	10	10
Share-based compensation under share award scheme	–	–	–	9	9
Transfer to share premium (note 35)	–	–	–	(28)	(28)
Share of other reserves of associates and joint ventures	–	–	–	(83)	(83)
Transfer to retained profits	–	–	–	(202)	(202)
At 31 December 2024	**81**	**284**	**475**	**117**	**957**

36 OTHER RESERVES (CONTINUED)

	Other property revaluation reserve HK$ million	Financial assets at FVOCI reserve HK$ million	Hedging reserve HK$ million	Others (note (a)) HK$ million	Total HK$ million
At 1 January 2023	24	197	839	5,775	6,835
Cash flow hedges:					
– Fair value losses	–	–	(308)	–	(308)
– Transfer to finance costs (note 8)	–	–	13	–	13
Fair value gains on financial assets at fair value through other comprehensive income	–	236	–	–	236
Share of exchange fluctuation reserve of associates and joint ventures	–	–	–	(20)	(20)
Share of other comprehensive income of associates and joint ventures	54	(10)	(8)	–	36
Net translation differences on foreign operations	–	–	–	(2,385)	(2,385)
Transfer to share premium (note 35)	–	–	–	(2)	(2)
Share of other reserves of associates and joint ventures	–	–	–	(354)	(354)
Transfer to retained profits	–	–	–	(69)	(69)
At 31 December 2023	78	423	536	2,945	3,982

36 OTHER RESERVES (CONTINUED)

(a) Others

	Capital reserve (note (b)) HK$ million	Share options reserve HK$ million	Share award reserve HK$ million	Exchange fluctuation reserve HK$ million	Enterprise expansion and general reserve funds (note (c)) HK$ million	Capital redemption reserve (note (d)) HK$ million	Acquisition reserve (note (e)) HK$ million	Total HK$ million
At 1 January 2024	**7,935**	**28**	**–**	**(5,390)**	**879**	**16**	**(523)**	**2,945**
Share of exchange fluctuation reserve of associates and joint ventures	**–**	**–**	**–**	**(85)**	**–**	**–**	**–**	**(85)**
Share of other comprehensive income of associates and joint ventures	**–**	**–**	**–**	**–**	**2**	**–**	**–**	**2**
Net translation differences on foreign operations	**–**	**–**	**–**	**(2,451)**	**–**	**–**	**–**	**(2,451)**
Release of exchange fluctuation reserve upon disposal of subsidiaries	**–**	**–**	**–**	**10**	**–**	**–**	**–**	**10**
Share-based compensation under share award scheme	**–**	**–**	**9**	**–**	**–**	**–**	**–**	**9**
Transfer to share premium (note 35)	**–**	**(28)**	**–**	**–**	**–**	**–**	**–**	**(28)**
Share of other reserves of associates and joint ventures	**–**	**–**	**–**	**–**	**–**	**–**	**(83)**	**(83)**
Transfer from/(to) retained profits	**–**	**–**	**–**	**–**	**179**	**–**	**(381)**	**(202)**
At 31 December 2024	**7,935**	**–**	**9**	**(7,916)**	**1,060**	**16**	**(987)**	**117**

	Capital reserve (note (b)) HK$ million	Share options reserve HK$ million	Share award reserve HK$ million	Exchange fluctuation reserve HK$ million	Enterprise expansion and general reserve funds (note (c)) HK$ million	Capital redemption reserve (note (d)) HK$ million	Acquisition reserve (note (e)) HK$ million	Total HK$ million
At 1 January 2023	7,935	30	–	(3,022)	985	16	(169)	5,775
Share of exchange fluctuation reserve of associates and joint ventures	–	–	–	(20)	–	–	–	(20)
Net translation differences on foreign operations	–	–	–	(2,348)	(37)	–	–	(2,385)
Transfer to share premium (note 35)	–	(2)	–	–	–	–	–	(2)
Share of other reserves of associates and joint ventures	–	–	–	–	–	–	(354)	(354)
Transfer to retained profits	–	–	–	–	(69)	–	–	(69)
At 31 December 2023	7,935	28	–	(5,390)	879	16	(523)	2,945

36 OTHER RESERVES (CONTINUED)

(b) Capital reserve of the Group arose from the Group's reorganisation in preparation for its listing on Hong Kong Stock Exchange in August 1996, adjusted by the excess or deficit of the fair values of the net assets of subsidiaries and associates subsequently acquired over the cost of investment at the date of acquisition before 1 January 2001.

(c) Enterprise expansion and general reserve funds are set up by subsidiaries and associates established and operating in the Mainland. According to the Mainland Foreign Enterprise Accounting Standards, upon approval, the enterprise expansion reserve fund may be used for increasing capital while the general reserve fund may be used for making up losses and increasing capital.

(d) Capital redemption reserve arose from the purchase of the Company's shares for cancellation and represents a transfer from the Company's retained profits equivalent to the nominal value of the shares purchased for cancellation.

(e) Acquisition reserve arose from the acquisition of additional interest or disposal of interest in subsidiaries that do not result in a loss of control, and represents any differences between the amount by which the non-controlling interests are adjusted (to reflect the changes in the interests in the subsidiaries) and the fair value of the consideration paid or received.

37 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before taxation to net cash generated from operations

	2024 HK$ million	2023 HK$ million
Profit before taxation	**2,582**	6,859
Depreciation of property, plant and equipment and right-of-use assets	**437**	444
Dividend income on listed and unlisted investments	**(72)**	(78)
Interest income	**(578)**	(660)
Loss on disposal of property, plant and equipment	**5**	1
Gain on disposal of investment properties	**(4)**	–
Loss on disposal of subsidiaries	**52**	–
Net decrease in fair value of financial assets at fair value through profit or loss	**24**	23
Provision for properties under development	**904**	745
Provision for completed properties held for sale	**522**	–
Decrease/(increase) in fair value of investment properties	**2,257**	(1,034)
Finance costs	**378**	600
Share of results of associates and joint ventures	**(916)**	(1,358)
Operating profit before working capital changes	**5,591**	5,542
Increase in properties under development	**(4,756)**	(5,416)
Decrease in completed properties held for sale	**9,434**	3,446
Increase in accounts receivable, prepayments and deposits	**(83)**	(85)
Increase in accounts payable, deposits received and accrued charges	**486**	801
(Decrease)/increase in contract liabilities	**(5,176)**	4,696
Net cash generated from operations	**5,496**	8,984

37 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities

	Bank loans non-current HK$ million	Bank loans current HK$ million	Amounts due to non-controlling interests HK$ million	Lease liabilities HK$ million	Derivative financial instruments held to hedge bank loans HK$ million	Total HK$ million
Balances as at 1 January 2024	**48,495**	**6,636**	**2,237**	**85**	**(195)**	**57,258**
Cash flows	**11,732**	**(6,606)**	**(78)**	**(47)**	**–**	**5,001**
Non-cash changes						
Reclassifications	**(9,766)**	**9,766**	**–**	**–**	**–**	**–**
Foreign exchange movement	**(580)**	**(96)**	**(7)**	**–**	**–**	**(683)**
Other non-cash movement	**–**	**–**	**(314)**	**3**	**124**	**(187)**
Balances as at 31 December 2024	**49,881**	**9,700**	**1,838**	**41**	**(71)**	**61,389**

