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*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities. This announcement does not constitute or form a part of any offer of securities for sale in the United States. The securities referred to herein and the guarantee of the securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state or other jurisdictions of the United States or any other jurisdiction and the securities may not be offered or sold within the United States, or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws.*

***This announcement and the listing document referred to herein have been published for information purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and do not constitute an offer to sell nor a solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing document) forms the basis for any contract or commitment whatsoever.** For the avoidance of doubt, the publication of this announcement and the listing document referred to herein shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the Issuer (as defined below) and the Guarantor (as defined below) for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571) of Hong Kong.*

***Notice to Hong Kong investors**: The Issuer and the Guarantor confirm that the Notes (as defined below) are intended for purchase by Professional Investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) only and the Programme (as defined below) has been, and the Notes, to the extent that such Notes are to be listed on The Stock Exchange of Hong Kong Limited, will be listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, the Issuer and the Guarantor confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.*

PUBLICATION OF THE OFFERING CIRCULAR

HENDERSON LAND MTN LIMITED

(incorporated in the British Virgin Islands with limited liability)

(the "**Issuer**")

U.S.$7,000,000,000
Medium Term Note Programme

unconditionally and irrevocably guaranteed by

HENDERSON LAND 恒基兆業地產 50 years

HENDERSON LAND DEVELOPMENT COMPANY LIMITED
恒 基 兆 業 地 產 有 限 公 司

(Incorporated in Hong Kong with limited liability)

(Stock code: 12)

(the "**Guarantor**")

This announcement is issued pursuant to Rule 37.39A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") (the "**Listing Rules**").

Please refer to the offering circular dated 21 January 2026 (the "**Offering Circular**") appended herein in relation to the U.S.$7,000,000,000 Medium Term Note Programme (the "**Programme**") of Henderson Land MTN Limited (the "**Issuer**") unconditionally and irrevocably guaranteed by Henderson Land Development Company Limited (the "**Guarantor**"). As disclosed in the Offering Circular, any notes to be issued under the Programme (the "**Notes**") will be intended for purchase by Professional Investors (as defined in Chapter 37 of the Listing Rules) only and the Programme has been, and the Notes, to the extent that such Notes are to be listed on the Hong Kong Stock Exchange, will be listed on the Hong Kong Stock Exchange on that basis.

The Offering Circular does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it circulated to invite offers by the public to subscribe for or purchase any securities.

The Offering Circular must not be regarded as an inducement to subscribe for or purchase any securities of the Issuer, and no such inducement is intended. No investment decision should be made based solely on the information contained in the Offering Circular.

Hong Kong, 22 January 2026

As at the date of this announcement, the Directors of the Issuer are Fung Lee Woon King, Lee King Yue, Dr Lee Ka Shing and Kwok Ping Ho.

As at the date of this announcement, the Directors of the Guarantor are Dr Lee Ka Kit (Chairman and Managing Director), Dr Lee Ka Shing (Chairman and Managing Director), Dr Lam Ko Yin, Colin (Vice Chairman), Yip Ying Chee, John, Fung Lee Woon King, Kwok Ping Ho, Suen Kwok Lam, Wong Ho Ming, Augustine and Professor Fung Hau Chung, Andrew as Executive Directors; Lee Pui Ling, Angelina as Non-executive Director; and Kwong Che Keung, Gordon, Professor Ko Ping Keung, Wu King Cheong, Woo Ka Biu, Jackson, Professor Poon Chung Kwong and Au Siu Kee, Alexander as Independent Non-executive Directors.

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES

IMPORTANT: You must read the following before continuing. The following applies to the offering circular following this page (the "**Offering Circular**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THIS OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must not be located in the United States. This Offering Circular is being sent at your request and by accepting the e-mail and accessing this Offering Circular, you shall be deemed to have represented to us that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and that you consent to delivery of such Offering Circular by electronic transmission.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Circular to any other person.

The materials relating to the offering of securities to which this Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer in such jurisdiction.

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Guarantor, The Hongkong and Shanghai Banking Corporation Limited (the "**Arranger**"), Bank of China (Hong Kong) Limited, BOCI Asia Limited, BNP PARIBAS, China Construction Bank (Asia) Corporation Limited, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, Mizuho Securities Asia Limited, Morgan Stanley & Co. International plc, MUFG Securities EMEA plc, Oversea-Chinese Banking Corporation Limited, SMBC Nikko Securities (Hong Kong) Limited, Standard Chartered Bank, UBS AG Hong Kong Branch and United Overseas Bank Limited (the "**Dealers**"), any person who controls the Arranger or the Dealers, any director, officer, employee nor agent of the Issuer or the Guarantor or the Arranger or the Dealers, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Arrangers or the Dealers.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

HENDERSON LAND MTN LIMITED

(*incorporated in the British Virgin Islands with limited liability*)

(*as Issuer*)

unconditionally and irrevocably guaranteed by

HENDERSON LAND
恒基兆業地產

50 years

HENDERSON LAND DEVELOPMENT COMPANY LIMITED
恒 基 兆 業 地 產 有 限 公 司

(incorporated in Hong Kong with limited liability)

(Stock code: 12)

(as Guarantor)

U.S.$7,000,000,000

Medium Term Note Programme

Under the U.S.$7,000,000,000 Medium Term Note Programme described in this Offering Circular (the "**Programme**"), Henderson Land MTN Limited ("**HLMTN**") (in such capacity, the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue guaranteed medium term notes (the "**Notes**") unconditionally and irrevocably guaranteed (the "**Guarantee**") by Henderson Land Development Company Limited (the "**Guarantor**" or the "**Company**"). Notes may be issued in bearer or registered form. The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.$7,000,000,000 (or its equivalent in other currencies). The Notes may be issued on a continuing basis to one or more of the Dealers specified under "**Summary of the Programme**" and any additional Dealer appointed under the Programme from time to time by the Issuer (each, a "**Dealer**") (collectively, the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the "relevant Dealer" shall, in the case of an issue of Notes being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

Application has been made to The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") for the listing of the Programme by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) ("**Professional Investors**") only during the 12-month period after the date of this document on the Hong Kong Stock Exchange. This document is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer and the Guarantor confirm that the Notes to be issued under the Programme are intended for purchase by Professional Investors only, and the Programme and the Notes, to the extent such Notes are to be listed on the Hong Kong Stock Exchange, will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer and the Guarantor confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. Listing of the Programme or the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes or the Issuer, the Guarantor and the Group or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "Terms and Conditions of the Notes" and each term therein, a "**Condition**") of Notes will be set out in a pricing supplement (the "**Pricing Supplement**") which, with respect to Notes to be listed on the Hong Kong Stock Exchange, will be delivered to the Hong Kong Stock Exchange, on or before the date of issue of the Notes of such Tranche.

The Notes of each Series issued in bearer form ("**Bearer Notes**") will be represented on issue by a temporary global note in bearer form (each, a "**Temporary Global Note**") or a permanent global note in bearer form (each, a "**Permanent Global Note**") (collectively, the "**Global Note**"). Notes in registered form ("**Registered Notes**") will be represented by registered certificates (each, an "**Certificate**"), one Certificate being issued in respect of each Noteholder's entire holding of Notes in registered form of one Series. Global Notes and Certificates may be deposited on the relevant issue date with a common depositary on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream**"), or with a sub-custodian for the Central Moneymarkets Unit Service ("**CMU**") operated by the Hong Kong Monetary Authority. The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "Summary of Provisions Relating to the Notes while in Global Form".

The Notes and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may include Bearer Notes (as defined herein) that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold, or, in the case of Bearer Notes, delivered within the United States. Registered Notes are subject to certain restrictions on transfer, see "Subscription and Sale".

The Issuer and the Guarantor may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplementary Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Investing in Notes issued under the Programme involves certain risks and may not be suitable for all investors. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in this Offering Circular and in the applicable Pricing Supplement and the merits and risks of investing in a particular issue of Notes in the context of their financial position and particular circumstances. Investors also should have the financial capacity to bear the risks associated with an investment in Notes. Investors should not purchase Notes unless they understand and are able to bear risks associated with Notes. The principal risk factors that may affect the abilities of the Issuer and the Guarantor to fulfil their respective obligations in respect of the Notes are discussed under Risk Factors below.

Arranger

HSBC

Dealers

Bank of China (Hong Kong)	**BOC International**	**BNP PARIBAS**	**China Construction Bank (Asia)**
Citigroup	**Crédit Agricole CIB**	**DBS Bank Ltd.**	**HSBC**
Mizuho	**Morgan Stanley**	**MUFG**	**OCBC**
SMBC Nikko	**Standard Chartered Bank**	**UBS**	**United Overseas Bank**

The date of this Offering Circular is 21 January 2026.

EU MiFID II product governance/target market – The Pricing Supplement in respect of any Notes may include a legend entitled "EU MiFID II Product Governance" which will outline the target market in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person offering, selling or recommending the Notes (a "**distributor**") should take into consideration such target market; however, a distributor subject to Directive 2014/65/EU (as amended, "**EU MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the EU MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**EU MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the EU MIFID Product Governance Rules.

