嘉里建設有限公司*

KERRY PROPERTIES LIMITED

(Incorporated in Bermuda with limited liability)

website: www.kerryprops.com

(Stock Code: 683)

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FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The Board of Directors (the "**Board**") of Kerry Properties Limited (the "**Company**" and, together with its subsidiaries, the "**Group**") is pleased to announce the consolidated final results of the Group for the year ended 31 December 2021. The Audit and Corporate Governance Committee of the Company has met to review the audited consolidated results and the financial statements of the Group for the year ended 31 December 2021 prior to recommending them to the Board for approval.

OVERALL RESULTS

- The Group recorded **consolidated revenue** of HK$15.33 billion, up 6% year on year. **Underlying profit (excluding fair value changes and one-time gain from the disposal of shares in Kerry Logistics Network Limited ("KLN"))** was HK$6.27 billion, up 48%. **Profit attributable to shareholders** of the Company was HK$10.36 billion, up 92%.

- The Group achieved **contracted sales** of HK$17.91 billion for Hong Kong and the Mainland, which surpasses the 2021 full-year sales target by 33%. Hong Kong achieved HK$9.30 billion, 166% of Hong Kong's full-year sales target, and the Mainland achieved HK$8.61 billion, 109% of Mainland's full-year sales target.

- **Property rental revenue** for the Group was HK$5.34 billion, up 11% compared to the same period last year. Investment properties in Hong Kong achieved HK$1.29 billion, similar to the same period last year, and the Mainland achieved HK$4.05 billion, up 15% compared to the same period last year. Hong Kong and the Mainland accounted for 24% and 76% respectively of total rental revenue for the Group.

- **Gross profit margin** for the Group was 57% (2020: 58%). The Property Sales business recorded 51% (2020: 50%) in gross profit margins, up 1% compared to the same period last year, and the Property Rental business recorded 75% (2020: 77%), down 2% compared to the same period last year.

- **Earnings per share** was HK$7.11, an increase of 92% compared to 2020, and **Net Assets Attributable to Shareholders** was HK$80.32 per share, an increase of 6% compared to 2020.

* *For identification purpose only*

- The Group measured its **investment properties portfolio on a fair value basis** and recorded an increase in fair value of investment properties (net of deferred taxation) of HK$2.0 billion (2020:HK$1.17 billion).

- **Total capital resources** for the Group were HK$52.31 billion as at 31 December 2021. This includes cash and bank deposits of HK$17.44 billion and undrawn loan facilities from banks of HK$34.87 billion.

- **Gearing ratio** decreased 790 basis points to 17.2% as at 31 December 2021 (31 December 2020: 25.1%).

- The Group recorded a **one-time gain of HK$2.09 billion from the disposal of shares in KLN** in September 2021. This was in connection with a partial offer for KLN shares and reduced the Group's shareholding interest in KLN from 39.75% to 20.84% as of 31 December 2021 ("**Partial Offer**"). Total net proceeds of HK$11.59 billion was received by the Company from the disposal of KLN shares, the placing of KLN shares by the Company in connection to the Partial Offer, and the special dividend declared by KLN. From the total net proceeds, approximately 29% was distributed to eligible shareholders of the Company in the form of a one-time special dividend of HK$2.30 per share in October 2021; while the remaining balance was retained by the Group to fortify its balance sheet, and for business development purposes.

- The Directors have recommended the payment of a **Final Dividend** of HK$0.95 per share for the year ended 31 December 2021. Together with the interim dividend of HK$0.40 per share and the special dividend of HK$2.30 per share, the total cash dividend for the year ended 31 December 2021 will be HK$3.65 per share (2020: HK$1.35 per share).

BUSINESS REVIEW

PRESENCE IN THE MAINLAND AND HONG KONG

Landbanking

The Group has a strong presence in the Mainland and Hong Kong, with 12 development properties projects for sale in 8 cities including Hong Kong, Zhengzhou, Shenyang, Qianhai, Fuzhou, Hangzhou, Qinhuangdao and Kunming in 2021; and 8 major mixed-use projects in Shanghai, Beijing, Shenzhen, Qianhai, Hangzhou, Shenyang and Hong Kong.

As of 31 December 2021, the Group has total gross floor area ("**GFA**") of 51.82 million square feet in its property portfolio, which is comprised of Completed Investment Properties of 15.91 million square feet GFA, Properties Held For Sale of 1.78 million square feet GFA, Hotel Properties of 4.89 million square feet GFA, and Projects Under Development which includes properties for sale and to be held for investment of 29.24 million square feet GFA. In terms of the Group's Projects Under Development, approximately 12.56 million square feet GFA are development properties for sale in Hong Kong and the Mainland, and 9.74 million square feet GFA are earmarked as potential investment properties in the Mainland. The remaining 6.94 million square feet GFA consist of projects under development in Macau and Overseas, which include the Philippines, Sri Lanka and Singapore.

The total net asset value for the Group at the end of the reporting period increased 6% to HK$132.31 billion (2020: HK$124.66 billion), and the total net assets attributable to shareholders is HK$80.32 per share, increasing 6% (2020: HK$75.44 per share).

Property Portfolio Composition

	Group's attributable GFA				
As of 31 December 2021:	Mainland	Hong Kong	Macau[1]	Overseas	Total
	('000 square feet)				
Completed Investment Properties	9,914	4,128	-	1,867	**15,909**
Hotel Properties	4,347	38	-	504	**4,889**
Properties Under Development	20,765	1,537	1,988	4,948	**29,238**
Properties Held for Sale	1,248	535	-	-	**1,783**
Total GFA	**36,274**	**6,238**	**1,988**	**7,319**	**51,819**

Note:
(1) The property portfolio in Macau represents the buildable GFA of a site that was surrendered to the Macau SAR Government in September 2009. According to the Macau SAR Government Notice gazetted on 14 October 2009, a piece of land will be granted in exchange for this, with size and location to be identified and agreed upon.
(2) Properties Under Development for Hong Kong excludes Mont Verra, which was completed during 2021. Including Mont Verra, which has 343,000 square feet GFA, the total Properties Under Development for Hong Kong amounts to 1,880,000 square feet.

Compared to the same period in 2020, the Group increased its landbank by approximately 6 million square feet GFA with high potential investments in three new land projects in 2021, and one new project in January 2022. In the Mainland, the Group acquired two transit-oriented mixed-use developments in Shanghai, with a combined GFA of approximately 5.3 million square feet in 2021 and early 2022. The first project, a joint venture with GIC (Realty) Pte. Ltd., was acquired in February 2021, and is located in the Jinqiao sub-district of Pudong New District. The Pudong site delivers a high degree of accessibility through direct access to the Jufeng Road interchange station that connects to Shanghai's Metro Lines 12 and 6 and accommodates a bus terminus with eight routes. The mixed-use project will yield approximately 3.1 million square feet GFA, with approximately 0.5 million square feet GFA of residential for sale, 2.3 million square feet GFA for retail, and 0.3 million square feet GFA for office. Upon completion, the shopping complex will provide an integrated customer experience featuring shopping, dining, leisure and entertainment for a core catchment of around 700,000 consumers; while the residential and office portion will offer unbridled views of the Caojiagou River, Puxing Culture Park, and the future Jufeng Sports Park.

The second project is situated in the heart of Huangpu district, Shanghai, and is located in close proximity to landmarks such as The Bund, Yu Gardens, People's Square and Xintiandi. In November 2021, the Group was confirmed as the selected tenderer in a tender process of 10 adjacent plots of land for development. The tender process for the 10 plots of land consists of (stage one) tenderer selection, and (stage two) two separate tender processes. Subject to the tender process, all 10 plots of land can offer total planned GFA of approximately 5.29 million square feet for residential, high-rise and low-rise offices, retail and hotel. In January 2022, the Group successfully won the tender for the acquisition of the land use rights for 4 adjacent mixed-use development plots. The land has direct access to the newly opened Yuyuan Station which is an important interchange station for Metro Line 10 and Metro Line 14 and is one station away from the Lujiazui Central Business District. The land also provides good vehicular accessibility via Yan'an Elevated Expressway, Renmin Road Tunnel and Yan'an Road Tunnel. The total GFA for the four plots of land amount to approximately 2.14 million square feet, of which 1.34 million square feet is for residential, comprising residential high-rise apartments and shikumen townhouses; around 0.8 million square feet is for hotel, office and retail. The Group envisions the project to be a rare placemaking opportunity in the heart of Shanghai to connect The Bund to Huaihai Road, and Xintiandi to the Old City. In terms of the result for the tender of the other 6 plots of land, it is subject to the subsequent arrangement for the grant of land use rights and announcement to be made by the Shanghai Municipal Huangpu District Planning and Natural Resources Bureau[Note].

Note: The project and the second batch of land are separate tenders and the Group considers that in the event that the acquisition of the second batch of land were not to proceed, the development of the first batch of land will not be materially affected.

In Hong Kong, the Group acquired two residential projects during the year, totalling approximately 725,000 square feet GFA. The first project is a 50/50 joint venture that the Group entered into in July 2021 with Top Spring International Holdings Limited (HKEx: 3688). The venture consists of two land parcels in Yuen Long's Shap Pat Heung Road and Tai Tong Road. The sites are located in a fast-developing neighbourhood and are a few minutes away from Yuen Long's town centre and the Yuen Long West Rail Station, with good accessibility and many bus and minibus routes along the Yuen Long section of Castle Peak Road. The process to convert the two sites from agricultural land reserves to private residential usage has been successfully completed, with the Shap Pat Heung Road and Tai Tong Road sites expected to generate approximately 245,000 square feet and 36,000 square feet of gross floor area respectively. The Group will develop them into a new high-quality residential project with approximately 676 units that will offer unobstructed open views.