	Bank loans non-current HK$ million	Bank loans current HK$ million	Amounts due to non-controlling interests HK$ million	Lease liabilities HK$ million	Derivative financial instruments held to hedge bank loans HK$ million	Total HK$ million
Balances as at 1 January 2023	46,873	5,997	2,496	125	(503)	54,988
Cash flows	10,350	(7,809)	(256)	(47)	–	2,238
Non-cash changes						
Reclassifications	(8,562)	8,562	–	–	–	–
Foreign exchange movement	(166)	(114)	(4)	–	–	(284)
Other non-cash movement	–	–	1	7	308	316
Balances as at 31 December 2023	48,495	6,636	2,237	85	(195)	57,258

37 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Analysis of the net cash inflow in respect of the disposal of subsidiaries

	2024 HK$ million	2023 HK$ million
Net assets disposed of:		
Property, plant and equipment (note 14)	5	–
Completed properties held for sale	106	–
Cash and bank balances	3	–
Accounts payable, deposits received and accrued charges	(5)	–
Deferred taxation	(9)	–
Non-controlling interests	(19)	–
	81	–
Loss on disposal of subsidiaries (note 6)	(52)	–
Release of exchange fluctuation reserve upon disposal of subsidiaries (note 36)	10	–
Total consideration	39	–
Cash and bank balances disposed of	(3)	–
Net cash inflow in respect of the disposal of subsidiaries	36	–

38 RELATED PARTY TRANSACTIONS

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

(a) Purchases of services/lease of premises

	2024 HK$ million	2023 HK$ million
Marketing, consultancy and administrative management fees expense (note (i))	**135**	115
Rental expenses/lease payments (note (ii))	**57**	58
Logistics, insurance brokerage and service fee paid (note (iii))	**7**	7
Rental income (note (iv))	**7**	10

(i) This represents payment of services fees to Shangri-La International Hotel Management Limited and Shangri-La Hotel Management (Shanghai) Co., Ltd., subsidiaries of SA, which provided marketing, consultancy and administrative management services to members of the Group. The service fees payable during the year were determined at either a fixed amount or a certain percentage of the gross operating revenue of the relevant company in accordance with the agreement for the provision of the above services.

(ii) This represents payment of rental expenses/lease payments to Ubagan Limited, an associate of the Group, in respect of leasing of several units and floors of Kerry Centre as corporate offices and several car parking spaces for the use by the Group in conjunction with such offices.

On 17 November 2022, the Group renewed the tenancies in respect of certain units and floors of Kerry Centre with Ubagan Limited for a term of 3 years from 19 November 2022 to 18 November 2025. In accordance with HKFRS 16, the rental payment under these tenancy agreements was recognised as right-of-use assets on 19 November 2022 for an amount of HK$130 million.

(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 subsidiaries of Kerry Logistics Network Limited ("Kerry Logistics").

(iv) This represents rental income received from a subsidiary of Kerry Logistics in relation to the lease of certain premises held by the Group.

(b) Key management compensation, excluding share option and share award benefits

	2024 HK$ million	2023 HK$ million
Salaries and other short-term benefits	**37**	29

38 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Year-end balances

	2024 HK$ million	2023 HK$ million
Receivables from related parties:		
Associates and joint ventures (note 19)	**7,975**	7,932
Payables to related parties:		
Included under amounts due to non-controlling interests (note 29) – Subsidiaries of SA	**379**	382
Associates and joint ventures (note 19)	**418**	417
Lease liabilities (note 16)	**40**	84

(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 2024 amounted to approximately HK$4,321 million (2023: HK$4,059 million). The total amount of such facilities covered by the Group's guarantees as at 31 December 2024 amounted to approximately HK$5,430 million (2023: HK$5,240 million). The above-mentioned amounts are also reflected in the guarantees given by the Group for banking facilities disclosed in note 40.

(e) Cash advance to a joint venture

Million Palace Development (Shenzhen) Co., Ltd. ("MPSZ") (as lender), a wholly-owned subsidiary of the Group, and Million Fortune Development (Shenzhen) Co., Ltd. ("MFSZ") (as borrower), a joint venture in which the Group has 25% interest, entered into the cash advance agreement dated 18 September 2023 pursuant to which MPSZ agreed to advance cash in the principal amount up to RMB280 million to MFSZ for a term of three years for the development, construction, operation and management of a building for office and commercial use and a hotel by the Group and Kerry Holdings Limited on the project site located in Qianhai, the PRC. As at 31 December 2024, the cash advance balance was RMB148 million (2023: RMB82 million).

39 COMMITMENTS

(a) At 31 December 2024, the Group had capital and other commitments in respect of property, plant and equipment, investment properties, land costs and properties under development contracted for at the end of the year but not provided for in these consolidated financial statements as follows:

	2024 HK$ million	2023 HK$ million
Property, plant and equipment	**14**	–
Investment properties	**2,034**	438
Land costs	**1,215**	5,475
Properties under development	**7,490**	7,175
	10,753	13,088

39 COMMITMENTS (CONTINUED)

(b) At 31 December 2024, the Group had future aggregate minimum lease rental receivable under non-cancellable operating leases as follows:

	2024 HK$ million	2023 HK$ million
Land and buildings:		
Within one year	**3,187**	3,366
In the second to fifth year, inclusive	**4,070**	4,144
Over five years	**625**	684
	7,882	8,194

40 CONTINGENT LIABILITIES

Guarantees for banking facilities

	2024 HK$ million	2023 HK$ million
Guarantees for banking facilities of certain associates and joint ventures (note 38(d))	**4,321**	4,059
Guarantees to certain banks for mortgage facilities granted to first hand buyers of certain properties in the Mainland (note (a))	**1,106**	1,911
	5,427	5,970

(a) The Group has executed guarantees to certain banks for mortgage facilities granted to first hand buyers of certain properties developed by the Group in the Mainland. The utilised amount of such facilities covered by the Group's guarantees which also represented the financial exposure of the Group as at 31 December 2024 amounted to approximately HK$1,106 million (2023: HK$1,911 million).

41 ULTIMATE HOLDING COMPANY

The Directors regard Kerry Group Limited, a company incorporated in the Cook Islands and continued in the Cayman Islands, as being the ultimate holding company.

42 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

Statement of financial position of the Company as at 31 December 2024

	Note	2024 HK$ million	2023 HK$ million
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**26**	19
Interests in subsidiaries		**16,029**	16,029
Associates		**1,514**	1,532
Financial assets at fair value through other comprehensive income		**73**	–
		17,642	17,580
Current assets			
Amounts receivable from subsidiaries		**48,608**	43,539
Accounts receivable, prepayments and deposits		**5**	4
Cash and bank balances		**1,318**	274
		49,931	43,817
Current liabilities			
Amounts payable to subsidiaries		**29,406**	23,185
Accounts payable and accrued charges		**102**	82
		29,508	23,267
Net current assets		**20,423**	20,550
ASSETS LESS LIABILITIES		**38,065**	38,130
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital	32	**1,451**	1,451
Shares held for share award scheme	34(a)	**(50)**	(50)
Share premium	35	**13,133**	13,105
Other reserves (note (a))		**10,320**	10,471
Retained profits (note (b))		**13,211**	13,153
TOTAL EQUITY		**38,065**	38,130

The statement of financial position of the Company was approved by the Board of Directors on 19 March 2025 and was signed on its behalf.