UK MiFIR product governance/target market – The Pricing Supplement in respect of any Notes may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

PRIIPS/IMPORTANT – EEA RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of EU MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

PRIIPS/IMPORTANT – UK RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Important Notice to Prospective Investors Pursuant to Paragraph 21 of the Hong Kong SFC Code of Conduct

Prospective investors should be aware that certain intermediaries in the context of certain offerings of Notes pursuant to this Programme (each such offering, a "**CMI Offering**"), including certain Dealers, may be "capital market intermediaries" ("**CMIs**") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**SFC Code**"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" ("**OCs**") for a CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an association ("**Association**") with the Issuer, the Guarantor, the CMI or the relevant group company. Prospective investors associated with the Issuer, the Guarantor or any CMI (including its group companies) should specifically disclose this when placing an order for the relevant Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to the relevant CMI Offering, such order is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). A rebate may be offered by the Issuer to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of the relevant CMI Offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMIs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate. Details of any such rebate will be set out in the applicable Pricing Supplement or otherwise notified to prospective investors. If a prospective investor is an asset management arm affiliated with any relevant Dealer, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the relevant Dealer or its group company has more than 50 per cent. interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". If a prospective investor is otherwise affiliated with any relevant Dealer, such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should indicate to the relevant Dealer when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to the relevant CMI Offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the relevant Dealers and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. Failure to provide such information may result in that order being rejected.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT 2001 – Unless otherwise notified by the Issuer or the Guarantor to the Dealers, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

The Issuer and the Guarantor, having made all reasonable enquiries, confirms that to the best of its knowledge and belief (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor and its subsidiaries taken as a whole (the "**Group**") and the Notes, which is material in the context of the issue and offering of the Notes; (ii) the statements contained herein relating to the Issuer, the Guarantor, the Group and the Notes are in every material respect true and accurate and not misleading; (iii) the statements of intentions, opinions, belief or expectation contained in this Offering Circular with regard to the Issuer, the Guarantor and the Group are honestly and reasonably made or held, have been reached after considering all relevant circumstances; (iv) there are no other facts in relation to the Issuer, the Guarantor, the Group or the Notes, the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Offering Circular misleading in any material respect; and (v) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**HKSE Rules**") for the purpose of giving information with regard to the Issuer, the Guarantor and the Group. The Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this Offering Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "Terms and Conditions of the Notes" (the "**Conditions**") as amended and/or supplemented by the Pricing Supplement specific to such Tranche. This Offering Circular must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes, must be read and construed together with the relevant Pricing Supplement.

The distribution of this Offering Circular and any Pricing Supplement and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor, the Arranger and the Dealers to inform themselves about and to observe any such restrictions. None of the Issuer, the Guarantor, the Arranger or the Dealers represents that this Offering Circular or any Pricing Supplement may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor, the Arranger or the

Dealers which would permit a public offering of any Notes or distribution of this Offering Circular or any Pricing Supplement in any jurisdiction where action for such purposes is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and none of this Offering Circular, any Pricing Supplement or any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

There are restrictions on the offer and sale of the Notes and the circulation of documents relating thereto, in certain jurisdictions including, but not limited to, the United States of America, the United Kingdom, the European Economic Area, Japan, Singapore, the British Virgin Islands, the Netherlands, the PRC and Hong Kong, and to persons connected therewith. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and may include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or, in the case of bearer notes, delivered within the United States. The Notes are being offered and sold outside the United States in reliance on Regulation S under the Securities Act. For a description of certain restrictions on offers, sales and transfers of Notes and on the distribution of this Offering Circular, see "Subscription and Sale".

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "Information Incorporated by Reference"). This Offering Circular shall be read and construed on the basis that such documents are incorporated and form part of this Offering Circular.

Listing of the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Issuer, the Group, or the Notes. In making an investment decision, investors must rely on their own examination of the Issuer, the Group and the terms of the offering, including the merits and risks involved. See "Risk Factors" for a discussion of certain factors to be considered in connection with an investment in the Notes.

No person has been authorised by the Issuer and the Guarantor to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other document entered into in relation to the Programme and the sale of Notes and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, any Dealer, or the Arranger.

Neither the delivery of this Offering Circular or any Pricing Supplement nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Offering Circular is true subsequent to the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer or the Guarantor since the date thereof or, if later, the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Neither this Offering Circular nor any Pricing Supplement constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Guarantor, the Arranger, the Dealers, or any director, officer, employee, agent or affiliate of any such person or any of them that any recipient of this Offering Circular or any Pricing Supplement should subscribe for or purchase any Notes. Each recipient of this Offering Circular or any Pricing Supplement shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the Guarantor.

The maximum aggregate principal amount of Notes outstanding and guaranteed at any one time under the Programme will not exceed U.S.$7,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into U.S.$ at the date of the agreement to issue such Notes calculated in accordance with the provisions of the Dealer Agreement). The maximum aggregate principal amount of Notes which may be outstanding and guaranteed at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under "Subscription and Sale".

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilisation manager(s) (the "Stabilisation Manager") (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Pricing Supplement may, to the extent permitted by applicable laws and rules, over allot the Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes.

The Arranger and the Dealers have not separately verified the information contained in this Offering Circular. To the fullest extent permitted by law, neither the Arranger nor any of the Dealers, or any director, officer, employee, agent or affiliate of any such person makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. To the fullest extent permitted by law, neither the Arranger nor the Dealers, or any director, officer, employee, agent or affiliate of any such person accept any responsibility for the contents of this Offering Circular or for any other statement made or purported to be made by the Arranger, a Dealer, or any director, officer, employee, agent or affiliate of any such person or on its behalf in connection with the Issuer, the Group or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

This Offering Circular does not describe all the risks and investment considerations (including those relating to each investor's particular circumstances) of an investment in Notes of a particular issue. Each potential purchaser of Notes should refer to and consider carefully the relevant Pricing Supplement for each particular issue of Notes, which may describe additional risks and investment considerations associated with such Notes. The risks and investment considerations identified in this Offering Circular and the applicable Pricing Supplement are provided as general information only. Investors should consult their own financial and legal advisors as to the risks and investment considerations arising from an investment in an issue of Notes and should possess the appropriate resources to analyse such investment and the suitability of such investment in their particular circumstances.

Neither this Offering Circular nor any other information provided or incorporated by reference in connection with the Programme are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Guarantor, the Arranger or the Dealers, or any director, officer, employee, agent or affiliate of any such person that any recipient, of this Offering Circular or of any such information, should purchase the Notes. Each potential purchaser of Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Group. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. Neither the Arranger nor the Dealers or agent or affiliate of any such person undertakes to review the financial condition or affairs of the Issuer, the Guarantor or the Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Arranger or the Dealers or any of them.

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding.

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to "U.S.$", "USD" and to "U.S. dollars" are to United States dollars; all references to "HK$" and "HKD" are to Hong Kong dollars; all references to "pounds sterling" and "£" are to the currency of the United Kingdom; all references to "euro" and "€" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro as amended; all references to "yen" are to Japanese yen; all references to "Renminbi" and "RMB" are to the currency of the PRC; all references to "United States" or "U.S." are to the United States of America; references to "China", "Chinese mainland" and the "PRC" in this Offering Circular mean the People's Republic of China and for geographical reference only (unless otherwise stated) exclude Taiwan, Macau and Hong Kong; references to "PRC Government" mean the government of the PRC; references to "Hong Kong" are to the Hong Kong Special Administrative Region of the People's Republic of China; references to "Macau" are to the Macao Special Administrative Region of the People's Republic of China; references to "Australia" are to the Commonwealth of Australia; references to the "Philippines" are references to the Republic of the Philippines; and all references to "United Kingdom" are to the United Kingdom of Great Britain and Northern Ireland.

SUPPLEMENTAL OFFERING CIRCULAR

The Issuer has given an undertaking in connection with the listing of the Notes on the Hong Kong Stock Exchange to the effect that, so long as any Notes remain outstanding and listed on the Hong Kong Stock Exchange, the Issuer will prepare a supplement to this Offering Circular or a new Offering Circular upon becoming aware that:

(a) there has been a significant (as defined in the HKSE Rules) change affecting any matter contained in this Offering Circular; or

(b) a significant (as defined in the HKSE Rules) new matter has arisen, the inclusion of information in respect of which would have been required to be in this Offering Circular if it had arisen before this Offering Circular was issued.

FORWARD LOOKING STATEMENTS

Certain statements under "Risk Factors", "Description of the Group" and elsewhere in this Offering Circular constitute "forward-looking statements". The words including "believe", "expect", "plan", "anticipate", "schedule", "estimate" and similar words or expressions identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Offering Circular, including, but without limitation, those regarding the financial position, business strategy, prospects, capital expenditure and investment plans of the Group and the plans and objectives of the Group's management for its future operations (including development plans and objectives relating to the Group's operations), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results or performance of the Group to differ materially from those expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. Each of the Issuer and the Guarantor expressly disclaims any obligation or undertaking to release any updates or revisions to any forward-looking statements contained herein to reflect any change in the Issuer's, the Guarantor's or the Group's expectations with regard thereto or any change of events, conditions or circumstances, on which any such statements were based. This Offering Circular discloses, under "Risk Factors" and elsewhere, important factors that could cause actual results to differ materially from the Issuer's or the Guarantor's expectations. All subsequent written and forward-looking statements attributable to the Issuer or the Guarantor or persons acting on behalf of the Issuer or the Guarantor are expressly qualified in their entirety by such cautionary statements.