The second project in Hong Kong is a To Kwa Wan tender site that the Group won from the Urban Renewal Authority ("URA") in December 2021. The site lies in a core urban area in Kowloon that is set for transformation under the urban renewal master development blueprint of To Kwa Wan. The project will generate approximately 444,000 square feet of GFA, of which about 370,000 square feet will accommodate the development of residential apartments, with the remaining floor area of 74,000 square feet designated for the creation of commercial and retail spaces. The project is in close proximity to To Kwa Wan MTR station, and will create synergy with adjoining URA developments by enhancing connectivity within the district. Through a combination of building design, placemaking and sustainability elements, the Project will bring vitality to the surrounding communities while enriching people's lives.

Landbanking Strategy

The Group maintains a business development strategy of building a portfolio of premium investment properties consisting of office, retail, hotels and apartments for lease primarily in the Mainland, while managing a robust pipeline of development properties in the Mainland and Hong Kong. The Group continues to focus on: (1) In the Mainland - deep rooting and investing in well located mixed-use developments in core and major cities in the Yangtze River Delta and the Greater Bay Area; and (2) In Hong Kong, to continue to invest in high quality, urban gentrification development property project opportunities. This is aimed at growing the company's recurrent income base while fueling further growth through non-recurrent revenue from development properties.

Based on this strategy, the Group's property rental revenue has grown steadily, with property rental income from the Mainland and Hong Kong increasing 11% year-on-year from HK$4.83 billion in 2020 to HK$5.34 billion in 2021. We see this as a robust strategy to add to our solid recurrent income pipeline to support our sustainable dividend policy.

Development Properties Update and Pipeline

During the period under review, the Group achieved positive results with contracted sales of HK$17.91 billion for Hong Kong and the Mainland, surpassing the full year target of HK$13.5 billion by 33%. This result was contributed by Hong Kong, which achieved HK$9.30 billion, or 166% of its full-year target of HK$5.60 billion; and the Mainland, which achieved HK$8.61 billion, or 109% of its full-year target of HK$7.90 billion.

Our strategic and proactive landbanking approach over the past few years has built up a robust development properties pipeline in the Mainland and Hong Kong. As at 31 December 2021, the total attributable GFA of for-sale development properties is 12.56 million square feet, with the Mainland yielding 11.03 million square feet GFA, and Hong Kong providing 1.53 million square feet GFA. This pipeline is sufficient to provide a consistent supply of contracted sales for the Group for the next 5 years and beyond.

The Group's Development Properties Completion Pipeline

Mainland Projects	Equity Stake	Attributable GFA ('000 square feet)	Completion	Hong Kong Projects	Equity Stake	Attributable GFA ('000 square feet)
			2021	Mont Verra	100%	343
Fuzhou	100%	2,360	2022			
Shenyang	60%	1,998	2022 onwards			
Kunming	55%	124	2023	LA MARINA	50%	246
Zhengzhou	55%	580	2023 onwards			
Hangzhou	100%	1,006	2024			
Shenzhen	70%	75	2024			
Shanghai Pudong	40%	199	2024 onwards			
Qinhuangdao	60%	1,894	2024 onwards			
Tianjin	49%	150	2025	THE SOUTHSIDE Pk. 4	50%	319
Wuhan	100%	2,640	2025 onwards	Yuen Long	50%	141
			2026	LOHAS Park Pk. 13	25%	387
			2027	To Kwa Wan	100%	444
Total		**11,026**		**Total**		**1,880**

Note: The Shanghai Huangpu project will add a further 1.34 million square feet GFA of development properties for sale, with completion expected in 2026.

Investment Properties Update and Pipeline

The Group's investment properties portfolio and hotel operations currently has 16.35 million square feet GFA under active management, consisting of Office, Retail, Apartment, Hotel and Warehouses. Of the total GFA, Hong Kong comprised 4.17 million square feet, or 25% of the total investment properties and hotels portfolio, and the Mainland comprised 12.18 million square feet, or 75% of the total investment properties and hotels portfolio, and. As at 31 December 2021, the Group's investment properties portfolio including hotel operations delivered HK$6.96 billion in revenue, a 16% increase compared to the same period last year. Of this revenue, Hong Kong contributed HK$1.29 billion, similar to last year, and the Mainland achieved HK$5.67 billion, a year-on-year increase of 21%.

Their respective composition follows:

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

As of 31 December 2021:	Hong Kong	Beijing	Shanghai	Shenzhen	Hangzhou	Shenyang	Tianjin	Total
				('000 square feet)				
Office	778	711	1,388	2,839	102	354	-	**6,172**
Retail	1,213	98	1,096	327	798	486	435	**4,453**
Apartment	871	277	774	-	-	-	-	**1,922**
Hotel	38	500	760	-	461	394	382	**2,535**
Warehouse	1,266	-	-	-	-	-	-	**1,266**
TOTAL	**4,166**	**1,586**	**4,018**	**3,166**	**1,361**	**1,234**	**817**	**16,348**

Our current pipeline of major mixed-use projects including hotels under development in the Mainland will produce an additional 9.7 million square feet GFA to the portfolio by 2026. This is largely comprised of approximately 4.4 million square feet GFA of Office, approximately 4.2 million square feet GFA of Retail, and approximately 0.8 million square feet GFA of Hotel properties. Key contributors to our growing investment properties portfolio will come from projects in Shanghai, Wuhan, Hangzhou, Qianhai and Shenyang. This will add on significantly to our recurrent income base.

These 5 major projects will be launched over the next 5 years with Phase 1 of Qianhai Kerry Centre having launched in late 2020, and culminating with our Wuhan project in 2025. In addition to other mixed-use project under development in the Mainland, the total combined GFA in the Mainland under the Group's asset management will be approximately 24 million square feet, increasing our current mixed-use development portfolio in the Mainland by close to 70%. This gives the Group a robust investment properties pipeline to progressively grow our recurrent income base with the introduction of new assets on a steady schedule, while offering further upside as we proactively look to optimize our mix and rental reversion.

Group's Major Mixed-Use Projects Under Development in the Mainland (Attributable GFA)

City	**Apartment**	**Office**	**Retail**	**Hotel**	**Total**	**Target Completion**
		('000 square feet)				
Qianhai	187	632	129	107	**1,055**	From 2021
Fuzhou	-	334	822	-	**1,156**	2022
Shenyang	-	447	618	-	**1,065**	From 2022
Nanchang	-	496	18	-	**514**	2023
Kunming	-	-	-	258	**258**	2023
Zhengzhou	-	349	-	226	**575**	From 2023
Hangzhou	196	245	1,109	175	**1,725**	From 2024
Shanghai Pudong	-	108	932	-	**1,040**	From 2024
Tianjin	-	489	92	-	**581**	2025
Wuhan	-	1,318	453	-	**1,771**	From 2025
Total	**383**	**4,418**	**4,173**	**766**	**9,740**	

** Not including Shanghai Huangpu site that was awarded on 4 January 2022, that will add 1.34 million square feet of Residential GFA, and 0.8 million square feet GFA in Office, Retail and Hotel.*

MAINLAND PROPERTY DIVISION

For the year ended 31 December 2021, the Mainland Property Division recorded revenues of HK$10.25 billion (2020: HK$9.96 billion) and a gross profit of HK$6.33 billion (2020: HK$6.04 billion). This represents a yearly increase of 3% and 5% respectively. The improvement can be attributable to strong development properties sales driven in the first half of 2021, the stability and resilience of the Group's rental properties business, and an overall improvement in sentiment and increase in domestic travel to uplift the hotel operations.

During the period under review, the Mainland's commercial climate was dampened by sporadic spikes of Covid-19. In spite of this, the local markets continued at their own pace to return to normalcy in the first half, with local retail and services improving year-on-year, while the demand for high-quality well located residential properties remained strong. Against this backdrop, the Group saw good sales launches and momentum in the first half to achieve HK$6.17 billion, or 78% of the full year target of HK$7.9 billion. In the second half of 2021, businesses entered into an acclimatization period to adopt the macro policy changes introduced by the Central Government. As the Group navigated this shift in market dynamics, its regional sales teams continued to drive contracted sales of its mixed-use linked residential projects. As at 31 December 2021, the Group surpassed its full year contracted sales target for the Mainland of HK$7.9 billion by 9%, and recorded HK$8.61 billion (2020: HK$7.28 billion) in attributable contracted sales.

The performance of the Mainland's investment properties portfolio and hotel operations continued to grow in 2021, with total revenue contributed from properties for rental and hotel operations increasing year-on-year by 21% at HK$5.66 billion (2020: HK$4.7 billion). This improvement is mainly driven by an occupancy growth across the Group's major mixed-use projects in core cities, and across the Office (86%), Retail (88%) and Apartments (90%) segments, which grew year-on-year by 9%, 8% and 6% (including Qianhai Kerry Centre on a like-for-like basis) respectively. Moreover, this was further supported by a partial recovery of the Hotel Operations, which also saw hotel occupancy rates improve during the period under review.