Kuok Khoon Hua
Director

Tong Shao Ming
Director

42 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY (CONTINUED)

(a) Other reserves movement of the Company

	Contributed Surplus (note (i)) HK$ million	Financial assets at FVOCI reserve HK$ million	Share award reserve HK$ million	Share options reserve HK$ million	Capital redemption reserve (note (ii)) HK$ million	Total HK$ million
At 1 January 2024	**10,427**	**–**	**–**	**28**	**16**	**10,471**
Fair value losses on financial assets at fair value through other comprehensive income	**–**	**(132)**	**–**	**–**	**–**	**(132)**
Share-based compensation under share award scheme	**–**	**–**	**9**	**–**	**–**	**9**
Transfer to share premium (note 35)	**–**	**–**	**–**	**(28)**	**–**	**(28)**
At 31 December 2024	**10,427**	**(132)**	**9**	**–**	**16**	**10,320**
At 1 January 2023	10,427	–	–	30	16	10,473
Transfer to share premium (note 35)	–	–	–	(2)	–	(2)
At 31 December 2023	10,427	–	–	28	16	10,471

(i) The contributed surplus of the Company arose when the Company issued shares in exchange for the shares of companies being acquired, and represents the difference between the nominal value of the Company's shares issued and the value of net assets of the companies acquired. At Group level, the contributed surplus is reclassified into its components of reserves of the underlying subsidiaries.

(ii) The capital redemption reserve arose from the purchase of the Company's shares for cancellation and represents a transfer from the Company's retained profits equivalent to the nominal value of the shares purchased for cancellation.

(b) Retained profits movement of the Company

	2024 HK$ million	2023 HK$ million
At 1 January	**13,153**	14,364
Profit for the year	**2,017**	748
Dividends paid	**(1,959)**	(1,959)
At 31 December	**13,211**	13,153

43 GROUP STRUCTURE – PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(a) Principal subsidiaries

As at 31 December 2024, 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$64,097,600	71.25%	(6)(8)
Beijing Kerry Hotel Co., Ltd.	PRC	Hotel ownership and operation	US$33,000,000	71.25%	(6)(8)
Beijing Kerry Huayuan Real Estate Development Co., Ltd.	PRC	Property trading	RMB68,500,000	71%	(3)(6)(8)
Excellent (Beijing) Management Consultancy Ltd.	PRC	Investment holding and management	RMB1,388,024,400	100%	(3)(5)(8)
Grand Glory Real Estate (Wuhan) Co., Ltd.	PRC	Property investment, trading and development	RMB6,700,000,000	100%	(3)(5)
Grand Luck Real Estate (Fuzhou) Co., Ltd.	PRC	Property investment, trading and development	RMB2,600,000,000	100%	(5)
Great Universe Development (Shenzhen) Co., Ltd.	PRC	Property development	RMB2,800,000,000	70%	(5)
Hong Kong Shanghai Development Co Limited	HK	Investment holding	HK$8,000,000	75%	
Huilong Real Estate (Hangzhou) Co., Ltd.	PRC	Property trading	RMB200,000,000	100%	(3)(5)(8)
Huiyao Real Estate (Hangzhou) Co., Ltd.	PRC	Property trading	RMB1,000,000	100%	(3)(5)(8)
Jian'an Real Estate (Kunming) Co., Ltd.	PRC	Property trading, development and hotel ownership and operation	RMB534,000,000	55%	(3)(5)(8)
Kerry Asset Management (Shanghai) Co., Ltd.	PRC	Real estate and project management	RMB10,000,000	100%	(3)(5)(8)
Kerry Cao Jia Yan Properties (Shanghai) Co., Ltd.	PRC	Property investment and trading	US$5,000,000	100%	(3)(5)
Kerry Development (Shanghai) Co., Ltd.	PRC	Property investment	RMB24,261,780	100%	(3)(5)
Kerry Development (Shenzhen) Co., Ltd.	PRC	Property investment	RMB529,720,000	100%	(3)(5)(8)
Kerry Huafeng Property Development (Hangzhou) Co., Ltd.	PRC	Property trading	HK$1,000,000	100%	(3)(5)
Kerry Properties (China) Investment Co., Ltd.	PRC	Provision of consultancy services	RMB4,053,626,513.09	100%	(3)(5)
Kerry Properties (China) Limited	HK	Investment holding and provision of administrative support services	HK$10,000,000,000	100%	
Kerry Properties (China) Project Management Co., Ltd.	PRC	Provision of consultancy and administrative services	RMB50,000,000	100%	(3)(5)
Kerry Properties Development Management (Shanghai) Co., Ltd.	PRC	Real estate and project management	RMB8,062,190	100%	(5)(8)
Kerry Real Estate (Hangzhou) Co. Ltd.	PRC	Property investment, trading and hotel ownership and operation	US$277,750,000	75%	(5)
Kerry Real Estate (Nanchang) Co., Ltd.	PRC	Property trading and hotel ownership and operation	RMB800,000,000	80%	(3)(5)
Kerry (Shenyang) Real Estate Development Co., Ltd.	PRC	Property investment, trading and development	RMB3,287,500,000	60%	(3)(5)

43 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)					
Lucky Billion Development (Qinhuangdao) Co., Ltd.	PRC	Property trading and development	RMB1,617,000,000	60%	(3)(5)(8)
Million Palace Development (Shenzhen) Co., Ltd.	PRC	Property investment, trading and development	RMB3,600,000,000	100%	(3)(5)(8)
Shanghai Brilliant Prestige Real Estate Co., Ltd.	PRC	Property development	RMB14,000,000,000	100%	(5)
Shanghai Gang Hu Properties Co., Ltd.	PRC	Property investment and trading	US$90,000,000	74.25%	(3)(6)
Shanghai Ji Xiang Properties Co., Ltd.	PRC	Property investment, hotel ownership and operation	US$311,250,000	51%	(5)
Shanghai Xin Ci Hou Properties Co., Ltd.	PRC	Property investment	US$5,000,000	74.25%	(6)
Shanghai Zhuo Hao Real Estate Co., Ltd.	PRC	Property development	RMB9,300,000,000	100%	(5)
Shangri-La Hotel (Shenyang) Co., Ltd.	PRC	Hotel ownership and operation	RMB700,000,000	60%	(3)(5)
Well Fortune Real Estate (Putian) Co., Ltd.	PRC	Hotel ownership and operation	RMB325,000,000	60%	(3)(5)
Xiang Heng Real Estate (Jinan) Co., Ltd.	PRC	Property investment 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 investment, trading and development	RMB7,100,000,000	100%	(5)
Zhengzhou Yuheng Real Estate Co., Ltd.	PRC	Property trading and development	RMB600,000,000	55%	(3)(5)
Property Division – Hong Kong					
All First Investments Limited	BVI/HK	Property investment	HK$2	100%	
Best Insight Limited	HK	Property trading	HK$1	100%	
Bethan Company Limited	HK	Property trading	HK$2	100%	
Classic Gold Holdings Limited	HK	Property trading	HK$1	100%	
Crystal Talent Limited	HK	Property investment	HK$1	100%	
Great Billion Corporation Limited	HK	Property development	HK$2	100%	
High Dynamic Holdings Limited	HK	Property development	HK$1	100%	
Kerry D.G. Warehouse (Kowloon Bay) Limited	HK	Warehouse ownership	HK$20,000,000	100%	
Kerry Properties (H.K.) Limited	HK	Investment holding and provision of administrative support services	HK$1,000 HK$200,000,000[2]	100%	
Kerry Properties (Macau) Limited	Macau	Property development	MOP1,000,000	71%	