INFORMATION INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with each relevant Pricing Supplement, the two most recently published audited annual financial statements and any interim financial statements published subsequently to such annual financial statements of the Issuer and the Guarantor from time to time (if any) and all amendments and supplements from time to time to this Offering Circular, which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents.

Copies of all such documents which are so deemed to be incorporated in, and to form part of, this Offering Circular will be available free of charge during usual business hours on any weekday (Saturdays and public holidays excepted) from the specified offices of the Paying Agents and the principal office in Hong Kong of the Fiscal Agent (as defined under "Summary of the Programme") (or such other Paying Agent for the time being in Hong Kong) set out at the end of this Offering Circular.

As at the date of this Offering Circular the Issuer has not published, and the Issuer does not propose to publish, any financial statements. The Guarantor has prepared their audited consolidated financial statements at and for the year ended 31 December 2024 (the "**2024 Audited Financial Statements**") and their unaudited but reviewed condensed interim financial statements for the six months ended 30 June 2025 (the "**2025 Unaudited Interim Financial Statements**"). See "Index to Financial Statements".

The 2024 Audited Financial Statements were prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and was audited by KPMG in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The 2025 Unaudited Interim Financial Statements were prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard 34 *"Interim Financial Reporting"* issued by the HKICPA and were reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the HKICPA.

See "General Information" for a description of the financial statements currently published by the Guarantor.

TABLE OF CONTENTS

SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of the Offering Circular as a whole, including any information incorporated by reference. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Offering Circular have the same meanings in this summary.

Issuer	Henderson Land MTN Limited.
Guarantor	Henderson Land Development Company Limited.
Programme Description	Medium Term Note Programme.
Programme Size	Up to U.S.$7,000,000,000 (or the equivalent in other currencies calculated as described in the Dealer Agreement) outstanding at any time. The Issuer and Guarantor may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
Risk Factors	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer and the Guarantor to fulfil their respective obligations in respect of the Notes are discussed under the section "Risk Factors" below.
Arranger	The Hongkong and Shanghai Banking Corporation Limited.
Dealers	Bank of China (Hong Kong) Limited, BOCI Asia Limited, BNP PARIBAS, China Construction Bank (Asia) Corporation Limited, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, Mizuho Securities Asia Limited, Morgan Stanley & Co. International plc, MUFG Securities EMEA plc, Oversea-Chinese Banking Corporation Limited, SMBC Nikko Securities (Hong Kong) Limited, Standard Chartered Bank, UBS AG Hong Kong Branch and United Overseas Bank Limited and any other Dealer appointed from time to time by the Issuer and the Guarantor either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Fiscal Agent, Paying Agent and Transfer Agent	The Bank of New York Mellon, London Branch.
Registrar	The Bank of New York Mellon SA/NV, Luxembourg Branch (in respect of Notes other than CMU Notes) and The Bank of New York Mellon, Hong Kong Branch (in respect of CMU Notes).
CMU Lodging and Paying Agent	The Bank of New York Mellon, Hong Kong Branch.
Method of Issue	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each, a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable

	with all other Notes of that Series. Each Series may be issued in tranches (each, a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment date of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the Pricing Supplement.
Clearing Systems	Clearstream, Euroclear and/or the CMU and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Guarantor, the Fiscal Agent (or, the CMU Lodging and Paying Agent, as the case may be), and the relevant Dealer.
Form of Notes	Notes may be issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**"). Registered Notes will not be exchangeable for Bearer Notes and vice versa. Each Tranche of Bearer Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Pricing Supplement. Each Global Note will be deposited on or around the date with a common depositary or sub-custodian for Clearstream, Euroclear and/or as the case may be, the CMU and/or any other relevant clearing system. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Pricing Supplement, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Pricing Supplement as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons. Registered Notes will initially be represented by Registered Global Notes. Registered Global Notes representing Registered Notes will be registered in the name of a nominee for one or more of Euroclear, Clearstream and the CMU.
Currencies	Notes may be denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.
Status of the Notes	The Notes constitute direct, unsubordinated, unconditional, and (subject to the provisions of Condition *5* (*Negative Pledge*)) unsecured obligations of the Issuer and shall at all

	times rank *pan passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 5, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations as described in "Terms and Conditions of the Notes — Status and Guarantee".
Status of the Guarantee	The Guarantee of the Notes constitutes a direct, unsubordinated, unconditional and (subject to the provisions of Condition *5* (*Negative Pledge*)) unsecured obligation of the Guarantor. The payment obligations of the Guarantor under the Guarantee of the Notes shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 5 at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations as described in "Terms and Conditions of the Notes — Status and Guarantee".
Issue Price	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.
Maturities	Any maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Redemption	Notes may be redeemable at par or at such other Redemption Amount (detailed in a formula, index or otherwise) as may be specified in the relevant Pricing Supplement. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Pricing Supplement. Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).
Optional Redemption	Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Pricing Supplement.
Tax Redemption	Except as described in "Optional Redemption" above, early redemption will only be permitted for tax reasons as

	described in Condition 10(b) (*Redemption and Purchase — Redemption for tax reasons*).
Interest	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series. All such information will be set out in the relevant Pricing Supplement.
Denominations	Notes will be issued in such denominations as may be specified in the relevant Pricing Supplement, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Negative Pledge	The Notes will contain a negative pledge provision as further described in Condition 5 (*Negative Pledge*).
Cross Default	The Notes will contain a cross default provision as further described in Condition 14 (*Events of Default*).
Withholding Tax	All payments in respect of Notes and the Guarantee will be made free and clear of withholding taxes of the British Virgin Islands and Hong Kong, as the case may be, unless the withholding is required by law. In that event, the Issuer or (as the case may be) the Guarantor will (subject to certain customary exceptions as described in Condition 13 (*Taxation*)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes or, as the case may be, the Guarantee of the Notes, had no such withholding been required.
Listing and Trading	Application has been made to the Hong Kong Stock Exchange for the listing of the Programme for the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange by way of debt issues to Professional Investors only. However, unlisted Notes and Notes to be listed, traded or quoted on or by any other competent authority, stock exchange or quotation system may be issued pursuant to the Programme. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Hong Kong Stock Exchange (or listed, traded or quoted on or by any other competent authority, exchange or quotation system). Notes listed on the Hong Kong Stock Exchange will be required to have a denomination of at least HK$500,000 (or its equivalent in other currencies).
Governing Law	The Notes, the Guarantee of the Notes and any non-contractual obligations arising out of or in connection with

	the Notes and the Guarantee of the Notes will be governed by, and construed in accordance with, English law.
Enforcement of Notes in Global Form	In the case of Global Notes, individual investors' rights against the Issuer will be governed by a Deed of Covenant dated 30 August 2011, a copy of which will be available for inspection at the specified office of the Fiscal Agent.
Selling Restrictions	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the European Economic Area, the United Kingdom, the PRC, Hong Kong, Japan, Singapore, the British Virgin Islands and the Netherlands, see "Subscription and Sale" below.
Initial Delivery of Notes	On or before the issue date for each Tranche, the Global Note representing Bearer Notes or the Global Certificate representing Registered Notes may be deposited with a common depositary for Euroclear and Clearstream or deposited with a sub-custodian for the CMU or any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealers. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of, or in the name of nominees or a common nominee or a sub-custodian for, such clearing systems.
Legal Entity Identifier	25490062URZHNZQBTW39.

SUMMARY OF FINANCIAL INFORMATION OF THE GUARANTOR

The summary of financial information set forth below has been extracted from the 2024 Audited Financial Statements and 2025 Unaudited Interim Financial Statements and should be read in conjunction with the information incorporated into this Offering Circular.

The 2025 Unaudited Interim Financial Statements have not been audited by the Guarantor's independent auditor. Consequently, the 2025 Unaudited Interim Financial Statements should not be relied upon by potential investors to provide the same quality of information associated with financial statements that have been subject to an audit. Potential investors must exercise caution when using such data to evaluate the Group's financial condition, results of operations and results.

Consolidated Statement of Profit or Loss

	For the year ended 31 December		For the six months ended 30 June	
	2024	**2023**	**2025**	**2024**
	(in HK$ million) *(audited)*		*(in HK$ million)* *(unaudited)*	
Revenue	25,256	27,570	9,552	11,762
Direct costs	(16,163)	(17,540)	(5,929)	(7,592)
	9,093	10,030	3,623	4,170
Other net income	3,191	1,508	305	1,035
Selling and marketing expenses	(1,406)	(1,326)	(512)	(616)
Administrative expenses	(2,345)	(2,305)	(1,112)	(1,071)
Profit from operations before changes in fair value of investment properties and investment properties under development	8,533	7,907	2,304	3,518
Decrease in fair value of investment properties and investment properties under development	(1,514)	(1,700)	(427)	(146)
Profit from operations after changes in fair value of investment properties and investment properties under development	7,019	6,207	1,877	3,372
Finance costs	(2,331)	(1,999)	(1,205)	(820)
Bank interest income	452	679	272	241
Net finance costs	(1,879)	(1,320)	(933)	(579)
Share of profits less losses of associates	2,413	2,794	1,280	1,322
Share of profits less losses of joint ventures	685	2,763	338	156
Profit before taxation	8,238	10,444	2,562	4,271
Income tax	(955)	(666)	430	(286)
Profit for the year/period	7,283	9,778	2,992	3,985