(i) Development Property Portfolio Performance

The Mainland Division completed HK$8.61 billion (2020: HK$7.28 billion) in contracted sales as at 31 December 2021, or 9% over the 2021 full year contracted sales target for the Mainland, which was HK$7.9 billion. In terms of revenue, the Mainland recorded HK$4.59 billion (2020: HK$5.26 billion), and gross profit of HK$2.83 billion (2020: HK$2.99 billion) mainly contributed from recognised sales of apartments from Qianhai Kerry Centre Phase I and Lake Grandeur in Hangzhou. This is down by 13% and 5% respectively when compared to the same period last year. The decline is mainly due to a higher 2020 base and more inventory sold in two of our higher margin projects Lake Grandeur and Qianhai Kerry Centre in 2020.

The Mainland's contracted sales results were largely attributed to six major projects. Zhengzhou's Arcadia Court was met with strong market demand to record HK$2.0 billion in contracted sales. The good market momentum was halted in the second half due to the effects of the flooding that halted much of the city's activity for some time. At the reporting period's end, the Group is pleased to see the city of Zhengzhou largely return to normal, and that the local colleagues and project associates are able to recover from the broad effects of the flood. Sales momentum also resumed by the fourth quarter of 2021.

In Northern China, Shenyang Phase 3 – The Arcadia, which is located in the heart of the city's golden corridor of Youth Avenue, recorded strong contracted sales of HK$1.74 billion, while the Bohai seafront Habitat Phases 1 and 2 in Qinhuangdao delivered around HK$0.6 billion.

Fuzhou Rivercity, which was launched in late 2020, carried its positive sales momentum into 2021 to contribute HK$1.34 billion in contracted sales. Located along the famous Sanjiangkou, the project provides unobstructed waterfront views and direct access to various lifestyle amenities along the river promenade.

In Hangzhou, the Group stepped up its effort to drive sales of its completed luxury residence - Lake Grandeur, by delivering HK$1.0 billion in contracted sales for the period. This was a concerted effort by the local team to focus on the high quality of the project's build, the highly sought-after address near the West Lake, and the strength of the Kerry Properties brand and its good reputation in property management services. As of 31 December 2021, a total of 111 units, or 92% of total stock has been sold.

An important mixed-use development for the Group in the South is the Qianhai Kerry Centre, whose residential apartment sales have been consistently popular with buyers. For the year ended 31 December 2021, contracted sales was HK$1.33 billion, with 449 units, or 99% of total units sold.

As at 31 December 2021, total unrecognized attributable income from contracted sales in the Mainland is approximately HK$7.18 billion, with HK$4.06 billion to be booked in 2022, and around HK$3.12 billion to be booked in 2023 and subsequent years.

A summary of the Mainland's contracted sales achieved as of 31 December 2021:

Project Name	**Group's attributable interest**	**Approximate total saleable area (square feet)**	**Percentage of all units sold**	**Number of units sold in 2021**	**Total Contracted Sales in 2021 (HK$ 'Billion)**
The Arcadia, Shenyang	60%	3,321,000	17%	250	1.7
Rivercity, Fuzhou	100%	2,010,000	35%	340	1.3
Habitat Phase II, Qinhuangdao	60%	1,965,000	6%	58	0.4
Habitat Phase I, Qinhuangdao	60%	1,576,000	95%	36	0.2
Arcadia Height, Shenyang	60%	1,177,000	99%	9	0.2
Arcadia Court, Zhengzhou	55%	1,012,000	79%	276	2.0
Qianhai Kerry Centre Phase 1, Shenzhen	100%	459,000	99%	112	1.3
Lake Grandeur, Hangzhou	75%	333,000	92%	21	1.0
Others					0.5
TOTAL					**8.6**

Note: Others include projects in Kunming, and non-core asset sales in Nanjing, Chengdu, and Shanghai.

Project Background on Mainland Development Properties For Sale

Qianhai Kerry Centre Phase I, Shenzhen

Qianhai Kerry Centre Phase 1 has total saleable area of approximately 459,000 square feet, and is located close to the Guangshen Yanjiang Expressway, while enjoying unobstructed seafront views. The site is designated for a mixed-use development comprising office, apartment, and commercial space, and as a whole has a total buildable GFA of approximately 2.2 million square feet. The project was partially completed in 2020, with the first apartment tower launched for pre-sale in 2018 to strong take-up response.

Lake Grandeur, Hangzhou

Lake Grandeur is the residential portion of Hangzhou Kerry Centre, and delivers residential GFA of approximately 333,000 square feet. Offering both urban convenience with close proximity to the upscale lifestyle offerings at Hangzhou Kerry Centre and nearby metro and traffic access, Lake Grandeur also offers panoramic views of the renowned West Lake. The project was completed in 2017.

Arcadia Height, Shenyang

As part of the Shenyang Kerry Centre Phase II development, Arcadia Height has three residential towers with a GFA of approximately 1.2 million square feet that provides convenience and access to Shenyang's downtown core - Youth Avenue, while providing open views of the city and nearby greenery. Sales of this completed project was met with strong response and two towers of Arcadia Height at the Shenyang Kerry Centre Phase II development have been completed and delivered for occupation.

The Arcadia, Shenyang

The Arcadia is Phase III of the Shenyang Kerry Centre development, and provides approximately 3.3 million square feet of with a residential GFA. Located on the east side of Youth Avenue, and south of Youth Park, the project resides at the core of the city's landmark Golden Corridor development, and is an integrally connect part of the Shenyang Kerry Centre which in its entire yields approximately 11 million square feet of GFA. This mixed-use property comprises Shenyang Arcadia Court, Shenyang Arcadia Heights, the Enterprise Square office towers, a hotel, and a shopping mall. Phases I and II of the development have been completed. Pre-sales by phases for The Arcadia commenced in 2021, and construction is in progress with completion expected in by phases from 2022.

Habitat, Qinhuangdao

Habitat Qinhuangdao, is a seafront residential complex located on the coast of the Bohai Sea, 200 miles east of Beijing. The project provides over 1,000 apartment units distributed across two 30-story terraced buildings. Designed by world renowned architect Moshe Safdie, Habitat Qinhuangdao offers high quality living in a garden environment, combining private terraces, balconies, and solariums with numerous public gardens. The construction permit for Phase II was issued in January 2021, with approximately 2.0 million square feet currently being work in progress. Phases II and III have a combined GFA of approximately 3.2 million square feet. Pre-sales for Phase II began in the fourth quarter of 2021.

Arcadia Court, Zhengzhou
Zhengzhou Arcadia Court is located on the east side of Huayuan Road and to the south of Weier Road with approximately 2.1 million square feet GFA comprising of office, residential, retail and hotel. The residential portion has approximately 1.0 million square feet GFA. Pre-sales commenced in the fourth quarter of 2020, and the project is scheduled to be completed in phases from 2023 onwards.

Rivercity, Fuzhou
Fuzhou Rivercity is located in the Sanjiangkou area where it enjoys a captivating waterfront view. It also lies conveniently at the intersection of the Fuzhou-Xiamen Expressway, and will be linked to the Fuzhou Metro Line 6. The project has an aggregate site area of approximately 1.4 million square feet, the project is planned to yield a total GFA of approximately 3.5 million square feet, with a residential GFA of approximately 2.0 million square feet. The Group plans to develop an integrated complex with office, commercial and residential space. The pre-sale of the residential portion launched in April 2020.

(ii) Investment Property Portfolio Performance

During the period under review, the Group's Mainland portfolio of completed investment properties of mixed-use assets including Office, Retail, Apartment for Lease, and Hotel Operations produced a good result amid sporadic cluster cases of Covid-19 and dampened economic sentiment that affected the Mainland to deliver combined revenue of HK$5.66 billion (2020: HK$4.70 billion) and gross profit of HK$3.50 billion (2020: HK$3.06 billion); growing 21% and 14% year-on-year respectively.

As of 31 December 2021, the Group's aggregate attributable GFA of its major completed investment property portfolio in the Mainland was 9.69 million square feet covering Office, Retail and Apartment for Lease. Their respective gross floor area and occupancy rate by asset type follows:

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

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

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

As of 31 December 2020:	Beijing	Shanghai	Shenzhen	Hangzhou	Shenyang	Tianjin	Total	Occupancy Rate
			('000 square feet)					
Office	711	1,388	2,839	102	354	-	5,394	91% #
Retail	98	1,096	327	798	486	435	3,240	89% #
Apartment	277	774	-	-	-	-	1,051	84%
	1,086	3,258	3,166	900	840	435	9,685	

Note #: 2021 Occupancy Rates include Qianhai Kerry Centre Phase I which recorded committed tenancy rates of 62% for Office and 54% for Retail as of 31 December 2021. 2020 excludes offices and retail space of Qianhai Kerry Centre Phase I, where leasing commenced in third quarter of 2020. If including Qianhai Kerry Centre Phase 1, Office was 77%; retail was 80%.

In 2021, the Mainland economy's forward pace was impeded by sporadic outbreaks of Covid-19 across different cities and the adaptation period required by industries to acclimatize themselves to policy changes introduced by the government in the second half. While these factors dampened the overall market sentiment in the second half of 2021, the Central Government's implementation of the Dual Circulation policy, which was introduced to build-up and boost domestic consumption and investment, saw overall retail sales grow despite the macro considerations. This is especially evident when considering the figures published by the National Bureau of Statistics that showed overall retail sales increasing 12.5% year-on-year. The Group sees this as a positive signal, which is aligned with the Group's positive performance in terms of its full year uplift in revenue and occupancy in its retail and office segment.