43 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)					
Kildare Limited	HK	Property trading	HK$2	100%	
Magnifair Company Limited	HK	Property trading	HK$10,000	100%	
Mani Holdings Limited	HK	Property investment	HK$1	100%	
Many Treasure Limited	HK	Property investment	HK$1	100%	
Maple Crest Development Limited	BVI/HK	Recreation park operation	US$120	100%	
MegaBox Development Company Limited	HK	Property investment	HK$2	100%	
MegaBox Management Services Limited	HK	Property management	HK$2	100%	
Mid-Levels Portfolio (Aigburth) Limited	Cook Islands (continued in BVI)/ HK	Property investment	US$9	100%	
Mid-Levels Portfolio (Branksome) Limited	HK	Property investment	HK$1,000	100%	
Mid-Levels Portfolio (Branksome Grande) Limited	HK	Property investment	HK$100	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 trading	US$1	100%	
NMC 7 Limited	BVI/HK	Property investment	US$1	100%	
NMC 8 Limited	BVI/HK	Property trading	US$1	100%	
NMC 9 Limited	BVI/HK	Property investment	US$1	100%	
Norminster Limited	HK	Property development	HK$1,000	100%	
Pettico Limited	HK	Provision of financial services	HK$20	100%	
Port Destiny Limited	HK	Property development	HK$2	100%	
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%	
Trebanos Investment Company Limited	HK	Investment holding	HK$2	100%	
Wealth Channel Holdings Limited	HK	Property development	HK$2	100%	
Wealthy Guide Limited	HK	Property development	HK$1	100%	

43 GROUP STRUCTURE – PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

(a) Principal subsidiaries (Continued)

Name	Place of incorporation/ operation	Principal activities	Issued share capital[1]/ Registered capital	Indirect interest held	Notes
Property Division – Overseas					
SHANG PROPERTIES (PVT) LTD	Sri Lanka	Property development	LKR1,000	80%	(3)
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)(8)
Kerry Property Management Services Limited	HK	Property management	HK$20	100%	
Kerry Real Estate Agency Limited	HK	Estate agency	HK$2	100%	
Perfect Delight Limited	HK	Group financing	HK$1	100%	
Twickenham Limited	HK	Group financing	HK$1	100%	
Upsmart Investments Limited	HK	Provision of administrative support services	HK$2	100%	

43 GROUP STRUCTURE – PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

(b) Principal associates and joint ventures

As at 31 December 2024, 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	RMB223,000,000	40%	(3)(5)
Ningbo Ruifeng Real Estate Co., Ltd.	PRC	Property trading	RMB1,000,000	50%	(3)(5)
Ruihe Real Estate (Tangshan) Co., Ltd.	PRC	Hotel ownership and operation	RMB938,000,000	40%	(3)(5)
Shanghai Pudong Kerry City Properties Co., Ltd.	PRC	Property investment, hotel ownership and operation	US$171,361,400	40.80%	(6)
Shanghai Xin Zhuo Real Estate Co., Ltd.	PRC	Property trading and development	RMB6,200,000,000	40%	(3)(5)(8)
Shangri-La Hotel (Nanjing) Co., Ltd.	PRC	Hotel ownership and operation	RMB750,000,000	45%	(3)(5)
Tianjin Kerry Real Estate Development Co., Ltd.	PRC	Property investment, trading and development, hotel ownership and operation	RMB3,766,473,961	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)

43 GROUP STRUCTURE – PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

(b) Principal associates and joint ventures (Continued)

Name	Place of incorporation/ operation	Principal activities	Class of shares/ Registered capital	Indirect interest held unless denoted with*	Notes
Property Division – Hong Kong (Continued)					
Jet Fame (Hong Kong) Limited	HK	Property investment	Ordinary	47.37%	(3)
Joint Prospect Limited	HK	Property investment	Ordinary	47.37%	(3)
Lohas Park Package Thirteen (Project Management) Limited	HK	Project management	Ordinary	25%	
Orient Field Holdings Limited	HK	Property investment	Ordinary	47.37%	(3)
Sky Vision Development Limited	HK	Property investment	Ordinary	47.37%	(3)
Time Rank Limited	HK	Property trading	Ordinary	50%	(4)
Ubagan Limited	HK	Property investment	Ordinary	40%	
Union Top Properties Limited	HK	Property investment	Ordinary	47.37%	(3)
Victory Top Properties Limited	HK	Property investment	Ordinary	47.37%	(3)
Win Chanford Enterprises Limited	HK	Investment holding and property investment	Ordinary	47.37%	(3)
Wise Grand Limited	HK	Property investment	Ordinary	47.37%	(3)
Property Division – Overseas					
Phoenix Commercial Pte. Ltd.	Singapore	Property investment	Ordinary	30%*	(3)
Phoenix Residential Pte. Ltd.	Singapore	Property trading and development	Ordinary	30%*	(3)
Shang Properties, Inc.	Philippines	Property investment and development, hotel operation, 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	20.84%*	(7)

43 GROUP STRUCTURE – PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

(b) Principal associates and joint ventures (Continued)

Name	Place of incorporation/ operation	Principal activities	Class of shares/ Registered capital	Indirect interest held unless denoted with*	Notes
Joint Ventures					
Property Division – Mainland					
Million Fortune Development (Shenzhen) Co., Ltd.	PRC	Property investment, hotel ownership and operation	RMB3,500,000,000	25%	(5)
Property Division – Hong Kong					
High Crown Holdings Limited	HK	Property trading	Ordinary	50%	
La Marina Finance Company Limited	HK	Provision of finance services	Ordinary	50%	
WCH Property Development Company Limited	HK	Property development	Ordinary	50%	
WCH Real Estate Agency Limited	HK	Estate Agency	Ordinary	50%	
Kerry Hung Kai Warehouse (Cheung Sha Wan) Limited	HK	Warehouse operation	Ordinary	50%	(3)
Wolver Hollow Company Limited	HK	Warehouse ownership	Ordinary	50%	(3)

Notes:

(1) all being ordinary shares and fully paid up except otherwise stated
(2) non-voting deferred shares
(3) companies not audited by PricewaterhouseCoopers
(4) companies having a financial accounting period which is not coterminous with the Group
(5) wholly foreign-owned enterprise
(6) sino-foreign equity joint venture enterprise
(7) listed company
(8) English translation of name only

BVI British Virgin Islands
HK Hong Kong
PRC The People's Republic of China

PARTICULARS OF PROPERTIES HELD

Particulars of major properties held by the Group as at 31 December 2024 are as follows:

Property name	Location	Type	Group's attributable interest %	Group's attributable interest Approximate gross floor area (square feet)	Group's attributable interest Approximate number of carpark spaces	Lease expiry
Mainland Properties						
A. Completed and held for investment						
1. Qianhai Kerry Centre Phase I	1 Qianwan Road Nanshan District Shenzhen	Office Retail	100.00	1,287,198 222,908 **1,510,106**	720	2055
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	2058
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	2045
4. Hangzhou Kerry Centre	385 Yanan Road Gongshu District Hangzhou	Retail Office	75.00	811,129 102,133 **913,262**	376	2048
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	2056
6. Shenyang Kerry Centre Phase II, Kerry Parkside Enterprise Square	123, 125 and 125-1 Qingnian Avenue Shenhe District Shenyang	Retail Office	60.00	486,057 353,615 **839,672**	550	2059
7. Shenzhen Kerry Plaza Phase I	1 Zhong Xin Si Road Futian CBD Shenzhen	Office	100.00	**804,709**	306	2054
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	2055
9. Rivercity Commercial Centre	6 Wanren Road Cangshan District Fuzhou	Retail	100.00	**717,170**	–	2058
10. Jing An Kerry Centre Phase I	1515 Nanjing Road West Jing An District Shanghai	Office Residential Retail	74.25	308,584 142,355 103,971 **554,910**	180	2044
11. 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	2067
12. Tianjin Kerry Centre Riverview Place	238 Liuwei Road Hedong District Tianjin	Retail	49.00	**435,099**	387	2058
13. Kerry Everbright City Phase I	218 Tianmu Road West Jing An District Shanghai	Retail Office	74.25	194,276 145,932 **340,208**	179	2042
14. Jinan Enterprise Square	102 Luoyuan Street Lixia District Jinan	Office Retail	55.00	195,037 33,634 **228,671**	140	2052
Sub-total				**10,636,846**	**4,839**	

Property name	Location	Type	Group's attributable interest %	Approximate gross floor area (square feet)	Approximate number of carpark spaces	Lease expiry
Mainland Properties						
A. Completed and held for investment (Continued)						
15. Qianhai Kerry Centre Phase II	Qianhai Avenue Qianwan Area Qianhai Shenzhen-Hong Kong Cooperation Zone Nanshan District Shenzhen	Office Retail	25.00	165,445 34,112	83	2057
				199,557		
Sub-total				**199,557**	**83**	
Total Mainland completed investment properties				**10,836,403**	**4,922**	

Property name	Location	Type	Group's attributable interest %	Approximate gross floor area (square feet)	Approximate number of carpark spaces	Lease expiry
Mainland Properties						
B. Hotel properties						
1. Shangri-La, Nanchang	669 Cui Lin Road Honggutan New District Nanchang	Hotel	80.00	**642,735**	182	2048
2. Kerry Hotel, Beijing	1 Guang Hua Road Chaoyang District Beijing	Hotel	71.25	**499,642**	–	2045
3. Midtown Shangri-La, Hangzhou	6 Changshou Road Gongshu District Hangzhou	Hotel	75.00	**447,977**	12	2048
4. Jing An Shangri-La, West Shanghai	1218 Yanan Zhong Road Jing An District Shanghai	Hotel	51.00	**433,566**	–	2058
5. Shangri-La, Nanjing	329 Zhong Yang Road Gulou District Nanjing	Hotel	45.00	**412,798**	187	2050
6. Shangri-La, Shenyang	115 Qingnian Avenue Shenhe District Shenyang	Hotel	60.00	**394,524**	259	2059
7. Shangri-La, Tianjin	328 Haihe East Road Hedong District Tianjin	Hotel	49.00	**381,726**	96	2058
8. Shangri-La, Jinan	106 Luoyuan Street Lixia District Jinan	Hotel	55.00	**335,779**	101	2052
9. Kerry Hotel Pudong, Shanghai	1388 Hua Mu Road Pudong Shanghai	Hotel	40.80	**325,853**	–	2055
10. Shangri-La, Tangshan	889 Changhong West Road Lubei District Tangshan	Hotel	40.00	**237,881**	99	2050
11. Shangri-La, Putian	88 Jiuhua West Road Chengxiang District Putian	Hotel	60.00	**220,257**	44	2054
12. JEN Kunming by Shangri-La	No. 88-1 Dongfeng East Road, Panlong District Kunming	Hotel	55.00	**180,020**	29	2053
13. JEN Shenzhen Qianhai by Shangri-La	399 Qianwan 1st Road Qianhai Shenzhen-Hong Kong Cooperation Zone Nanshan District Shenzhen	Hotel	25.00	**121,084**	58	2057
Total Mainland hotel properties				**4,633,842**	**1,067**	

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							
1. Hangzhou Kerry Plaza	East by Shengnan Road Wenhui Sub-district Plot XC0403-35 South by Wenhui Sub-district Plot XC0404-08 West by Dongxin Road Guihua No.9 Road North by Hangyang Street Gongshu District Hangzhou	Retail Office Residential Hotel	100.00	996,468 235,011 196,545 172,908 **1,600,932**	601,307	Fitting out and landscape work in progress	2025
2. Wuhan Mixed-use Development Phase I	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 Retail	100.00	801,310 63,432 **864,742**	112,509	Curtain wall installation work in progress	2025
3. Tianjin Kerry Centre Phase II	Junction of Liuwei Road and Liujin Road Hedong District Tianjin	Office Residential Retail	49.00	488,669 146,717 92,249 **727,635**	107,557	Mechanical, facade and decoration work in progress	2025
4. Qianhai Kerry Centre Phase III	Site no. T102-0261 Land Parcel 3, Unit 7 Qianwan Area Nanshan District Shenzhen	Office Retail	70.00	540,245 79,868 **620,113**	128,689	Inspection and rectification work in progress	2025
5. Kunming Mixed-use Development	88-96 Dongfeng Dong Road Panlong District Kunming	Hotel	55.00	**74,177**	18,562	Interior decoration work in progress	2025
6. Shenyang Kerry Centre Phase III	Lot No. 2007-053 8 Golden Corridor East of Qingnian Avenue Shenhe District Shenyang	Residential Retail Office	60.00	1,377,879 603,324 446,553 **2,427,756**	324,879	Residential Interior decoration work in progress Retail and Office Basement structural work in progress	In phases from 2025 onwards
Sub-total				**6,315,355**	**1,293,503**		