	For the year ended 31 December		For the six months ended 30 June	
	2024	**2023**	**2025**	**2024**
	(in HK$ million) *(audited)*		*(in HK$ million)* *(unaudited)*	
Attributable to:				
Equity shareholders of the Company	6,296	9,261	2,908	3,174
Non-controlling interests...........................	987	517	84	811
Profit for the year/period...............................	7,283	9,778	2,992	3,985
Earnings per share based on profit attributable to equity shareholders of the Company (reported earnings per share)				
Basic and diluted...	HK$1.30	HK$1.91	HK$0.60	HK$0.66
Earnings per share excluding the effects of the Group's aggregate attributable share of changes in fair value of investment properties and investment properties under development (net of deferred tax) (underlying earnings per share)				
Basic and diluted...	HK$2.02	HK$2.00	HK$0.63	HK$1.12

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the year ended 31 December		For the six months ended 30 June	
	2024	**2023**	**2025**	**2024**
	(in HK$ million) *(audited)*		*(in HK$ million)* *(unaudited)*	
Profit for the year/period...............................	7,283	9,778	2,992	3,985
Other comprehensive income for the year/period-net, after tax and reclassification adjustments:				
Items that will not be reclassified to profit or loss:				
- Investments in equity securities designated as financial assets at fair value through other comprehensive income (non-recycling)..................	46	(92)	33	40
- Share of other comprehensive income of associates and joint ventures.......	9	30	(16)	(30)
Items that may be reclassified subsequently to profit or loss:				
- Exchange differences...........................	(919)	(783)	662	(322)

	For the year ended 31 December		For the six months ended 30 June	
	2024	2023	2025	2024
	(in HK$ million) *(audited)*		*(in HK$ million)* *(unaudited)*	
- Cash flow hedges	(64)	(415)	(173)	21
- Share of other comprehensive income of associates and joint ventures	(1,098)	(943)	903	(686)
Other comprehensive income for the year/period	(2,026)	(2,203)	1,409	(977)
Total comprehensive income for the year/period	5,257	7,575	4,401	3,008
Attributable to:				
Equity shareholders of the Company	4,268	7,113	4,293	2,192
Non-controlling interests	989	462	108	816
Total comprehensive income for the year/period	5,257	7,575	4,401	3,008

Consolidated Statement of Financial Position

	At 30 June	At 31 December	
	2025	2024	2023
	(in HK$ million) *(unaudited)*	*(in HK$ million)* *(audited)*	
Non-current assets			
Investment properties	273,871	271,874	264,404
Other property, plant and equipment	6,187	4,389	4,508
Right-of-use assets	960	981	1,211
Goodwill	262	262	262
Trademarks	92	94	98
Interest in associates	50,669	50,564	51,903
Interest in joint ventures	79,088	77,876	78,933
Derivative financial instruments	312	514	743
Other financial assets	4,715	4,611	5,319
Deferred tax assets	1,761	1,082	1,027
	417,917	412,247	408,408
Current assets			
Deposits for acquisition of properties	366	369	382
Inventories	84,234	85,608	94,164
Trade and other receivables	12,478	14,023	14,441
Cash held by stakeholders	976	1,074	1,206
Cash and bank balances	16,600	17,919	21,623

	At 30 June	At 31 December	
	2025	**2024**	**2023**
	(in HK$ million) *(unaudited)*	*(in HK$ million)* *(audited)*	
	114,654	118,993	131,816
Assets of the disposal group classified as held for sale	–	–	2,326
	114,654	118,993	134,142
Current liabilities			
Trade and other payables	24,464	26,811	28,362
Amounts due to related companies	50	97	268
Lease liabilities	279	262	280
Bank loans	8,672	8,001	24,500
Guaranteed notes	2,692	9,585	6,244
Tax payable	1,094	1,055	441
	37,251	45,811	60,095
Liabilities associated with assets of the disposal group classified as held for sale	–	–	39
	37,251	45,811	60,134
Net current assets	77,403	73,182	74,008
Total assets less current liabilities	495,320	485,429	482,416
Non-current liabilities			
Bank loans	61,292	54,626	41,652
Guaranteed notes	7,820	10,024	19,439
Amount due to a fellow subsidiary	73,923	66,215	62,448
Amounts due to related companies	3,489	3,575	3,389
Derivative financial instruments	671	996	1,354
Lease liabilities	717	757	972
Provision for reinstatement costs	18	14	18
Deferred tax liabilities	8,661	8,645	9,044
	156,591	144,852	138,316
Net assets	338,729	340,577	344,100
Capital and Reserves			
Share capital	52,345	52,345	52,345
Other reserves	267,793	269,802	274,197
Total equity attributable to equity shareholders of the Company	320,138	322,147	326,542
Non-controlling interests	18,591	18,430	17,558
Total equity	338,729	340,577	344,100

RISK FACTORS

Prior to making any investment decision, prospective investors should consider carefully all of the information in this Offering Circular, including but not limited to the risks and uncertainties described below. The following factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring. Any of the risks or uncertainties described below, as well as additional risks or uncertainties, including those which are not currently known to the Issuer or the Guarantor or which the Issuer or the Guarantor currently deems to be immaterial, may affect the Guarantor's business, financial condition or results of operations or its ability to fulfil its obligations under the Notes.

Risk relating to the Issuer

The Issuer is a finance vehicle for the Group

The Issuer was established specifically for the purpose of raising finance for the purposes of the Programme and will use the net proceeds from the issue of any Notes to on-lend to the Guarantor and/or its subsidiaries for general corporate purposes. The Issuer does not and will not have any business activities other than the issue of debt securities, and its ability to make payments under the Notes will depend on its receipt of timely remittance of funds from the Guarantor and/or its subsidiaries and other members of the Group.

Risks relating to the Group and its Business

Measures adopted from time to time by the PRC and Hong Kong governments to restrict the real estate market could slow the industry's rate of growth or cause the real estate market to decline

The real estate market in the PRC is highly regulated, and the Hong Kong real estate market is also subject to significant regulations.

The supply of substantially all of the land in the PRC is controlled and regulated by the PRC Government. The land supply policies adopted by the PRC Government directly impact the Group's ability to acquire land use rights for development and the costs of such acquisitions. Property developers must comply with various national and local regulatory requirements promulgated by different tiers of regulators. From time to time, the PRC Government adjusts its macroeconomic policies to encourage or restrict property development which may have a direct impact on the Group's business. During 2017, the PRC Government maintained its regulatory stance towards the Chinese mainland property sector. In the implementation of differentiated policies, each city was obligated to initiate appropriate modifications to its housing policies according to local property market conditions. To prevent a further surge in home prices in the major cities and certain popular second-tier cities, four tightening measures, namely restrictions on pricing, purchasing, lending and re-selling, were implemented so as to curb demand from both investors and speculators.

In addition to strictly regulating the lending criteria and loan purpose, more residential sites were released to the market. As a result, residential markets in the major cities experienced steady performance in sales volume and prices, whilst "destocking" policies continued for the other cities. At the 19th National Congress of the Communist Party, the PRC Government set an important directive that "housing was for living in, not for speculation. They would speed up to put in place a housing system that ensures supply through multiple sources, provides housing support through multiple channels, and encourages both housing purchase and renting".

In the first half of 2018, a number of PRC cities had continued to implement the four tightening measures. In addition, credit towards the real estate sector was tightened, which caused interest rates for housing loans to rise continuously. Starting from the third quarter of 2018, price corrections appeared in certain cities. In the last quarter of 2018, some cities relaxed price restrictions and lowered mortgage interest rates. These had a negative impact on housing prices across a number of cities in the PRC. During the first half of 2024, the PRC Government maintained its relaxing stance towards the real estate industry and implemented a series of demand-side optimisation measures focusing on "generating demand" and "destocking" to boost market confidence.

In Hong Kong, the Hong Kong Monetary Authority has implemented regulatory measures in recent years to control the rate of growth of the real estate market. On 12 May 2017, it issued the Circular on Risk Management for Lending to Property Developers, requiring licensed banks to lower their land loan lending ratio from 50 per cent. to 40 per cent. of the value of the property site and lower their construction loan ratio from 100 per cent. to 80 per cent. of construction cost, with the overall cap lowered from 60 per cent. to 50 per cent. of the expected value of the completed property. In respect of property mortgage lending, the Hong Kong Monetary Authority has tightened counter cyclical measures to strengthen banks' risk management and resilience, including lowering loan-to-value ratio caps for mortgages on both high-end and low-end properties and mortgages involving borrowers and/or guarantors with pre-existing mortgages, raising the risk-weight for new residential mortgage loans and lowering the debt servicing ratio limit for mortgage loans to certain types of borrowers. These measures have had or may have a negative impact on property values and market demand in Hong Kong.