On the Retail side, revenue as of 31 December 2021 was HK$1.1billion, improving 23% compared to 2020. This was supported by an improvement in the overall occupancy for the Group's retail operations in the Mainland, which was up year on year by 8% (including Qianhai Kerry Centre on a like-for-like basis) at 88%. The Group's key mixed-use shopping malls in Shanghai, Hangzhou and Beijing saw positive rental reversion on higher year-on-year occupancies, with Jing An Kerry Centre up 6% at 97%, Hangzhou Kerry Centre up 1% at 93%, and Beijing Kerry Centre up 5% at 92%. The Group's other retail operations recorded flattish to single digit occupancy growth. The Group's newest retail space in Qianhai Kerry Centre recorded occupancy levels of 43%, with another 11% of committed retail tenancies scheduled to take up occupancy in 2022.

The Office segment showed its resiliency in 2021 with overall Office segment occupancy levels at 86%, up 9% compared to 2020 (including Qianhai Kerry Centre on a like-for-like basis), and remained a solid contributor with projects in major mixed-use assets and provincial capital cities delivering occupancy levels in line with expectations. In Shanghai, Jing An Kerry Centre and Pudong Kerry Parkside delivered 99% and 100% occupancy, growing 4% and 2% over the same period last year. In Hangzhou, our office occupancy was at 88% with 2020 at 95%.

In Southern China, Shenzhen Kerry Plaza recorded 94% occupancy for 2021, growing 1% over 2020, while Qianhai Kerry Centre Phase 1 office occupancy levels were 46%, and committed tenancies were 16%. In the North, Beijing Kerry Centre's office occupancy was 97%, up around 9% from tenancy reshuffling, while Shenyang Kerry Centre's office occupancy delivered a yearly gain of 8% to record occupancy levels of 88% from proactive leasing efforts to secure commitments from reputable domestic tenants. The overall improvement in occupancy contributed to the Office segment's revenue of HK$2.1 billion as of 31 December 2021, which represents a year-on-year improvement of 12%.

The Group's Apartment for Lease segment saw the strongest yearly occupancy increase, growing by 6% to reach 90% for the year in review to reverse the decline in 2020. This strong result saw good performances from all four of the Group's apartment business. Shanghai's apartments saw most significant growth – Pudong Kerry Parkside apartments grew 3% to record 95% occupancy, Central Residence II saw its occupancy grow year-on-year by 16% to reach 85% occupancy, and Jing An Kerry Centre apartments recorded 97% occupancy, or annual growth of 1%. In spite of strong pandemic lockdown measures in the nation's capital, Beijing Kerry Centre apartments maintained its high occupancy level of 93%, up 1% compare to last year. On Apartment revenue, the segment recorded HK$0.3 billion for the year in review, representing a year-on-year increase of 16%.

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

Property	Occupancy rate as of 31 December 2021	Occupancy rate as of 31 December 2020	Year-on-year variance
Jing An Kerry Centre Phase I, Shanghai	**98%**	92%	6%
Jing An Kerry Centre Phase II, Shanghai [(1)]	**98%**	95%	3%
Pudong Kerry Parkside, Shanghai [(1)]	**98%**	97%	1%
Beijing Kerry Centre [(1)]	**95%**	89%	6%
Hangzhou Kerry Centre [(1)]	**92%**	93%	-1%
Shenzhen Kerry Plaza	**95%**	93%	2%
Shenyang Kerry Centre [(1)]	**87%**	81%	6%
Tianjin Kerry Centre [(1)]	**86%**	79%	7%
Qianhai Kerry Centre Phase I [(2)]	**45%**	12%	33%

Notes:

(1) Excluding the hotel portion.

(2) Qianhai Kerry Centre Phase I had committed tenancy rates of 62% for Office and 54% for Retail as of 31 December 2021.

Hotel Operations benefitted from a recovery in the first half, and drove to increase revenue via food and beverages offerings, MICE services, and packages to attract domestic business and leisure travel spending. However, due to sporadic outbreaks leading to pandemic localized lockdowns and travel restrictions, Hotel Operations ended the year with a 37% year-on-year increase in revenue of HK$1.61 billion (2020: HK$1.18 billion).

A summary of the Group's hotel operations performance for the year ended 31 December 2021 follows:

Property name	Group's attributable interest	Average occupancy rate for the year ended 31 December 2021	Average occupancy rate for the year ended 31 December 2020	Year-on-year variance
Jing An Shangri-La Hotel	51%	**66%**	51%	15%
Kerry Hotel Beijing	71.25%	**55%**	35%	20%
Kerry Hotel Pudong, Shanghai	40.80%	**54%**	39%	15%
Midtown Shangri-La Hotel, Hangzhou	75%	**63%**	57%	6%
Shangri-La Hotel, Shenyang	60%	**39%**	36%	3%
Shangri-La Hotel, Nanchang	80%	**63%**	55%	8%
Shangri-La Hotel, Jinan	55%	**69%**	55%	14%
Shangri-La Hotel, Putian	60%	**29%**	N/A	-
Shangri-La Hotel, Tianjin	49%	**56%**	40%	16%
Shangri-La Hotel, Nanjing	45%	**59%**	50%	9%
Shangri-La Hotel, Tangshan	40%	**51%**	44%	7%

Project Background on Major Mixed-use Developments in the Mainland

Jing An Kerry Centre, Shanghai

Jing An Kerry Centre, located in Shanghai's Jingan District, is a mixed-use development whereby the Group holds 74.25% and 51% interests in its Phases I and II respectively. With a total GFA of 3.7 million square feet, Jing An Kerry Centre integrates office, residential and retail components with a Shangri-La Hotel. As of 31 December 2021, 99% of the offices (2020: 95%), 97% of the retail space (2020: 91%), and 97% of the Apartments (2020: 96%) were leased.

Pudong Kerry Parkside, Shanghai

Pudong Kerry Parkside is situated in Shanghai's Pudong New Area and is a 40.8%-held mixed-use development comprising office, residential, retail space and a Kerry Hotel with a total GFA of 2.7 million square feet. As of 31 December 2021, the retail space and offices were 95% and 100% leased respectively (2020: both 98%), while the residential portion was 95% occupied (2020: 92%).

Beijing Kerry Centre

Beijing Kerry Centre is a 71.25%-held mixed-use development in Chaoyang District. Comprising office, residential and retail properties and a Kerry Hotel, it has a total GFA of 2.2 million square feet. As of 31 December 2021, the occupancy rate of the retail space was 92% (2020: 87%), and the offices were 97% leased (2020: 88%). The residential portion was 93% leased (2020: 92%).

Hangzhou Kerry Centre

Hangzhou Kerry Centre, located in Xiacheng District, is 75% held by the Group. This 2.2 million square feet mixed-use development comprises office, residential and retail properties and a Shangri-La Hotel. As of 31 December 2021, the offices were 88% leased (2020: 95%), and 93% of the retail space was leased (2020: 92%).

Shenzhen Kerry Plaza

Shenzhen Kerry Plaza is situated in the core of the Futian CBD and is wholly owned by the Group. This 1.7 million square feet development comprises three office towers and retail properties. As of 31 December 2021, the occupancy rate of the development was 95% (2020: 93%).

Shenyang Kerry Centre

Shenyang Kerry Centre is located in Shenhe District. The Group holds a 60% stake in this mixed-use project that includes office, residential and retail properties as well as a Shangri-La Hotel, delivering a GFA of 11 million square feet. As of 31 December 2021, 88% of the offices (2020: 80%) and 86% of the retail space (2020: 81%) were leased.

Tianjin Kerry Centre

Tianjin Kerry Centre is a riverfront property located in the Hedong CBD. Phase I of this 49%-owned mixed-use project includes residential and retail properties along with a Shangri-La Hotel, delivering a total GFA of approximately 3.6 million square feet. Construction of Phase II is currently underway. As of 31 December 2021, the Riverview Place mall was 86% leased (2020: 79%).

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

Phase I is wholly owned by the Group and has a total buildable GFA of approximately 2.2 million square feet, on a commercial site of 350,000 square feet. This phase includes a portfolio of office, residential and retail properties, with the office and retail portions already completed. As of 31 December 2021, the offices and retail were 46% (2020: 15%) and 43% (2020: Nil) leased respectively.

Jinan Enterprise Square
Jinan Enterprise Square is located in Lixia District. This 55%-owned project comprises office and retail properties and a Shangri-La Hotel, with a total GFA of approximately 1 million square feet. As of 31 December 2021, the offices were 80% leased (2020: 80%), and 100% of the retail space was leased (2020: 100%).

(iii) Mainland Properties Under Development and Landbank

As of 31 December 2021, the Mainland Property Division has a pipeline of projects under development amounting to 20.8 million square feet GFA. This supply will produce 11.0 million square feet GFA of development properties for sale across 10 projects that will provide for at least the next five years, and a strong roadmap of investment properties for lease and hotels that will add 9.8 million square feet of commercial properties to grow the Group's recurrent income base beyond the next five years.