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)							
7. Pudong Jufeng Road Mixed-Use Development	Plot 02-01A, Unit Y000901 East to Caojiagou projected green space South to Jufeng Road projected green space West to Zhangyang North Road and plot 02-01B North to Shuangqiao Road Puxing Community Pudong New District Shanghai	Retail Residential Office	40.00	981,337 204,736 109,677 **1,295,750**	284,426	Residential Mechanical, fitting out, facade and landscape work in progress Retail and Office Aboveground structure and block work in progress	In phases from 2025 onwards
8. Zhengzhou Mixed-use Development	East of Huayuan Road South of Weier Road Zhengzhou	Office Hotel	55.00	348,972 226,359 **575,331**	135,073	Block, facade and waterproof work in progress	In phases from 2026 onwards
9. Qinhuangdao Habitat Phase II	160 Hebin Road Haigang District Qinhuangdao	Residential	60.00	**625,548**	287,517	Curtain wall installation and landscape work in progress	2026
10. Huangpu Jinling Road Mixed-Use Development(1)(2)	Plots 064-01, 065-01, 066-01, 067-01, 070-01, 071-01, 072-01, 073-01, Unit C010102 Square Community Huangpu District Shanghai	Office Retail Residential	100.00	2,396,250 1,332,250 1,328,611 **5,057,111**	855,953	Phase I Piling, excavation and superstructure work in progress Phase II Schematic design approved, pending construction plan permit	In phases from 2027 onwards
11. Qinhuangdao Habitat Phase III	160 Hebin Road Haigang District Qinhuangdao	Residential Retail	60.00	638,497 76,726 **715,223**	303,241	Schematic design in progress	In phases from 2027 onwards
12. Wuhan Mixed-use Development Phase II(1)(2)	Land Parcel P(2024)218 Intersection of Minzu Road and Qinlaoyi Street Jianghan District Wuhan and Land Parcel P(2024)218 Intersection of Yanjiang Avenue and Daxingyi Road Jianghan District Wuhan	Residential Office Retail	100.00	1,862,172 1,162,512 96,876 **3,121,560**	406,952	Schematic design in progress	In phases from 2030 onwards
Sub-total				**11,390,523**	**2,273,162**		
Total Mainland properties under development				**17,705,878**	**3,566,665**		

Property name	Location	Type	Group's attributable interest %	Approximate gross floor area (square feet)	Approximate number of carpark spaces	Lease expiry
Mainland Properties						
D. Held for sale						
1. Fuzhou Rivercity	2, 5, 6 and 8 Wanren Road Cangshan District Fuzhou	Residential Office	100.00	929,440 681,919 **1,611,359**	1,277	2088 2058
2. River Mansion, Wuhan	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	100.00	**759,071**	746	2090
3. Kerry Everbright City Phase III – 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	2050
4. Enterprise Centre, Nanchang	138 Shimao Road Honggutan District Nanchang	Office Retail	80.00	480,210 19,339 **499,549**	274	2048
5. Habitat Phase II, Qinhuangdao	160 Hebin Road Haigang District Qinhuangdao	Residential	60.00	**365,402**	129	2077
6. 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	**247,228**	266	2053
7. The Bayside, The Bayview	1 Qianwan Road Nanshan District Shenzhen	Residential	100.00	**181,591**	–	2055
8. Enterprise Square, Shenyang	121 Qingnian Avenue Shenhe District Shenyang	Office	60.00	**90,207**	–	2059
9. Tangshan Parkside Place	889 Changhong West Road Lubei District Tangshan	Retail	40.00	**89,987**	–	2050
10. Peakview, Kunming	No. 88-1 Dongfeng East Road, Panlong District Kunming	Residential	55.00	**76,796**	15	2053
11. Habitat Phase I, Qinhuangdao	160 Hebin Road Haigang District Qinhuangdao	Retail Residential	60.00	34,933 3,459 **38,392**	193	2047 2077
12. Arcadia Court, Zhengzhou	66 Zhenger Road Jinshui District Zhengzhou	Retail Residential	55.00	23,247 985 **24,232**	373	2053 2083
13. The Arcadia, Shenyang	Lot No. 2007-053 8 Golden Corridor East of Qingnian Avenue Shenhe District Shenyang	Residential	60.00	**13,259**	86	2061
Total Mainland properties held for sale				**4,602,542**	**3,724**	
TOTAL MAINLAND PROPERTY PORTFOLIO				**37,778,665**		

Property name		Location	Type	Group's attributable interest %	Approximate gross floor area (square feet)	Approximate number of carpark spaces	Lease expiry
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	2067
2.	Aigburth	12 Tregunter Path Mid-Levels Hong Kong	Residential	100.00	**204,940**	63	2074
3.	Branksome Crest	3A Tregunter Path Mid-Levels Hong Kong	Residential	100.00	**153,375**	126	2067
4.	Tavistock	10 Tregunter Path Mid-Levels Hong Kong	Residential	100.00	**104,460**	23	2074
5.	The Bonham	8 Hing Hon Road Hong Kong	Residential	100.00	**67,573**	–	2861
6.	Gladdon	3 May Road Mid-Levels Hong Kong	Residential	100.00	**2,300**	14	2079 / 2081
Sub-total					**790,020**	**299**	
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	2048
2.	Kerry Centre	683 King's Road Quarry Bay Hong Kong	Office Retail	40.00	193,252 10,952 **204,204**	74	2059
3.	Hollywood Centre	233 Hollywood Road Sheung Wan Hong Kong	Office Retail	47.37	31,126 16,400 **47,526**	–	2128
4.	Harbour Centre	25 Harbour Road Wan Chai Hong Kong	Office Retail	15.83	34,767[4] 6,475[5] **41,242**	45	2128
5.	Enterprise Square Three	39 Wang Chiu Road Kowloon Bay Kowloon	Retail	100.00	**14,900**	–	2048
6.	Wing On Plaza	62 Mody Road Tsim Sha Tsui Kowloon	Retail	10.00	**2,896**	–	2128
7.	Sherwood Court Public Carpark	12-20 Kwai Sing Lane Happy Valley Hong Kong	Carpark	100.00	**–**	200	2135
Sub-total					**1,975,621**	**1,067**	

Property name	Location	Type	Group's attributable interest %	Approximate gross floor area (square feet)	Approximate number of carpark spaces	Lease expiry
Hong Kong Properties						
A. Completed and held for investment (Continued)						
III. Warehouse						
1. Kerry Hung Kai Warehouse (Cheung Sha Wan)	3 Fat Tseung Street Cheung Sha Wan Kowloon	Warehouse	50.00	**299,115**	29	2047
Sub-total				**299,115**	**29**	
Total Hong Kong completed investment properties				**3,064,756**	**1,395**	

Property name	Location	Type	Group's attributable interest %	Approximate gross floor area (square feet)	Approximate number of carpark spaces	Lease expiry
Hong Kong Properties						
B. Hotel property						
1. JEN Hong Kong	508 Queen's Road West Hong Kong	Hotel	30.00	**37,517**	–	2860
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. La Montagne (THE SOUTHSIDE Package Four Property Development Project)	11 Heung Yip Road Wong Chuk Hang Hong Kong	Residential	50.00[7]	**319,153**	32,508	Fitting out work in progress	2025
2. HAVA	39 Shap Pat Heung Road Yuen Long New Territories	Residential	100.00	**245,032**	70,009	Superstructure work in progress	2025
3. Hill Road Court Redevelopment Project	79-85 Hill Road Hong Kong	Residential	100.00	**38,303**	4,788	Superstructure work in progress	2025
Sub-total				**602,488**	**107,305**		