In addition, the Hong Kong government may introduce measures on the Hong Kong property market from time to time, which may have a significant impact on the supply and demand in the property market. For example, on 26 October 2012 the Financial Secretary of the Hong Kong government announced amendments to the Stamp Duty Ordinance to adjust the rates and to extend the holding period in respect of the Special Stamp Duty ("**SSD**") imposed by the Stamp Duty (Amendment) Ordinance 2011. Under the adjusted regime, any residential property acquired on or after 27 October 2012, either by an individual or a company (regardless of where it is incorporated) and resold within 36 months, is subject to the revised SSD rates. The Financial Secretary also introduced a Buyer's Stamp Duty ("**BSD**"), effective from 27 October 2012, on residential properties acquired by any person (including a company incorporated) except a Hong Kong permanent resident. BSD is charged at a flat rate of 15 per cent. on all residential properties, on top of the existing stamp duty and the SSD, if applicable. On 4 November 2016, the Hong Kong government announced further cooling measures in the form of an increase to stamp duty payable on property transactions to 15 per cent., effective from 5 November 2016 and applying to all residential property acquisitions by individuals or companies with the exception of first-time home buyers with Hong Kong permanent resident status. On 12 April 2017, this increased stamp duty was extended to apply to first-time Hong Kong permanent resident property buyers acquiring multiple properties under a single contract. In February 2024, the Hong Kong government announced the abolition of all demand-side management measures for residential properties. The SSD and the BSD are no longer charged on all residential property transactions. At the same time, the Hong Kong Monetary Authority issued guidelines to banks relaxing mortgage loan-to-value ratios and stress tests. Both initiatives were conducive to the purchase of new and replacement homes for local residents and encouraged the Chinese mainland talents and professionals to work and buy their own homes in Hong Kong.

On 16 October 2019, the Hong Kong government expanded eligibility under the Mortgage Insurance Programme of the Hong Kong Mortgage Corporation Limited (the "**Mortgage Insurance Programme**"). For a first-time home buyer, the cap on the value of property eligible for a mortgage loan with a maximum cover of 90 per cent. loan-to-value ratio will be raised from HK$4 million to HK$8 million. The cap on the value of property eligible for a mortgage loan with a maximum cover of 80 per cent. loan-to-value ratio will also be raised from HK$6 million to HK$10 million. On 23 February 2022, HKMC Insurance Limited, a wholly-owned subsidiary of the Hong Kong Mortgage Corporation Limited, announced plans to further expand eligibility under the Mortgage Insurance Programme. For a first-time home buyer, the cap on the value of property eligible for a mortgage loan with a maximum cover of 90 per cent loan-to-value ratio will be raised from HK$8 million to HK$10 million. The cap on the value of property eligible for a mortgage loan with a maximum cover of 80 per cent. loan-to-value ratio will also be raised from HK$10 million to HK$12 million (if the loan-to-value ratio is progressively adjusted to 50%, the maximum eligible property value is up to HK$19.2 million). On 7 July 2023, the Mortgage Insurance Programme for completed residential properties was further amended. For a first-time home buyer, the cap on the value of property eligible for a mortgage loan with a maximum cover of 80 per cent. loan-to-value ratio has been raised to HK$15 million. The coverage of the Mortgage Insurance Programme has also been extended to properties valued above HK$15 million and up to HK$30 million, subject to a mortgage loan cap of HK$12 million or a maximum loan-to-value ratio of 70 per cent., whichever is higher. On 22 September 2023, the Mortgage Insurance Programme was further amended such that the eligibility criteria for residential properties under construction align with those for completed residential properties. There can be no assurance that the Hong Kong government will not implement further cooling measures or extend the scope, application and rate level of the existing measures. These and any further measures may adversely impact the Hong Kong property market which may in turn adversely impact the Group's business and operating results.

The PRC and Hong Kong governments' restrictive measures to control the property development industry's rate of growth could limit the Group's access to capital resources, reduce market demand and increase the Group's operating costs. The PRC and/or Hong Kong governments may adopt additional and more stringent measures in the future, which may further slow the development of the industry and materially and adversely affect the Group's business and result of operations. In particular, any additional or more stringent measures imposed by the PRC or Hong Kong government in the future to curb high-end residential real estate projects may materially and adversely affect the Group's business and results of operations.

Further, in relation to the PRC the Group may, under certain land clearance agreements with relevant land authorities, be required to assist local governments with clearing land and relocating original residents with respect to some of its property developments in accordance with the relevant PRC laws and regulations. The complicated administrative process and possibility of unfavourable settlement regarding the amount of compensation may increase the cost of the development and materially and adversely affect the Group's cash flow, the progress of PRC development projects, business operations and financial condition. Under PRC law, if a developer fails to develop land according to the terms of the land grant contract (including those relating to payment of fees, land use or the time for commencement and completion of the development of the land), the relevant local government authority may give a warning to or impose a penalty on the developer or forfeit the land granted to the developer. There can be no assurance that circumstances leading to possible forfeiture of land or delays in the completion of a project may not arise in the future. The Group must obtain various permits, certificates, relevant approvals from the relevant administrative authorities at various stages of development, including land use rights document, planning permits, construction permits and confirmation of completion and acceptance. Each approval is dependent on the satisfactory compliance with certain requirements or conditions. There can be no assurance that the Group will not encounter material delays or other impediments in fulfilling the conditions precedent to obtain these approvals.

The Group is dependent on the performance of the Hong Kong and the Chinese mainland property markets

The Group currently has interests in a number of properties including investment properties and development properties which are situated in Hong Kong and the Chinese mainland. The Group's financial condition and results of operations are largely dependent on these properties. See "Description of the Group — Business Overview". The property interests of the Group are subject to certain risks inherent generally in the ownership of, investment in and development of property. These risks include the cyclical nature of property markets, changes in general economic, business and credit conditions, the illiquidity of land and other real property, changes in governmental policies or regulations, building material shortages and increases in the costs of labour and materials. The Group's property interests are also affected by the strength of the local economy.

Approximately 42% and 35% of the Group's revenue was derived from its property development and property leasing segments, respectively, for the six months ended 30 June 2025. Accordingly, the Group continues to be dependent, to a significant extent, on the overall state of the property sector and a decline in the performance of these business segments could adversely affect the Group's revenue.

Historically, the Hong Kong and the Chinese mainland property markets have been cyclical. For example, Hong Kong residential property prices, after reaching record highs in the mid-1990s, fell significantly as a result of the Asian economic downturn but have generally followed an upward trend since 2003 to the second half of 2024. In the PRC, the rapid expansion of the property market in certain major cities, including Shanghai and Beijing, in the early 1990s culminated in oversupply by the mid-1990s and a corresponding decrease in property values and rentals in the second half of the decade. Since the late 1990s, private residential property prices and the number of residential property development projects have gradually increased in major cities in the PRC as a result of an increase in demand driven by domestic economic growth. In particular, prices of residential properties in certain major PRC cities such as Beijing, Shanghai, Guangzhou and Shenzhen have experienced rapid and significant growth. In recent years however, certain major cities have seen cyclical changes in their property markets, with individual cities continuing to implement differentiated policies in accordance with local conditions along with other controlling measures so as to ensure steady housing prices. The PRC Government, at both the central and local levels, has in recent years been imposing and may continue to impose various economic measures with an aim of cooling the overheated real estate market in the PRC, including home purchase restrictions and strengthened supervision over PRC real estate developers, some of which have experienced tightened cashflow, difficulty in refinancing or even default in their own loan obligations, which would affect relevant segments of the economy and may in turn affect the Group's business and operation. In the event of actual or perceived real estate over-supply in the PRC, together with the effect of government policies to dampen the real estate market, real estate prices may fall significantly which would adversely affect the Group's revenue and results of operations. There can be no assurance that the Group's continued exposure to the PRC will not have a negative impact on the Group's earnings or an adverse effect on the Group's business, financial condition or results of operations or that the economic and political environment in the PRC will remain favourable to the Group's business in the PRC in the future.

In the event of economic decline, the Group may also experience market pressures that affect Hong Kong and the Chinese mainland property companies, such as pressures from tenants or prospective tenants to provide rent reductions or reduced market prices for sale properties. Rental values are also affected by factors such as political developments, governmental regulations and changes in planning or tax laws, interest rate levels and inflation. Additional supply of new residential and office properties is also scheduled for completion over the next few years and such additional supply may also adversely affect residential and office rents and occupancy rates as well as sale prices for new residential units. In addition, from time to time during economic downturns, the Group has experienced pressure from existing and prospective commercial tenants to provide rent reductions or longer rent-free periods than usually given. For instance, the Group had granted rent concession for selective retail clients and distressed retail tenants over specified periods (some were being amortised over 2.5-year lease durations) on a monthly review basis as a result of restrictive movement ordered by the government with a view to curb the spread of coronavirus ("**COVID-19**"). From 2020 to early-2023, restrictions imposed to curb the spread of COVID-19, which included the closure of restaurants and shops, have temporarily impacted and suspended tenants' income. Such incidents have had an impact on the Group's rental income from its commercial property investments and the recurrence of such market conditions in the future may have an adverse effect on the Group's business, operating results and financial condition. See "Risks relating to the Group and its Business – The Group's business may be affected by global economic factors" and "Risks relating to the Group and its Business – The occurrence of a contagious disease in Asia could affect the Group's business, financial condition, results of operations and/or growth prospects" for further details.

There is also no assurance that the problems of oversupply, falling property prices and tightening of credit provided by lenders will not recur or that the recurrence of such problems with respect to the Hong Kong or PRC property markets will not adversely affect the business, financial condition and results of operations of the Group. Any slowdown in the economies of the United States, the European Union and certain Asian countries may adversely affect economic growth in Hong Kong, the PRC and elsewhere.