An overview of the Group's projects under development in the Mainland follows:

As of 31 December 2021	**Group's Attributable GFA of Projects in the Mainland upon Completion**					
	Residential/ Apartment	**Office**	**Retail**	**Hotel**	**Total**	**Target Completion**
			('000 square feet)			
Wuhan	2,640	1,318	453	-	4,411	From 2025
Fuzhou	2,010	684	822	-	3,516	2022
Shenyang	1,992	447	623	-	3,062	From 2022
Hangzhou	1,202	245	1,109	175	2,731	From 2024
Qinhuangdao	1,817	-	77	-	1,894	From 2024
Shanghai Pudong	199	108	932	-	1,239	From 2024
Zhengzhou	557	349	23	226	1,155	From 2023
Shenzhen	187	707	129	107	1,130	From 2022
Tianjin	150	489	92	-	731	2025
Nanchang	-	496	18	-	514	2023
Kunming	124	-	-	258	382	2023
Total	10,878	4,843	4,278	766	20,765	

** Not including Shanghai Huangpu site that was awarded on 4 January 2022, that will add 1.34 million square feet of Residential GFA, and 0.8 million square feet GFA in Office, Retail and Hotel.*

Project Background on Major Properties Under Developments in the Mainland

Wuhan
The Group has acquired the land-use rights to a site located in Jianghan District. This wholly owned project, with an aggregate site area of approximately 700,000 square feet, is designed to yield a total GFA of approximately 4.4 million square feet. The Group plans to develop a large-scale complex with office, residential, retail and educational components. The project has a residential GFA of approximately 2.6 million square feet with pre-sales scheduled to commence in 2023.

Fuzhou
The Group has an office, residential and retail development in the Sanjiangkou area of Cangshan District. This wholly owned project, with an aggregate site area of approximately 1.4 million square feet, is designed to yield a total GFA of approximately 3.5 million square feet, with completion targeted for 2022, pre-sales of the residential portion were launched in 2020.

Shenyang
The Group's 60%-owned Shenyang Kerry Centre project will yield a GFA of approximately 11 million square feet. This mixed-use project will include office, residential and retail properties and a hotel. Phases I and II of the development have been completed, with Phase III targeted for completion from 2022 onwards.

Hangzhou
In 2019, the Group won a bid for a residential and commercial site in Xiacheng District. With a site area of approximately 1 million square feet, this wholly owned project is planned to yield a GFA of approximately 2.7 million square feet. The Group plans to develop the site into a large-scale complex with office, residential and retail properties and a hotel. Completion is scheduled from 2024 onwards.

Qinhuangdao
Habitat, centrally located in Haigang District, is planned for residential and retail development in three phases. Phase II with a GFA of approximately 2.0 million square feet is currently under construction, and Phase III with 1.2 million square feet GFA currently under planning. The Group holds a 60% interest in the project, and completion is targeted from 2024 onwards.

Qianhai, Shenzhen
Qianhai Kerry Centre is a mixed-use project under development in three phases. Phase I is wholly owned by the Group and has a total buildable GFA of approximately 2.2 million square feet, on a commercial site of 350,000 square feet. This phase includes a portfolio of office, residential and retail properties, and was partially completed in 2020 with decoration works in progress.

The Group, Kerry Holdings Limited and The Bank of East Asia, Limited are jointly developing Phase II on an adjacent site with an area of approximately 207,000 square feet. This phase is designed to yield a GFA of approximately 1.3 million square feet for office, retail and hotel developments. The Group holds a 25% interest in the Phase II development, and completion is scheduled from 2022 onwards.

Phase III of the project is situated in the Qianwan area, adjacent to the other two developments. This new phase occupies an area of approximately 184,000 square feet, which is planned to yield a GFA of approximately 886,000 square feet, accommodating office and retail spaces, as well as complementary community facilities. This phase, in which the Group holds a 70% interest, is developed through a joint venture with Sino Land Company Limited ("**Sino Land**"), with completion scheduled in 2024.

Shanghai Pudong

On 23 February 2021, the Group, together with GIC (Realty) Pte. Ltd., was awarded a mixed-use development site in Shanghai's Pudong New Area. The site has an area of approximately 711,000 square feet and, is expected to yield a GFA of approximately 3.1 million square feet, including a residential GFA of approximately 496,000 square feet, approximately 272,000 square feet of offices, a mega shopping complex with approximately 2.3 million square feet of retail space. The Group holds a 40% interest in this mixed-use development, and completion is scheduled from 2024 onwards. Pre-sale is expected to commence in 2023.

Zhengzhou

The Group and Shangri-La Asia Limited ("**Shangri-La**") are collaborating on a development located in Jinshui District. The site will yield approximately 2.1 million square feet GFA for development into office, residential, retail and hotel. The project is scheduled for completion in phases from 2023 onwards, with pre-sales of the residential portion currently ongoing. The Group holds a 55% interest in this project.

Tianjin

The Group has a 49% interest in this mixed-use project in the Hedong CBD. The site, with a GFA of approximately 5.1 million square feet, is being developed in two phases. With Phase I already completed, construction of Phase II is currently underway and scheduled for completion in 2025.

Nanchang

The Group holds 80% in this joint venture with Shangri-La. The project is situated on the west bank of the Ganjiang River in Honggutan Central District. The development includes office, residential and retail properties and a hotel. The hotel and residential portions of Phase I have been completed. Phase II, with a GFA of approximately 643,000 square feet, is planned for completion in 2023.

Kunming

The Group is developing two adjoining sites in Panlong District with Shangri-La. The sites are for residential and hotel use, with approximately 694,000 square feet of GFA. Pre-sales commenced in 2021. The Group holds a 55% interest in this project, with completion expected in 2023.

HONG KONG PROPERTY DIVISION

Overview

During the year ended 31 December 2021, the Hong Kong Property Division reported revenue of HK$5.08 billion (2020: HK$4.57 billion) and a gross profit of HK$2.41 billion (2020: HK$2.34 billion), reflecting a year-on-year growth of 11% and 3% respectively. These results were mainly driven by the sales recognition of Mont Rouge, Mantin Heights and The Bloomsway.

Hong Kong's contracted sales performance was HK$9.3 billion, exceeding the full year contracted sales target for Hong Kong of HK$5.6 billion by 66%. This achievement was mainly driven by very strong sales results of the well-received launch of LA MARINA, the first of the Group's two Wong Chuk Hang seafront MTR transit oriented residential projects. Coupled with Mont Rouge, the luxury project on Beacon Hill provided continued robust sales together with other projects The Bloomsway, Mantin Heights, and 10 La Salle.

Hong Kong's investment properties portfolio which is comprised of premium residential apartments, Grade A office spaces, and the Kowloon East family shopping mall MegaBox all contributed steadily to the Division's recurrent income to generate HK$1.29 billion for the reporting period.

(i) Development Property Portfolio Performance

During the reporting period, Hong Kong contributed HK$3.79 billion in revenue, and HK$1.41 billion in gross profit from the sale of development properties. This represents an increase year-on-year of 16% and 8% respectively (2020: HK$3.26 billion and HK$1.31 billion).

For the year under review, the Group's attributable contracted sales in Hong Kong recorded HK$9.3 billion. This strong result was mainly contributed by five residential projects across different product tiers. At the premium luxury spectrum, Mont Rouge provided strong contracted sales of HK$2.03 billion across our low-rise apartments and Victoria Harbour view villas and townhouses throughout the year. At the luxury tier, the Group actively drove the sales of special units at Mantin Heights, Gold Coast facing houses at The Bloomsway, and apartments at Kowloon Tong's 10 La Salle projects. The combined contracted sales contribution of those three projects for the year under review was HK$1.58 billion.

In September 2021, the Group launched the Island South seafront MTR-connected project LA MARINA to robust reception from the market. Comprised of about 600 residential units, this is the first of the Group's two major projects at Wong Chuk Hang's THE SOUTHSIDE. As at 31 December 2021, 458 units or 76% of the project was sold, contributing HK$5.5 billion in attributable contracted sales to the Group. Completion is expected in the second half of 2023.

As at 31 December 2021, among the unrecognized attributable income from contracted sales in Hong Kong, around HK$2.46 billion will be booked in 2022, and approximately HK$7.79 billion will be booked in 2023 and subsequent years.

A summary of Hong Kong's contracted sales achieved during the year in review follows:

Project Name	Group's attributable interest	Approximate total saleable area (square feet)	Total number of units sold	Percentage of total units sold
Mantin Heights, No. 28 Sheung Shing Street, Ho Man Tin	100%	992,000	1,428	99.9%
Mont Rouge, No. 9 Lung Kui Road, Beacon Hill	100%	115,000	29	64%
The Bloomsway, Nos. 18, 28, 29 Tsing Ying Road, So Kwun Wat	100%	838,000	1,097	99.7%
10 LaSalle, No. 10 La Salle Road, Ho Man Tin	100%	36,000	6	8%
LA MARINA No. 11 Heung Yip Road, Wong Chuk Hang	50%	425,800	458	76%

Project Background on Hong Kong Development Properties For Sale

Mantin Heights, Ho Man Tin

Mantin Heights, a residential project wholly owned by the Group, is situated at No. 28 Sheung Shing Street, Ho Man Tin. The project has a saleable area of approximately 992,000 square feet and comprises nine apartment buildings with each 21 to 23 floors providing a total of 1,429 units. Over 85% of the units are two- or three-bedroom flats with saleable areas ranging from 505 to 1,046 square feet.

Mont Rouge, Beacon Hill

Mont Rouge, at No. 9 Lung Kui Road in Beacon Hill, is a residential jewel that secures panoramic views, low density and luxuriant living. The project offers 5 villas, 14 houses and 2 residential towers in such exclusive and remarkable locale. It has a saleable area of approximately 115,000 square feet.

Mont Verra, Beacon Hill

Mont Verra, at No. 3 Lung Kui Road, is adjacent to Mont Rouge, at No. 9 Lung Kui Road in Beacon Hill, and shares the panoramic views of the harbour and Kowloon East. This unique premium luxury project comprises 5 apartment buildings and 3 mansions. Each low-rise apartment building has 7 storeys, offering only 61 apartment units with saleable areas ranging from 3,466 square feet to 8,583 square feet. There are diversified flat layouts including standard apartment units, garden units and penthouse units. The saleable size of the 3 exclusive mansions range from 11,382 square feet to 11,692 square feet and each of the mansions provide a high degree of privacy, security, together with luxurious accoutrements such as a front garden, back garden, outdoor swimming pool, private lift and private carport. This low-density residential property with a buildable GFA of approximately 343,000 square feet.