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]) (Continued)							
4. Shap Pat Heung Development Project	111 Tai Tong Road Yuen Long New Territories	Residential	100.00	**36,415**	10,409	Fitting out work in progress	2025
5. LOHAS Park Package Thirteen Property Development Project	1 Lohas Park Road Tseung Kwan O New Territories	Residential	25.00[7]	**386,681**	32,669	Superstructure work in progress	2027
6. To Kwa Wan Redevelopment Project (KIL11276)	Hung Fook Street/ Ngan Hon Street To Kwa Wan Kowloon	Residential Retail	100.00[7]	369,819 73,970 **443,789**	49,310	Schematic design and foundation work in progress	2028
7. Tsuen Wan Development Project	Po Fung Road Tsuen Wan New Territories	Residential	100.00	**314,309**	89,987	Road work and foundation work in progress	2029
Sub-total				**1,181,194**	**182,375**		
Total Hong Kong properties under development				**1,783,682[8]**	**289,680**		

Property name	Location	Type	Group's attributable interest %	Approximate gross floor area (square feet)	Approximate number of carpark spaces	Lease expiry
Hong Kong Properties						
D. Held for sale						
1. Mont Verra	3 Lung Kui Road Beacon Hill Kowloon	Residential	100.00	**247,806[5]**	100	2066
2. La Marina	11 Heung Yip Road Wong Chuk Hang Hong Kong	Residential	50.00[7]	**21,025[5]**	15	2067
3. The Aster	7A Shan Kwong Road Happy Valley Hong Kong	Residential	100.00	**21,070[5]**	8	2079
4. The Bloomsway	18, 28 and 29 Tsing Ying Road So Kwun Wat New Territories	Residential	100.00	**12,134[5]**	54	2062
5. Mantin Heights	28 Sheung Shing Street Ho Man Tin Kowloon	Residential	100.00	**4,840[5]**	137	2063
6. Richwood Park	33 Lo Fai Road Tai Po New Territories	Retail	50.00	**7,893**	–	2047
7. Mont Rouge	9 Lung Kui Road Beacon Hill Kowloon	Residential	100.00	**3,426[5]**	2	2065
8. Larvotto	8 Ap Lei Chau Praya Road Ap Lei Chau Hong Kong	Residential/ Retail	35.00	**1,910**	17	2047
Total Hong Kong properties held for sale				**320,104**	**333**	
TOTAL HONG KONG PROPERTY PORTFOLIO				**5,206,059**		

Property name	Location	Type	Group's attributable interest %	Approximate gross floor area (square feet)	Approximate number of carpark spaces	Lease expiry
Overseas Properties						
A. Completed and held for investment						
1. Shangri-La Plaza	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. Pasir Ris Mall	Pasir Ris Drive 3/ Pasir Ris Drive 8 Pasir Ris Central Singapore	Retail	30.00	**116,419**	97	2120
4. Shangri-La at the Fort, Manila	Fort Bonifacio Taguig Philippines	Residential Retail	39.22[11]	74,104 18,596 **92,700**	303	Freehold
5. Assembly Grounds The Rise	7248 Malugay St. San Antonio Village Makati City Philippines	Retail Residential	55.56[12] 65.36[9]	53,735 6,089 **59,824**	128 25 **153**	Freehold
6. The St. Francis Shangri-La Place	Shang Central Epifanio de los Santos Avenue Ortigas Center 1550 Mandaluyong City Philippines	Retail Residential	65.36[9]	16,937 3,343 **20,280**	–	Freehold
7. One Shangri-La Place	EDSA corner Shaw Blvd. Mandaluyong City Philippines	Residential	65.36[9]	**11,243**	–	Freehold
8. Horizon Homes	3rd Avenue corner 30th Street Bonifacio Global City Taguig City 1630 Metro Manila Philippines	Residential Residential	39.22[11] 65.36[9]	5,629 2,944 **8,573**	–	Freehold
9. 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
10. Carpark Building	EDSA corner Shaw Blvd. Mandaluyong City Philippines	Carpark building	65.36[9]	**–**	324	Freehold
Total Overseas completed investment properties				**1,989,783**	**2,125**	

Property name	Location	Type	Group's attributable interest %	Approximate gross floor area (square feet)	Approximate number of carpark spaces	Lease expiry
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. Pasir Ris 8	Pasir Ris Drive 3/ Pasir Ris Drive 8 Pasir Ris Central Singapore	Residential	30.00	**135,625**	122,720	Authority inspections in progress	2025
2. Shang Residences at Wack Wack	Wack Wack Road Mandaluyong City Philippines	Residential	65.36(9)	**563,247**	23,647	Interior design and finishing work in progress	2025
3. Aurelia Residences	Fort Bonifacio Taguig Philippines	Residential	32.68(15)	**292,530**	32,075	Mechanical, electrical, plumbing and fire protection and interior finishing work in progress	2026
4. Shang One Horizon	Shaw Boulevard Mandaluyong City Philippines	Office & Others Residential	65.36(9)	302,784 162,659 **465,443**	16,006	Substructure work completed and superstructure work in progress	2028
5. Laya	Canley Road and St. Peter Streets Pasig City Philippines	Residential	65.36(9)	**750,789**	23,851	Substructure and superstructure work in progress	2029
6. Haraya Residences	Corner Ortigas and Amang Rodriguez Avenue Pasig City Philippines	Residential	32.68(15)	**440,292**	29,690	Substructure and superstructure work in progress	2029
7. Shang Summit	Sct. Bayoran corner Sct. Esguerra Avenue South Triangle Quezon City Philippines	Residential	65.36(9)	**1,271,520**	42,383	Substructure work in progress and superstructure tender in progress	2031
8. Shang Bauhinia Residences	Gov. H. Cuenco Avenue and Bauhinia Drive Barangay Kasambagan Cebu City Philippines	Residential	65.36(9)	**686,953**	39,576	Foundation work in progress	2031
Total Overseas properties under development				**4,606,399**	**329,948**		

Property name	Location	Type	Group's attributable interest %	Approximate gross floor area (square feet)	Approximate number of carpark spaces	Lease expiry
Overseas Properties						
D. Held for sale						
1. The Rise	7248 Malugay St. San Antonio Village Makati City Philippines	Residential	58.18(14)	**920**	–	Freehold
Total Overseas property held for sale				**920**	**–**	
TOTAL OVERSEAS PROPERTY PORTFOLIO				**7,101,550**		

Notes:

(1) Application for land use certificate in progress.

(2) Payment for land use right in progress.

(3) Included other facility with gross floor area of approximately 65,000 square feet.

(4) Being lettable floor area.

(5) Being net floor area.

(6) Subject to final Hong Kong SAR Government approval plans and documentations.