The inherent volatility of the property market impacts the best timing for both the acquisition of sites and the sale of completed development properties. This volatility, combined with the lead time required for completion of projects as well as the sale of existing properties, means that the Group's results from its property development activities may be susceptible to significant fluctuations from year to year. Furthermore, fluctuations in the Hong Kong and the Chinese mainland property market will impact on the Group's statement of financial position since the Group revalues its investment properties on a semi-annual basis. See also "Risk relating to the Group and its Business - Property revaluations may have a material impact on the Group's financial statements" for further details.

Civil unrest could have an adverse impact on the Group's business, financial condition or operating results

Civil unrest occurring in close proximity to the Group's shopping malls and hotels in various districts in Hong Kong may disrupt the Group's business. Protests, demonstrations or rioting causing mass disruption to businesses and transportation may result in a decrease in consumer spending. Consumers may avoid areas affected by social upheaval or may be unable to reach these areas due to a disruption in transportation or an outbreak of violence, and local businesses may be affected. There is no assurance that there will not be any unforeseeable interruptions to the business and operations of the Group's shopping malls, department stores and hotels, and affect the potential access to the Group's property sales activities therein. Moreover, inbound tourism may be affected by such protests, with less tourists travelling to Hong Kong which in turn may negatively affect the Hong Kong retail market and hospitality industry. Furthermore, there is no assurance that any such prolonged civil unrest will not have an adverse impact on residential and commercial property prices. Civil unrest is outside the control of the Group and any such demonstrations, protests or riots occurring in close proximity to the Group's properties or over a prolonged period could adversely impact the Group's business, financial condition and results of operations.

Measures proposed by the Hong Kong government to expedite the supply of first-hand private residential units may have a negative impact on the Group

On 29 June 2018, the Hong Kong government proposed introducing a tax on vacant first-hand private residential units at two times the annual rateable value of the units (the "**Vacancy Tax**") to encourage developers to release residential units more quickly into the market. Under the proposal, developers of first-hand private residential units with an occupation permit issued for 12 months or more will be required to make annual returns disclosing the occupancy status of their units. Units that have not been occupied or rented out for more than six of the past 12 months will be considered vacant and subject to the Vacancy Tax, which will be collected annually. On 13 September 2019, the Hong Kong government gazetted an amendment bill to implement the proposed Vacancy Tax at the Legislative Council. The amendment bill to implement the proposed Vacancy Tax passed the first reading at the Legislative Council in October 2019. Although Hong Kong lawmakers have decided to shelve the proposal to introduce the Vacancy Tax on property developers in June 2020 due to the lack of time to vet the proposal, there is no assurance that the Hong Kong government will not re-introduce the amendment bill in the future. If implemented, the Vacancy Tax may present a financial burden to the Group that may have an adverse effect on its business, operating results and financial condition.

The Group's business may be affected by global economic factors

Economic developments outside Hong Kong and the Chinese mainland could also adversely affect the property markets in Hong Kong and the Chinese mainland. Volatility in the global credit markets in recent years has affected, and may continue to affect, the availability of credit and the confidence of the financial markets, globally as well as in Hong Kong and the Chinese mainland. There remains a concern that a return of the debt crisis in Europe, the political unrest in the Middle East and Eastern Europe as well as rumours or threats or actual terrorist attacks or conflicts in the Middle East, Southeast Asia, Eastern Europe or other regions will have a detrimental effect on the global financial system. Events such as the military conflict between Russia and Ukraine and Israel and Palestine, and the resulting sanctions imposed by the U.S. and Europe against Russia and Russian entities, have adversely affected and may continue to adversely affect global trade, commodity prices and oil supply. The global credit markets have experienced, and may continue to experience, volatility and liquidity disruptions, which have resulted in the consolidation, failure or near failure of a number of institutions in the banking and insurance industries in early 2023. The global economic downturn has in the past led to an increased level of consumer delinquencies, lack of consumer confidence, decreased market valuations and liquidity, increased market volatility and a widespread reduction of business activity generally In addition, trade tensions between the U.S. and China have created uncertainties in the world economy and global financial market. Although the U.S. and China reached an agreement in May 2025 to reduce tariffs as an initial step towards de-escalating trade disputes between them, the effect of such an agreement remains uncertain. Sustained or escalating tension between the U.S. and China over trade policies could significantly undermine the stability of the global economy.

Any volatility or deterioration in economic conditions in the U.S., Europe, China and elsewhere has had and may continue to have a negative impact on the economies of Hong Kong and the Chinese mainland. For example, difficulties faced by business enterprises during the COVID-19 pandemic, inflationary pressure triggered by the resumption of economic activities, challenges of supply chain shortages and surging energy prices, amplified geopolitical tensions over trade and technology may continue to cause volatility in the financial markets in Hong Kong, the PRC and other markets globally. While the Hong Kong and the Chinese mainland economies have remained generally stable in recent years, they have faced downward pressure, especially during the outbreak of the COVID-19. The Group's business is highly dependent on economic conditions in Hong Kong and the Chinese mainland. Any slowdown or perceived slowdown in the economy of Hong Kong and/or the Chinese mainland could materially and adversely affect the Group's business, financial condition, results of operations and prospects, especially if such a slowdown were to be continued and prolonged. One of the effects of a slowdown in economic growth was higher interest rates in Hong Kong and globally, which have negatively impacted access to financing for property developers and potential customers and have resulted in higher financing costs and increased counterparty risk. Central banks have reacted to the rise of inflation by raising their policy interest rates since 2022. In the U.S. for example, the Federal Reserve has raised interest rates multiple times since 2022 and these higher interest rates have been maintained, despite the interest rate cuts announced in September 2024 and in September 2025. A slowdown in economic growth, along with reduced availability of credit, could adversely impact potential customers, which could, in turn, lead to lower demand for commercial and residential properties as well as declining property prices and rents, as consumers and businesses will generally be more cautious when making decisions to purchase property or enter into or renew leases. In addition, an economic slowdown can cause insolvency of contractors resulting in construction delays.

No assurance can be given that any slowdown in the economies of the United States, the European Union and elsewhere in Asia, will not adversely affect the businesses of the Group or that the effects of global economic events may not otherwise adversely affect the Group.

The property investment business of the Group is affected by local, regional and international economic conditions and changes in market conditions

The Group's property investment business is affected by local, regional and international economic conditions including changes to monetary policy, fiscal policy, interest rates, stock market indices, exchange rates, taxation rates and inflation. It may also be affected by changes in market conditions and is exposed to economic cycles and market volatility.

Changes to these economic and financial market conditions may have an effect on the level of activity and demand for the leasing of office and retail properties of the Group. This may result in the Group not being able to negotiate rental lease extensions with some existing tenants as lease terms expire or replace expiring leases with leases on equivalent terms. The occurrence of such events may have a material adverse effect on the income of the Group, the value of its property portfolio, its financial performance and condition.

The Group's lease renewals will be affected by timing and the condition of the rental market

The leases of the Group are typically entered into for three years for office and two to three years for retail tenants occupying relatively small floor space and up to five or six years for tenants occupying relatively large floor space generally. These long-term leases are usually subject to pre-determined rental escalation or rent review every two to three years. As a result, some of the Group's leases are up for renewal each year and the rents charged are typically adjusted based upon prevailing market rates. Accordingly, it is possible to have a concentration of renewal of leases or rent adjustments in a given year, and that a slowdown in the rental market in a given year could adversely affect the rental income of the Group.

Changes to local, regional and global economic conditions may cause market participants to downsize and even close their operations. Demand for, and rental rates of, office buildings and retail spaces may greatly reduce. Should the economic environment weaken, a more cautious view may be taken by tenants towards the size of leased space and the rental rates upon renewal of commercial tenancies, which could have an adverse effect on the Group's business, operating results, financial condition and prospects.

The Group faces contractual risks relating to the pre-sale of properties, including the risk that property developments cannot be completed, or cannot be completed on time

The Group faces contractual risks relating to the pre-sales of properties. Failure to timely complete and/or deliver a pre-sold property may cause the Group to be liable to the relevant purchasers for losses suffered by them. The Group's failure to complete property developments in the time required by pre-sale contracts may entitle purchasers to claim damages under the pre-sale contracts, and in the event that such failure causes a delay that extends beyond any grace period stipulated in the pre-sale contracts, purchasers may be entitled to terminate the pre-sale contracts, claim damages and request a refund of their purchase amount together with interest. The Group may experience delays in completion or delivery of its properties which could have an adverse effect on the income of the Group.

The Group is subject to risks incidental to the ownership and development of real estate properties

Investment in property is generally illiquid, limiting the ability of an owner or a developer to convert property assets into cash at short notice or requiring a substantial reduction in the price that might otherwise be sought for such assets to ensure a quick sale, especially if there is weak sentiment in the property market.

The Group is subject to risks incidental to the ownership and operation of residential, industrial, office and retail properties including, among other things, competition for tenants, changes in market rents, inability to renew leases or re-let space as existing leases expire, inability to collect rent from tenants due to bankruptcy or insolvency of tenants or otherwise, inability to dispose of major investment properties for the values at which they are recorded in the financial statements, increased operating costs and the need to renovate, repair and re-let space periodically and to pay the associated costs.

The Group's property development business involves significant risks distinct from those involved in the ownership and operation of established properties, among other things, the risks that financing for development may not be available on favourable terms, that construction may not be completed on schedule or within budget (for reasons including shortages of equipment, material and labour, work stoppages, interruptions resulting from inclement weather, unforeseen engineering, environmental and geological problems, labour industrial action and unanticipated cost increases), that development may be affected by governmental regulations (including changes in building and planning regulations and delays or failure to obtain the requisite construction and occupancy approvals), and that developed properties may not be leased or sold on profitable terms and the risk that purchasers and/or tenants may default.