The Bloomsway, So Kwun Wat
The Bloomsway is a wholly owned residential project at Nos. 18, 28 and 29 Tsing Ying Road, So Kwun Wat. This project has a saleable area of approximately 838,000 square feet and offers 1,100 units, with the site layers across a hillside site at So Kwun Wat, between mountains and the sea. The project has three distinct platforms - The Laguna, The Terrace and The Highland, providing a wide choice of low-density living styles to suit all manner of needs.

The Laguna comprises apartments ranging from studios, one-bedroom to three-bedrooms cluster around the main clubhouse with facilities including approximately 50 metres outdoor pool, indoor heated pool, and gymnasium, linking via a lift with The Terrace. Four-bedroom units in low-rise towers and 9 detached houses at The Terrace provide a spacious and private living environment, while The Highland offers 34 detached houses with dedicated private gardens.

10 LaSalle, Ho Man Tin
10 LaSalle, a 17-storey wholly owned residential project, is located at No. 10 La Salle Road in Ho Man Tin, adjacent to another Group development, 8 LaSalle. 10 LaSalle is situated in Kowloon Tong - a traditional low-density luxury residential neighbourhood famous for the surrounding prestigious schools. The project provides 73 units, including 60 one-bedroom units ranging from 298 to 409 square feet; 12 three-bedroom units at 1,132 square feet, and a four-bedroom penthouse at 1,990 square feet. It has a saleable area of approximately 36,000 square feet, the project obtained its Certificate of Compliance in January 2021 with sales launched the following month.

LA MARINA, Wong Chuk Hang
Together with Sino Land, the Group is co-developing LA MARINA, Package Two of THE SOUTHSIDE at No. 11 Heung Yip Road in Wong Chuk Hang. The Group holds a 50% stake in this residential project. Located on the south-western segment of the Wong Chuk Hang Station property development, LA MARINA comprises 2 seafront towers providing a total of 600 units - a wide variety of flat mix is offered, ranging from one-bedroom units to four-bedroom units with saleable area ranging from 320 to 1,901 square feet over a buildable GFA of approximately 493,000 square feet. The project launched in September 2021, and is scheduled for completion in 2023.

(ii) Investment Property Portfolio Performance

The Group's completed investment properties portfolio in Hong Kong which consists of Office, Retail and Apartments for Lease remained stable and resilient during various waves of the pandemic, and generated revenues of HK$1.29 billion (2020: HK$1.31 billion) and delivered gross profit of HK$995 million for the year (2020: HK$1.03 billion).

The aggregate GFA of completed investment properties in Hong Kong as of 31 December 2021 remained stable at 4.13 million square feet GFA. A summary of the Group's Hong Kong investment property portfolio breakdown of GFA and their respective occupancy rates follows:

	As of 31 December 2021		As of 31 December 2020	
	Group's attributable GFA *('000 square feet)*	**Occupancy rate**	Group's attributable GFA *('000 square feet)*	Occupancy rate
Apartment	**871**	**95%**	871	83%
Retail	**1,213**	**95%**	1,213	100%
Office	**778**	**83%**	778	98%
Warehouse	**1,266**	**86%**	1,266	85%
	4,128		4,128	

During the year under review, the reoccurrence of Covid-19 case clusters meant that Hong Kong was required to continue operating within pandemic mandated restrictions. This has dampened the sectors leasing activity and affected retail tenant operations in the city. Those impacted by social distancing and work halt orders included the food and beverage trade, cinemas and gyms. Faced with this extraordinary operating environment, the Hong Kong team rose to the occasion by intensifying lease renewals for all asset types, while exploring new niches and service offerings to secure new commitments. On the marketing side, the Hong Kong team looked to bolster foot traffic and tenant sales by actively marketing MegaBox as a destination for using consumption vouchers and leveraging its loyalty programme to maintain recurring visitors. In parallel, MegaBox is also looking at introducing new experiences and services to position the business for post-pandemic normalization, and in anticipation of the new demographic shift in Kowloon East where our MegaBox shopping mall, and the Enterprise Square Five office towers reside.

Investment Property Leasing performance during the twelve months ended 31 December 2021 was stable, with revenue largely in line with expectations. Although the pandemic reduced inbound traveler numbers significantly, the Group's Hong Kong retail business is largely dependent on local consumption and apart from the trade mix impacted by pandemic mandated restrictions, MegaBox maintained good occupancy levels of 95%. The Group is taking a strategic and proactive approach towards the recently vacated leasable floor area, and is working on asset enhancement plans to service the growing demographic of residents in the Kai Tak catchment.

Office rental remained steady for Kerry Centre with occupancy levels at 94%, while Enterprise Square Five reported occupancy of 80%. The slight decline in the occupancy of Enterprise Square Five is due to the departure of one of the asset's larger tenants. As of 31 December 2021, the Hong Kong team has already secured new tenants to move into a portion of the vacant space, and is proactively working on leasing these. The Group remains confident in the outlook of Kowloon East and Island East as the trend of Grade A office occupiers to decentralize from the Central Business District area continues to take hold.

The Apartment for Lease portfolio, which includes the luxury Mid-Levels portfolio and the urban chic Resiglow product line, saw occupancy levels improve to reach 96%, an improvement from 86% in 2020. This is driven by a combination of an improve outlook on the city by tenants in the high-end segment in the second half of the year, and the effective leasing strategies deployed by the Hong Kong leasing team.

Lastly, Hong Kong's warehouse portfolio, which includes warehouses in and Chai Wan, Sha Tin and Cheung Sha Wan saw occupancy increase from 85% in 2020 to 86% in 2021 with stable retail reversion to maintain the Hong Kong investment property portfolio's overall resilience.

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

Property	Group's attributable interest	Group's attributable approximate GFA *(square feet)*	Occupancy rate as of 31 December 2021	Occupancy rate as of 31 December 2020
MegaBox /	100%	1,146,000	95%	99.9%
Enterprise Square Five No. 38 Wang Chiu Road Kowloon Bay	100%	519,000	80%	97%
Kerry Centre No. 683 King's Road, Quarry Bay	40%	204,000	94%	100%
Mid-Levels Portfolio	100%	722,000	96%	86%
Resiglow Portfolio	100%	149,000	89%	80%
Warehouse Portfolio	50-100%	1,266,000	86%	85%

Note: The Group's attributable interest for warehouses in Sha Tin and Chai Wan are 100%, and 50% for Cheung Sha Wan as at 31 December 2021.

Project Background on Hong Kong's Major Investment Properties For Hold

Enterprise Square Five/MegaBox, Kowloon Bay
MegaBox, a retail mall at No. 38 Wang Chiu Road in Kowloon Bay, has a GFA of 1.1 million square feet. With a focus on local family consumers, MegaBox delivered a resilient performance despite the pandemic. Enterprise Square Five is part of the MegaBox mixed-use development, combining commercial and retail spaces. Two Grade-A office towers offer a GFA of 519,000 square feet; with Kowloon East's new landmark, MegaBox, offers a wealth of shopping and entertainment choices for different lifestyle needs.

Kerry Centre, Quarry Bay
Kerry Centre, situated at No. 683 King's Road, Quarry Bay, is the Group's 40%-held flagship office property in Hong Kong. This office tower has a GFA of approximately 511,000 square feet. Benefiting from the trend in office decentralisation, Kerry Centre continues to record high occupancy rates and stable rentals.

Resiglow–Happy Valley
Resiglow-Happy Valley is a wholly owned 29-storey contemporary residential development, located at No. 7A Shan Kwong Road, Happy Valley. At Resiglow – Happy Valley, all apartments are fully fitted and luxuriously furnished, together with reverse-cycle air-conditioning systems. The residence includes a comprehensive clubhouse with a modern gymnasium, function rooms, exercise rooms, lounge and BBQ area. It offers 106 units with a GFA of approximately 81,000 square feet.

Resiglow–Bonham, Sai Ying Pun
Resiglow-Bonham is situated at No. 8 Hing Hon Road, and is located between the glitz of Central and the greenery of Pokfulam. It has a GFA of approximately 68,000 square feet with 156 units. From unwinding in chic retro cafes, soaking up the hood's artsy vibes, leafing through the university for an evening walk, to venturing out to the city via MTR, at Resiglow-Bonham, the best mix of life is just on your doorstep.

(iii) Hong Kong Properties Under Development and Landbank

The Hong Kong Division maintains a robust pipeline of properties under development and a landbank for future development, which in total amounts to 1.88 million square feet of gross floor area attributable to the Group. The pipeline will create a balanced mix of projects that spans diversified product tiers – premium luxury residences, middle market designer homes, and quality family homes with broad appeal.

As part of the Group's strategic approach to maintain a strong development property pipeline, the Hong Kong Division successfully acquired 3 projects during the year in review. They include 2 sites in New Territories North's Yuen Long and Kwu Tung, and 1 site in Kowloon East's To Kwa Wan. Excluding the Kwu Tung site, which the Group currently designates as land bank, the Yuen Long and To Kwa Wan sites will provide a combined attributable GFA of 585,000 square feet of residential for sale and commercial space for lease.