(7) Property in which the Group is entitled to share of development profits in accordance with the terms and conditions of the development agreement.

(8) As regards the reclamation project in Macau, according to the Macau SAR Government Notice which was gazetted on 14 October 2009, a piece of land will be granted in exchange with location and size to be identified and agreed.

(9) Including attributable interest of 30.75% held through Philippine Deposit Receipts.

(10) Including attributable interest of 21.54% held through Philippine Deposit Receipts.

(11) Including attributable interest of 18.45% held through Philippine Deposit Receipts.

(12) Including attributable interest of 26.14% held through Philippine Deposit Receipts.

(13) Being site area.

(14) Including attributable interest of 27.37% held through Philippine Deposit Receipts.

(15) Including attributable interest of 15.38% held through Philippine Deposit Receipts.

(16) Gross floor areas exclude carpark spaces.

FIVE-YEAR FINANCIAL SUMMARY

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

	2024 HK$ million	2023 HK$ million	2022 HK$ million	2021 HK$ million	2020 HK$ million
Results					
Revenue	**19,499**	13,090	14,590	15,327	14,526
Profit attributable to shareholders	**808**	3,243	2,755	10,358	5,403
Assets and liabilities					
Non-current assets	**143,981**	150,027	144,181	148,036	148,945
Net current assets	**34,932**	32,560	37,797	29,577	26,208
Total assets less current liabilities	**178,913**	182,587	181,978	177,613	175,153
Long-term liabilities and non-controlling interests	**(75,602)**	(75,330)	(73,191)	(60,784)	(65,280)
Shareholders' funds	**103,311**	107,257	108,787	116,829	109,873

DEFINITIONS

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

"2011 Share Option Scheme"	the share option scheme adopted by the Company on 5 May 2011
"2020 Share Option Scheme"	the share option scheme adopted by the Company on 20 May 2020
"2024 AGM"	the AGM held on 20 May 2024
"2025 AGM"	the AGM to be held on 23 May 2025
"ACGC"	the Audit and Corporate Governance Committee of the Company
"Adjusted EPS"	earnings per share calculated based on underlying profit
"AGM"	the annual general meeting of the Company
"AUD"	Australian dollar, the lawful currency of Australia
"Board"	the board of Directors
"Bye-laws"	the bye-laws of the Company as amended and/or restated from time to time
"CEO"	the Chief Executive Officer of the Company
"CFO"	the Chief Financial Officer of the Company
"CG Code"	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
"Chairman"	the chairman of the Board
"Combined revenue/rental income/results"	revenue/rental income/results from the Company, its subsidiaries and share of associates and joint ventures in the Mainland and Hong Kong
"Company" or "KPL"	Kerry Properties Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
"Directors"	the director(s) of the Company
"ED"	executive director of the Company
"EPS"	earnings per share
"ESG"	environmental, social and governance
"GDP"	gross domestic product
"GFA"	gross floor area
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKAS"	Hong Kong Accounting Standard
"HKFRS"	Hong Kong Financial Reporting Standard
"Independent Non-executive Director(s)" or "INED(s)"	independent non-executive director(s) of the Company
"JPY"	Japanese yen, the lawful currency of Japan
"KGL"	Kerry Group Limited, controlling shareholder of the Company
"KHL"	Kerry Holdings Limited, a wholly-owned subsidiary of KGL
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Non-executive Director" or "NED"	non-executive director of the Company

"Registers of Members"	the registers of members of the Company
"RMB"	Renminbi, the lawful currency of the People's Republic of China
"SA"	Shangri-La Asia Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are primarily listed on the Main Board of the Stock Exchange with secondary listing on the Singapore Exchange Securities Trading Limited
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"SGM"	special general meeting
"Share(s)"	ordinary share(s) of par value HK$1.00 each in the capital of the Company, or, if there has been a subdivision, consolidation, reclassification or reconstruction of the number of issued shares of the Company, from time to time, shares forming part of the number of issued ordinary shares of the Company
"Share Award Scheme"	a share award scheme of the Company adopted by the Board on 25 November 2022, together with an addendum thereto dated 28 March 2024
"Shareholder(s)"	the holder(s) of the Share(s)
"sq ft"	square feet
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US"	the United States of America
"%"	per cent
"% pts"	percentage points

CORPORATE INFORMATION & FINANCIAL CALENDAR

BOARD OF DIRECTORS

Executive Director

Mr Kuok Khoon Hua (Chairman and Chief Executive Officer)

Independent Non-executive Directors

Mr Hui Chun Yue, David
Mr Chum Kwan Lock, Grant
Dr Li Rui

Non-executive Director

Ms Tong Shao Ming

AUDIT AND CORPORATE GOVERNANCE COMMITTEE

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

REMUNERATION COMMITTEE

Mr Hui Chun Yue, David (Chairman)
Mr Kuok Khoon Hua
Mr Chum Kwan Lock, Grant

NOMINATION COMMITTEE

Mr Kuok Khoon Hua (Chairman)
Mr Hui Chun Yue, David
Mr Chum Kwan Lock, Grant

FINANCE COMMITTEE

Mr Kuok Khoon Hua
Ms Cheng Wai Sin

COMPANY SECRETARY

Ms Cheng Wai Sin

INDEPENDENT AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and
Registered Public Interest Entity Auditor

REGISTERED OFFICE

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Global Corporate Services (Bermuda) Limited
Canon's Court, 22 Victoria Street
PO Box HM 1179, Hamilton HM EX
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road, Hong Kong

CORPORATE COMMUNICATION

Kerry Properties Limited
25/F, Kerry Centre, 683 King's Road
Quarry Bay, Hong Kong
Telephone: (852) 2967 2200
Facsimile: (852) 2967 2900
Email: communication@kerryprops.com

INVESTOR RELATIONS

Kerry Properties Limited
25/F, Kerry Centre, 683 King's Road
Quarry Bay, Hong Kong
Telephone: (852) 2967 2200
Facsimile: (852) 2967 2900
Email: ir@kerryprops.com

THE OMBUDSPERSON OF KERRY PROPERTIES LIMITED

(For receipt of all whistleblowing/complaints reports)
Kerry Properties Limited
25/F, Kerry Centre, 683 King's Road
Quarry Bay, Hong Kong
Email: ombuds@kerryprops.com

WEBSITE

www.kerryprops.com

STOCK CODES

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

FINANCIAL CALENDAR

Latest time to lodge transfer documents for registration with Tricor Investor Services Limited (for Annual General Meeting)
At 4:30 p.m. on 19 May 2025

Closure of Registers of Members (for Annual General Meeting)
20 to 23 May 2025 (both days inclusive)

Annual General Meeting
23 May 2025

Ex-dividend Date (for Final Dividend)
27 May 2025

Latest time to lodge transfer documents for registration with Tricor Investor Services Limited (for Final Dividend)
At 4:30 p.m. on 28 May 2025

Closure of Registers of Members and Record Date (for Final Dividend)
29 May 2025

Proposed Payment Date of Final Dividend
10 June 2025

KERRY PROPERTIES LIMITED

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

Tel : (852) 2967 2200 Fax : (852) 2967 2900

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