The Group's core property businesses require substantial capital investment

The Group has historically required and expects that it will require in the future additional financing to fund its capital expenditures, to support future growth of its business, particularly with respect to its property development and investment activities, and/or to refinance its existing debt obligations. The Group's ability to arrange for external financing and the cost of such financing is dependent on numerous factors, including, but not limited to, general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investor confidence in the Group, success of the Group's businesses, provisions of tax and securities laws that may be applicable to the Group's efforts to raise capital, and the political and economic conditions in the PRC and Hong Kong. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on terms favourable to the Group.

The Group may face risks associated with debt financing

The Group uses a combination of debt and equity financing to support its operational and investment strategies. The Group may, from time to time, require renewal or additional debt financing to achieve its operational and investment objectives.

The Group will be subject to risks normally associated with debt financing including, but not limited to, the ability and the willingness of commercial banks to continue with their lending operations. It may also be subject to risks normally associated with changes in the conditions of the financial markets at different points in time and at different parts of economic cycles. The presence of adverse conditions in financial markets may result in the inability of the Group to obtain renewal or additional debt arrangement on attractive terms or delays in obtaining finance.

Property revaluations may have a material impact on the Group's financial statements

The Group values its investment properties and investment properties under development semi-annually in its statement of financial position at their open market value on the basis of an external professional valuation. Any fair value gain or loss on an investment property or an investment property under development attributable to the Group is credited or charged, as the case may be, to the Group's statement of profit and loss. A major or extended decline in property values could therefore result in an accounting loss for the Group and would increase the Group's leverage due to a decrease in the Group's total equity, and which in turn may limit its ability to obtain additional financing in the future.

The Group relies on independent contractors and sub-contractors for the provision of certain services

The Group engages independent third-party contractors and sub-contractors to provide various services including construction, piling and foundation, building and property fitting-out work, interior decoration, installation of air conditioning units and elevators, involving transportation of materials by air, sea and road. There is no assurance that the services rendered by any independent third-party contractor or sub-contractor engaged by the Group will be satisfactory. The Group is also exposed to the risk that its contractors and sub-contractors may require additional capital to complete an engagement in excess of the price originally tendered and the Group may have to bear additional costs as a result. Furthermore, there is a risk that the Group's major contractors and sub-contractors may experience financial or other difficulties which may affect their ability to discharge their obligations, thus delaying the completion of the Group's development projects or resulting in additional costs for the Group. The timely performance by these contractors and sub-contractors may also be affected by natural and human factors such as natural disasters, strikes and other industrial or labour disturbances, terrorisms, restraints of government, civil disturbances, accidents or breakages of machinery or equipment, failure of suppliers, interruption of delays in transportation, all of which are beyond the control of the Group. Any of these factors could adversely affect the business, financial condition and results of operations of the Group.

The Group's profit margin is sensitive to fluctuations in the cost of construction materials

Construction costs comprise one of the predominant components of the Group's cost of sales. Construction costs encompass all costs for the design and construction of a project, including payments to third-party contractors, costs of construction materials, foundation and substructure, fittings, facilities for utilities and related infrastructure such as roads and pipelines. Historically, construction material costs have been the principal driver of the construction costs of the Group's property development projects, with the cost of third-party contractors remaining relatively stable. A general trend in the economy of increased inflationary risk may also have an impact on the construction costs and a wider impact on other costs as well.

Construction costs may fluctuate as a result of the volatile price movement of construction materials such as steel and cement. The Group manages the cost of outsourced construction work through a process of tenders which, among other things, takes into account procurement of supplies of principal construction materials such as steel and cement of the Group's property development projects at fixed prices. In line with industry practice, if there is a significant price fluctuation (depending on the specific terms of each contract), the Group will be required to re-negotiate, top up or refund, depending on the price movement, existing construction contracts. Additionally, should existing contractors fail to perform under their contracts, the Group may be required to pay more to contractors under replacement contracts. Therefore, the Group's profit margin is sensitive to changes in the market prices for construction materials and these profit margins will be adversely affected if the Group cannot pass all of the increased costs onto its customers.

The Group is subject to risks relating to accidents or other hazards which may not be covered by insurance

The Group maintains insurance coverage on all of its properties under construction, third-party liabilities and employer's liabilities in accordance with what it believes to be industry standards. However, the Group may become subject to liability for hazards which it cannot insure against or which it may elect not to insure against because of high premium costs or other reasons. In particular, the Group's insurance policies generally do not cover certain types of losses incurred due to hazards such as war, civil disorder, acts of terrorism, and other natural disasters. Any losses may significantly affect the Group's business operation and the Group may not have sufficient funds to replace any property destroyed as a result of such hazards. In addition, any payments the Group makes to cover any losses, damages or liabilities could have a material adverse effect on its business, financial condition and results of operations. Further, notwithstanding the Group's insurance coverage, any damage to the Group's buildings, facilities, equipment, or other properties as a result of occurrences such as fires, floods, water damage, explosions, power losses, typhoons and other natural disasters may have a material adverse effect on the Group's business, financial condition and results of operations.

Furthermore, whilst every care is taken by the Group and its employees in the selection and supervision of its independent contractors, accidents and other incidents, such as theft, may occur from time to time. Such accidents or incidents may expose the Group to liability or other claims by its customers and other third parties.

Although the Group believes that it has adequate insurance arrangements in place to cover such eventualities, it is possible that accidents or incidents could occur which are not covered by these arrangements. The occurrence of any such accidents or incidents which are not covered by insurance could adversely affect the business, financial condition and results of operations of the Group. It is also possible that litigants may seek to hold the Group responsible for the actions of its independent contractors.

The Group's business is subject to various laws and regulations

The operations of the Group are subject to various laws and regulations of Hong Kong and the Chinese mainland. The Group's activities on its investment and development properties are limited by zoning ordinances and other regulations enacted by the authorities in Hong Kong and the Chinese mainland. Developing properties, refurbishment and other re-development projects require government permits, some of which may take longer to obtain than others. From time to time, the authorities in Hong Kong and the Chinese mainland may impose new regulations on landlords such as mandatory retrofitting of upgraded safety and fire systems in all buildings. The Group's properties are subject to routine inspections by the authorities in Hong Kong and the Chinese mainland with regard to various safety and environmental issues.

From time to time, changes in laws and regulations or the implementation thereof may require the Group to obtain additional approvals and licences from the relevant authorities for the conduct of its operations in Hong Kong or the PRC. In such event, the Group may incur additional expenses to comply with such requirements. This will in turn affect the Group's financial performance as its business costs will increase. Furthermore, there can be no assurance that such approvals or licences will be granted to the Group promptly or at all. If the Group experiences delays in obtaining, or is unable to obtain, such required approvals or licences, it may have a material adverse impact on the business, financial condition or results of operations of the Group.

The occurrence of a contagious disease in Asia could affect the Group's business, financial condition, results of operations and/or growth prospects

The business of the Group is subject to general economic and social conditions in Asia. The outbreak of an infectious disease such as the Influenza A (H1N1-2009), human avian influenza, Severe Acute Respiratory Syndrome, Ebola or Middle East Respiratory Syndrome or the COVID-19 pandemic may adversely affect the economy and infrastructure of the Asian countries. For instance, various lockdowns and restrictions previously imposed as a result of COVID-19 had greatly hindered the business activities in many regions including Asia. As a result of the COVID-19 pandemic, some of the Group's construction, marketing and sales activities had from time to time been suspended in response to the temporary regulations implemented by governments with a view to containing the outbreak. Although such temporary regulations have been rescinded, it is difficult to predict whether they will be reinstated in the future due to any occurrence of contagious diseases and how such a disruption to the Group's construction, marketing and sales activities would have a lasting impact on the performance of the Group, particularly on the property development section.

There can also be no assurance that any precautionary measures taken against infectious diseases would be effective, that there will not be another outbreak of contagious disease in the future or that the governments will not re-impose restrictive measures that significantly disrupt economic activities in the event there is a resurgence of COVID-19 or occurrence of any pandemic. If any recurrence or outbreak were to occur, such incidents may have a material adverse impact on the business, financial condition or results of the operations of the Group.

The Group's operations are subject to external risks

A natural disaster, catastrophe or other event could result in severe personal injury, property damage and environmental damage, which may curtail the Group's operations, cause delays in estimated completion dates for projects and materially adversely affect its cash flows and, accordingly, adversely affect its ability to service debt. The Group's operations are based in Hong Kong and the Chinese mainland, which are exposed to potential natural disasters including, but not limited to, typhoons, storms, floods and earthquakes. If any of the Group's developments are damaged by severe weather or any other disaster, accident, catastrophe or other event, the Group's operations may be significantly interrupted. The occurrence or continuance of any of these or similar events could increase the costs associated with the Group's operations and reduce its ability to operate its businesses at their intended capacities, thereby reducing revenues. Risks of substantial costs and liabilities are inherent in the Group's principal operations and there can be no assurance that significant costs and liabilities will not be incurred, including those relating to claims for damages to property or persons.