In July 2021, the Group entered into agreements to acquire residential projects in Yuen Long and Kwu Tung. The first project in Yuen Long is a collaboration with Top Spring International Holdings Limited (HKEx: 3688) for two neighbouring sites in Yuen Long's Shap Pat Heung Road and Tai Tong Road. Located in a fast-developing neighbourhood, the sites are a short walk away from Yuen Long's town centre and the Yuen Long West Rail Station, with good accessibility via Light Rail transit, and many bus and minibus routes along the Yuen Long section of Castle Peak Road. The two sites were originally agricultural land reserves, and the application process to convert them into private residential usage has now been completed. Upon completion of the project, the Shap Pat Heung Road and Tai Tong Road sites are expected to generate a combined GFA of approximately 281,000 square feet, and will offer unobstructed open views. The project is scheduled for completion in 2025, and the Group will develop a high-quality residential project with broad appeal on the sites.

The second proposed residential project is located in the Kwu Tung North Development Area, and is near the future Kwu Tung Station on the MTR Northern Link, giving the site good connectivity to Yuen Long town centre, West Kowloon, and more importantly to the Greater Bay Area. The project consists of 17 agricultural sites, with the potential for future residential development. The Group sees this project as a capital accretive investment for landbanking purposes.

The third project is a successfully tendered site from the Urban Renewal Authority - the Hung Fook Street / Ngan Hon Street Development Project in To Kwa Wan, which was awarded to the Group in December 2021. Covering a site area of approximately 49,000 square feet, the land parcel will generate a buildable GFA of over 444,000 square feet, of which about 370,000 square feet, will be for the development of residential flats, with the remaining floor area of 74,000 square feet devoted to commercial spaces. The Group views this as a good opportunity to apply its place making expertise to this exciting urban gentrification project, and to create a new downtown hub with high street retail, covered pedestrian access to the neighbouring To Kwa Wan MTR station, and a milieu of lifestyle amenities nearby.

An overview of the Group's Hong Kong projects under development follows:

Property Name	Group's attributable interest	Group's attributable approximate GFA (square feet)	Estimated completion period
Mont Verra, No. 3 Lung Kui Road, Beacon Hill	100%	343,000	2021
LA MARINA, THE SOUTHSIDE Package Two Property Development, No. 11 Heung Yip Road, Wong Chuk Hang	50%	246,000	2023
THE SOUTHSIDE Package Four Property Development, No. 11 Heung Yip Road, Wong Chuk Hang	50%	319,000	2025
Shap Pat Heung Road, Yuen Long	50%	123,000	2025
Tai Tong Road, Yuen Long	50%	18,000	2025
LOHAS Park Package Thirteen Property Development, No. 1 Lohas Park Road, Tseung Kwan O	25%	387,000	2026
Hung Fook Street / Ngan Hon Street, To Kwa Wan	100%	444,000	2027
TOTAL		**1,880,000**	

Note: Mont Verra was completed in the second half of 2021.

Project Background on Properties under development in Hong Kong

THE SOUTHSIDE Package Four Property Development, Wong Chuk Hang

In 2019, a consortium comprising the Group, Sino Land and Swire Properties Limited was awarded the tender for THE SOUTHSIDE Package Four Property Development at No. 11 Heung Yip Road in Wong Chuk Hang. Located on the southeastern segment of the Wong Chuk Hang Station property development, this residential project is expected to offer some 800 units over a buildable GFA of approximately 638,000 square feet. The Group holds a 50% interest in this project, which is scheduled for completion in 2025.

LOHAS Park Package Thirteen Property Development, Tseung Kwan O

In October 2020, a consortium comprising the Group, Sino Land, K. Wah International Holdings Limited and China Merchants Land Limited won the tender for the LOHAS Park Package Thirteen Property Development at No. 1 Lohas Park Road in Tseung Kwan O. Fronting Tseung Kwan O Bay, this piece of land is the last parcel on offer across the entire lot, and will be connected to The LOHAS mall. This residential project is the largest waterfront development atop LOHAS Park Station, and is planned to yield a total GFA of approximately 1.55 million square feet delivering an estimated 2,550 units. The Group holds a 25% interest in this project, which is scheduled for completion in 2026.

Shap Pat Heung Road and Tai Tong Road, Yuen Long

In 2021, the Group acquired a 50% equity interest in two parcels of land in Yuen Long's Shap Pat Heung Road and Tai Tong Road. The sites are expected to generate approximately 245,000 square feet and 36,000 square feet of buildable GFA respectively. The project is scheduled for completion in 2025.

Hung Fook Street / Ngan Hon Street, To Kwa Wan

In December 2021, the Group won the tender for the Hung Fook Street / Ngan Hon Street Development Project in To Kwa Wan put out by URA. Covering a site area of approximately 49,000 square feet, the land parcel will generate a buildable GFA of over 444,000 square feet, of which about 370,000 square feet will accommodate the development of residential units. The remaining floor area of 74,000 square feet will be devoted to commercial spaces.

OVERSEAS PROPERTY DIVISION

The Philippines
The Group maintains a portfolio of upscale properties in the Philippines. These investments are held through Shang Properties, Inc. ("**SPI**"), in which the Group maintains a 34.61% equity interest as well as a 30.75% interest in its depository receipts.

In Manila, SPI holds a 100% interest in the Shangri-La Plaza Mall and a 70.04% interest in The Enterprise Centre development in the Makati financial district. As of 31 December 2021, the occupancy rates of Shangri-La Plaza Mall and The Enterprise Centre were 86% and 81% respectively (2020: 90% and 96%, respectively).

SPI also holds a 60% interest in a residential and hotel development in Fort Bonifacio, Taguig, Manila. All 94 units available for sale have been sold, while four units, including two penthouse units, are being retained for long-term investment. The hotel had an average occupancy rate of 22% during the year (2020: 21%) due to the global travel ban and social restrictions caused by Covid-19.

In addition, SPI has several major projects under development. These include:

The Rise
Located on Malugay Street, Makati City, with a GFA of approximately 1.63 million square feet. The project, comprising 3,044 residential units and approximately 96,000 square feet of retail space, returned a strong sales performance. As of 31 December 2021, 98% of the total 3,019 units had been sold, excluding the 25 units being held for long-term investment.

Shang Residences
Located at Wack, Mandaluyong City, the project has a residential GFA of approximately 860,000 square feet accommodating 404 residential units. As of 31 December 2021, 61% of the total 400 units had been reserved and sold, excluding four units to be held for long-term investment.

Aurelia
A residential project located in Fort Bonifacio Global City, Manila. The development has GFA of more than 98,000 square feet, with 59% of the total 279 units being reserved and sold as of 31 December 2021. SPI has a 50% interest in this joint venture.

Shaw Boulevard
This is a project that SPI acquired in Mandaluyong City on Shaw Boulevard. The site area is almost 24,500 square feet and will be developed as mixed-use project comprising serviced apartments with approximately 0.24 million square feet GFA and commercial office space with approximately 0.43 million square feet GFA. The project is currently at substructure stage.

Laya project
SPI is also currently developing a property located at Canley Road, Pasig City with an area of approximately 36,500 square feet. This will be the site of the Laya project which will be comprised of more than 1,200 residential units with approximately 1.1 million square feet. Site clearance has been completed and excavation is projected to start in the second quarter of 2022.

The Haraya by Shang
This is another joint venture project with Robinsons Land Corporation to develop a site of more than 90,000 square feet located in Ortigas Avenue, Pasig City. The project is comprised of two residential towers with a total GFA of approximately 1.33 million square feet. Site clearance has been completed and construction of the diaphragm wall is projected to start in the second quarter of 2022.

ABS-CBN project
SPI recently purchased a property in South Triangle, Quezon City with an area of approximately 64,850 square feet. The site will be developed into the ABS-CBN project which is a residential tower which will have more than 1,800 residential units with GFA of approximately 1.95 million square feet. Site clearance is projected to start in the second quarter of 2022.

Sri Lanka
The Group and SPI have formed a joint venture, Shang Properties (Pvt) Ltd, to develop a mixed-use project in Colombo. The Group holds an 80% stake, with SPI holding a 20% interest in the joint venture. Overlooking Beira Lake, this six-acre leased land parcel is situated on Sir James Peiris Mawatha. The project will be developed in two phases. Phase I will include a high-rise residential tower, and Phase II will comprise residential and retail components.

Originally scheduled to be developed over a period of eight to nine years, the development has been postponed due to the incidents that occurred in Sri Lanka in April 2019, and subsequently the pandemic. The project schedule is currently under review and will be updated at the soonest practicable date.

Singapore
The Group and Allgreen Properties Limited have formed a joint venture in which the Group holds a 30% interest. The joint venture is currently developing a transit-oriented mixed-use development project, which features a residential portion and a shopping mall. The project will have accessibility to the MRT's East-West Line and the future Cross Island Line, and the Pasir Ris Bus interchange. The project has approximately 1.02 million square feet of GFA. The residential portion has 452,084 square feet GFA, and launched its sales in July 2021 to robust reception to record strong sales, with 429 out of 487 units (88%) sold as of 31 December 2021. The expected completion date for the residential portion is in 2026.

Overseas Property Portfolio

As of 31 December 2021:	**Group's attributable GFA ('000 square feet)**
Investment properties	
Office	406
Retail	1,362
Residential	99
Sub-total	**1,867**
Hotel properties	
Hotel	335
Hotel lease	169
Sub-total	**504**
Properties under development	
Office	304
Retail	116
Residential	4,528
Sub-total	**4,948**
Total	**7,319**

OUTLOOK

2021 was a strong year for the Group, and our positive result was the concerted efforts of all the business units in Hong Kong and the Mainland. We achieved strong contracted sales from eight different cities. On the investment properties side, the Group's recurrent income continued to improve organically, while Qianhai Kerry Centre Phase I has successfully launched, and will now add to the recurring income base.

In the Mainland, the Group's development properties saw strong contracted sales results, with our mixed-use linked projects such as those in Fuzhou and Zhengzhou seeing good absorption. In the first half, the team worked hard with the strong domestic demand momentum to achieve 78% of its full-year target. Though a slowdown was seen in the second half, with macro policy adjustments and tightening contributing to this dampening effect, the Mainland's contracted sales ended the year surpassing its 2021 annual target,. Likewise, the Group's Hong Kong operations had a good year, with very strong contracted sales that surpassed its full-year target by 66% despite the borders with the Mainland remaining closed.

In 2022, the Mainland will focus on development property projects in six cities, namely Shenyang Phase III – The Arcadia, Qinhuangdao's Habitat, Tianjin Phase II's launch, on-going sales of Zhengzhou Arcadia Court, Fuzhou Rivercity and Kunming's The Moon Residence, which is managed by Shangri-La. Entering 2022, we are facing with the continued overhang of the Mainland's macro environment. While we are seeing some easing measures in terms of lending and the relaxation of mortgage rates, the development properties market continues to be slow, though the demand for high-quality residential remains. We are cautiously optimistic about these easing measures and will dynamically drive sales results while navigating the evolving market conditions.

In Hong Kong, there are the continued sales of Wong Chuk Hang's waterfront LA MARINA, The Bloomsway in So Kwun Wat, 10 LaSalle in Kowloon Tong, and Beacon Hill's luxury project Mont Rouge. In the first half of 2022, the Group is expected to launch its premium luxury Beacon Hill project Mont Verra, which we hope will ride on the success of its adjacent project, Mont Rouge. Against the backdrop of the evolving 5th wave of Covid-19 in Hong Kong as of the first quarter of 2022, we are anticipating a slowdown in sales due to social distancing restrictions and other government mandated measures, however, we remain hopeful that this Covid-19 wave will gradually be controlled and sales will eventually return to a more normal pace..

With respect to the Group's investment properties, the Mainland portfolio continued to perform well, with year-on-year improvement in occupancy rates for Office, Retail and Apartments. Our hotel operations saw a robust recovery in the first three quarters of the year, but the recovery decelerated in the fourth quarter with sporadic outbreaks and travel restrictions. In terms of Hong Kong's investment properties portfolio, occupancy rates recovered steadily since the second quarter, and the government's consumption vouchers helped to significantly boost market sentiment and the retail sector.

In view of the current evolving 5th wave of Covid-19 in Hong Kong as of the first quarter of 2022, we do expect short term impact to our retail – MegaBox asset, given the various restrictions and reduced foot traffic. We are rolling out programs to support our tenants and we are hopeful that the situation will gradually subside, and the retail segment will recover. The upcoming round of consumption vouchers by the government will also be a catalyst to aid in the recovery.

First and foremost, the Group will work with our tenants, property owners and employees to support the Hong Kong community at-large amidst the 5th wave of Covid-19 in Hong Kong. Beyond this short-term development, we continue to seek service innovation, the use of innovative property technology initiatives, asset enhancement initiatives and proactive leasing strategies to continue delivering stable returns for the portfolio.

On the Mainland, as our asset enhancement and reposition plans complete in 2022, additional leasable floor area from Hangzhou Kerry Centre, Kerry Everbright City and Jing An Kerry Centre will be released back into the market. This should further improve occupancy and increase our revenue. Additionally, Qianhai Kerry Centre Phase I will continue to increase its activated tenancy and its revenue, while Qianhai Kerry Centre Phase II will start pre-leasing in 2022.

The Group is deeply committed to sustainability – which we do within our built environment and by supporting ESG programs. On sustainable buildings, the Group is proud to share a few of our achievements: The first in Asia to be awarded the LEED Zero Waste accreditation for Kerry Everbright City Phase III; the first in China to be awarded the TRUE Zero Waste accreditation for Kerry Everbright City Phase III; the first apartment project in China to be WELL Health-Safety Rated for Central Residences II; and the first in China to receive a LEED Homes Awards Honorable Mention for Qianhai Kerry Centre. In terms of sustainability reporting and governance, the Group received 25 awards and accolades for the Group's sustainability practice, excellence in corporate governance, and social and community outreach. Going forward, we hope to further improve on our sustainability efforts.

Kerry Properties is a committed stakeholder in Hong Kong, and we as a Group remain steadfast in pledging our support to our colleagues, tenants, and the community at-large. To this end, the Group has dedicated resources towards supporting those in need. For the Hong Kong community, the Group organized a series of Covid-19 Hardship Programmes to support those hit-hard by the pandemic, by providing personal protective equipment, rapid test kits, food, and other forms of support to help tide over those affected. For our colleagues, the Company has readied personal protective materials, testing kits, and setup dedicated channels for colleagues to share their needs or concerns arising from the pandemic. Lastly, the Company is rolling out rental relief programmes to support our tenants who are affected.

Landbanking is an integral part of the Group's growth strategy, and in 2021, the Company acquired four strategic projects. From a capital allocation perspective, the Group will continue to actively manage its gearing, balancing investments with our development property sales pipeline while reviewing non-core asset disposal for capital recycling. This balanced approach is aimed at effectively managing capital resources for long-term asset appreciation, medium-term investment returns, and the potential for unlocking and crystallizing value for shareholders.

FINANCIAL REVIEW

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

The Group closely reviews and monitors its foreign exchange exposure. As at 31 December 2021, total foreign currency borrowings (excluding RMB bank loans) amounted to the equivalence of HK$3.46 billion and RMB bank loans amounted to the equivalence of HK$8.69 billion. As such, non-RMB total foreign currency borrowings and RMB bank loans represented approximately 9% and 23% respectively, of the Group's total borrowings of HK$37.48 billion as at 31 December 2021.

The total foreign currency borrowings of HK$12.15 billion include approximately RMB7.09 billion (equivalent to HK$8.69 billion) bank loans, JPY8 billion (equivalent to HK$0.54 billion) bank loan and approximately AUD516 million (equivalent to HK$2.92 billion) bank loan. To hedge the exchange rate exposure of the foreign currency borrowings, the Group has arranged cross currency swap contracts amounting to RMB3.29 billion, JPY8 billion, and approximately AUD516 million for bank loans drawn in Hong Kong. The remaining RMB3.80 billion bank loans are project bank loans in the Mainland.

Out of the Group's total borrowings as at 31 December 2021, HK$5.27 billion (representing approximately 14%) was repayable within one year, HK$4.41 billion (representing approximately 12%) was repayable in the second year, HK$25.51 billion (representing approximately 68%) was repayable in the third to fifth years and HK$2.29 billion (representing approximately 6%) was repayable over five years. As at 31 December 2021, the Group maintained all of its borrowings on an unsecured basis and guaranteed basis and no assets were pledged. The Group will continue to obtain financing on an unsecured basis whenever possible, and supplement such borrowings with secured project financing as and when the need arises.

On 7 April 2021, the Group fully redeemed the 10 years US$300 million fixed rate bonds issued in April 2011.

During 2021, the Group entered into various sustainability-linked bank loan agreements with approximately HK$11.9 billion loan facilities (including HK$1 billion sustainability-link loan facilities conversion from the existing loan facilities). These loan agreements are linked to the Group's annual and cumulative sustainability performance to reinforce our commitment to improve sustainability performance and demonstrate our desire to support the development of sustainable loan market in the region. Proceeds will fund measures to drive long-term sustainability targets, enhance the climate resilience of our property portfolio, as well as general corporate financing. The Group will benefit from discounted interest rates when pre-determined sustainability milestones are achieved, including the Group's environmental impact reduction targets which form part of the Group-wide SV2030 targets, as well as key performance indicators (KPIs) ranked annually by GRESB. With more sustainability-linked bank loans in the pipeline for the next quarter, the Group will benefit more from discounted interest rates.

As at 31 December 2021, the gearing ratio for the Group was 17.2% (as at 31 December 2020: 25.1%), calculated based on net debt of HK$20.04 billion and shareholders' equity of HK$116.83 billion. The decrease in gearing ratio was mainly driven by the net proceeds of HK$11.59 billion received by the Group, from the disposal of KLN shares, the placing of KLN shares by the Company in connection to the Partial Offer, and the special dividend declared by KLN, less special dividend of HK$3.35 billion paid by the Group in 2021.

As at 31 December 2021, the Group had outstanding interest rate swap contracts, which amounted to

HK$6.2 billion in total, enabling the Group to hedge its interest rate exposure and to have a more stable interest rate profile. Comparing to the total of outstanding interest rate swap contracts of HK$2.5 billion as at 31 December 2020, the entering of more interest rate swap contracts in 2021 was in response to hedging a portion of our borrowing against the anticipated rising interest rate environment.

In terms of the Group's available financial resources as at 31 December 2021, the Group had total undrawn bank loan facilities of HK$34.87 billion and cash and bank deposits of HK$17.44 billion; increasing year-on-year by 116% and 3% respectively. In addition, the generation of strong recurrent cashflows from the Group's investment property portfolio and hotel operations provides the Group with a strong financial base, and enables the Group to participate in investment opportunities as and when they arise.

Details of contingent liabilities are set out in note 10 to the financial statements of the Group included in this announcement.

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