Risks relating to the PRC

A certain portion of the Group's development projects and assets are located in the PRC and a certain portion of its revenue is derived from its operations in the PRC. Accordingly, the Group's results of operations and prospects are subject to the economic, political and legal developments in the PRC.

The economic, political and social conditions in the PRC may adversely affect the Group's business

The PRC economy differs from the economies of most developed countries in many respects, including:

- extent of government involvement;
- level of development;
- growth rate;
- control of foreign exchange; and
- allocation of resources.

While the PRC economy has mostly experienced growth in the past 20 years, growth has been uneven, both geographically and among the various sectors of the economy. The PRC Government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may also have a negative effect on the Group's operations. For example, the Group's financial condition and operating results may be adversely affected by the PRC Government's control over capital investments or any changes in tax regulations or foreign exchange controls that are applicable to it.

The PRC economy has been transitioning from a planned economy to a market-oriented economy. For the past three decades, the PRC Government has implemented economic reform measures emphasising utilisation of market forces in the development of the PRC economy. However, since early 2004, the PRC Government has implemented certain measures in order to prevent the PRC economy from overheating. These measures may cause a decrease in the level of economic activity, including demand for residential and commercial properties and may have an adverse impact on economic growth in the PRC. If the PRC's economic growth slows down or if the PRC economy experiences a recession, the demand for the Group's properties may also slow down and hence the Group's business, financial condition and results of operations may be adversely affected.

In addition, demand for the Group's properties and its business, financial condition and results of operations may be adversely affected by:

- political instability or changes in social conditions in the PRC;
- changes in laws and regulations or the interpretation of PRC laws and regulations;
- measures which may be introduced to control inflation or deflation;
- changes in the rate or method of taxation; and

- imposition of additional restrictions on currency conversion and remittances abroad. The Group is exposed to foreign exchange risks.

Part of the Group's revenue is denominated in Renminbi and must be converted to pay dividends or make other payments in freely convertible currencies. Under the PRC's foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditure from trade, may be made in foreign currencies without prior approval, subject to certain procedural requirements. However, foreign exchange controls continue for capital account transactions, including repayment of loan principal and return of direct capital investments and investments in negotiable securities. In the past, there have been shortages of U.S. dollars or other foreign currency available for conversion of Renminbi in the PRC, and it is possible such shortages could recur, or that restrictions on conversion could be re-imposed. A portion of the Group's revenue and associated operating costs are denominated in Renminbi. Any volatility of the Renminbi exchange rate in the future may materially affect the Group's financial condition and results of operations and any devaluation of the Renminbi against foreign currencies will increase the amount of Renminbi the Group needs to service its obligations denominated in foreign currencies.

The Group may experience delays or difficulties in obtaining PRC Government approvals

Development projects in the PRC are dependent on obtaining the approvals of a variety of government authorities at different levels, receipt of which cannot be assured. These development projects have been and may in the future be subject to certain risks, including the cyclical nature of property markets, changes in governmental regulations and economic policies, including, among other things, regulations and policies restricting construction of properties and buildings and related limitations on extensions of credit, building material shortages, increases in labour and material costs, changes in general economic and credit conditions and the illiquidity of land and other property. There can be no assurance that required approvals will be obtained or that the actual costs of the Group's developments will not exceed projected costs.

Certain of the Group's business activities are conducted through joint ventures

The Group has investments in several joint venture companies formed to develop, own and/or operate property in the PRC. Although the Group generally seeks to maintain a sufficient level of control over the projects through ownership of a controlling interest and/or management in order to impose established financial control, management and supervisory techniques, property investment and development in the PRC may often involve the participation of local partners in the PRC, and joint ventures in the PRC may involve special risks or problems associated with joint venture partners, including, among other things, dissimilar business interests or one or more of the partners experiencing financial difficulties. Although the Group has not to date experienced any significant problems with respect to its joint venture partners, should such problems occur in the future they could have a material adverse effect on the business and prospects of the Group.

The real estate market and related infrastructure and mechanisms in the PRC are not fully developed

Private ownership of property in the PRC is still in a relatively early stage of development. Although demand for private residential property in the PRC has been growing rapidly in recent years, such growth is often coupled with volatility in market conditions and fluctuation in property prices. It is extremely difficult to predict by how much and when demand will develop, as many social, political, economic, legal and other factors, most of which are beyond the Group's control, may affect the development of the market. The level of uncertainty is increased by the limited availability of up-to-date financial and market information as well as delays and inaccuracies in the publishing of such materials in the PRC.

The lack of a liquid secondary market for residential real estate may discourage investors from acquiring new properties. The limited availability of property mortgage financing to PRC property investors may further inhibit demand for residential developments.

The PRC is a competitive market for property development and it may be difficult to acquire suitable sites for development in the future

In recent years, a large number of property developers based in the PRC have begun to undertake property development and investment projects in the PRC. In addition, a number of international developers have expanded their operations into the PRC, including a number of leading Hong Kong real estate development and investment groups. Many of these developers, both private and state-owned, have significant financial, managerial, marketing and other resources, as well as experience in property and land development. Competition between property developers is intense and may result in, among other things, increased costs for the acquisition of land for development, oversupply of properties in certain parts of the PRC, a decrease in property prices, a slowdown in the rate at which new property development projects will be approved and/or reviewed by the relevant government authorities, an increase in construction costs, and difficulty in obtaining high quality contractors and qualified employees. The consequences of any such risks eventuating may adversely affect the Group's business, results of operations and financial condition. In addition, the real estate market in the PRC is rapidly changing. If the Group cannot respond to changes in market conditions more swiftly or effectively than the Group's competitors do, the ability of the Group to generate revenue, financial condition and results of operations of the Group will be adversely affected.

The PRC legal system is still developing and differs from other jurisdictions and its laws may not be implemented or enforced in a consistent manner

The Group's business and operations in the PRC and the business and operations of its customers and suppliers in the PRC are subject to the laws and regulations promulgated by the PRC Government. The PRC Government is still in the process of developing a comprehensive set of laws and regulations in the course of the PRC's transformation from a centrally planned economy to a freer market-oriented economy. As the legal system in the PRC is still in a state of flux, laws and regulations or the interpretation of the same may be subject to change. Furthermore, any change in the political and economic policy of the PRC Government may also lead to similar changes in the laws and regulations or the interpretation thereof. Such changes may adversely affect the Group's operations and business in the PRC.

The PRC legal system is a codified legal system made up of written laws, regulations, circulars, administrative directives and internal guidelines as well as judicial interpretations. Unlike common law jurisdictions such as Hong Kong, decided cases do not form part of the legal structure of the PRC and thus have no binding effect. As such, the administration of PRC laws and regulations may be subject to a certain degree of discretion by the PRC authorities. This has resulted in the outcome of dispute resolutions not having the level of consistency or predictability as in other countries with more developed legal systems. Due to such inconsistency and unpredictability, should the Group be involved in any legal dispute in the PRC, it may experience difficulties in obtaining legal redress or in enforcing its legal rights.

From time to time, changes in law and regulations or the implementation thereof may also require the Group to obtain additional approvals and licences from the PRC authorities for the conduct of its operations in the PRC. In such event, the Group may incur additional expenses to comply with such requirements. This will in turn affect the Group's financial performance as its business costs will increase. Furthermore, there can be no assurance that such approvals or licences will be granted to the Group promptly or at all. If the Group experiences delays in obtaining, or is unable to obtain, such required approvals or licences, its operations and business in the PRC, and hence its overall financial performance, may be adversely affected.

Further expansion into second-tier cities in the PRC may affect the Group's operational and financial resources

As part of its growth strategy in the PRC, the Group is continuing to expand its development projects outside prime cities such as Beijing, Shanghai, Guangzhou and Shenzhen into new second-tier city geographical locations, including Changsha, Chengdu, Chongqing, Dongguan, Foshan, Nanjing, Shijiazhuang, Suzhou, Tianjin, Wuhan, Xiamen, Xian and Xuzhou. These expansions mainly take the form of joint ventures with certain local PRC developers. The Group expects to continue to expand its operations to other second-tier cities in the PRC, a substantial number of which are provincial-capital cities and which the Group that it has identified as having high growth potential, good infrastructure development and a balance of property demand and land supply. The Group's plans for second-tier city geographical locations and the need to integrate operations arising from its expansion particularly into other fast-growing cities in the PRC may place a significant strain on the Group's managerial, operational and financial resources and contribute to an increase in the Group's financing requirements.

PRC inflationary pressure may result in increased construction and funding costs

Inflation in the PRC may result in increased construction and funding costs for the Group. Increasing inflation rates may be caused by many factors beyond the Group's control, such as rising construction and labour costs, high lending levels, changes in national and international governmental policies and regulations as well as movements in exchange rates and interest rates. It is impossible to accurately predict future inflationary trends. In addition, as commercial banks in the PRC link the interest rates on their loans to benchmark lending rates published by the People's Bank of China (the "**PBoC**"), any increase in such benchmark lending rates will also increase the funding costs for the Group. The PRC Government is expected to continue to manage liquidity, cool down the real estate market and use price controls when needed. The Group's business, financial condition and results of operations in the PRC may be adversely affected by increased construction and funding costs.

Risks relating to the Notes issued under the Programme

The Notes may not be a suitable investment for all investors

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular, any applicable supplement to the Offering Circular or any Pricing Supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes may be complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to the purchaser's overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor’s overall investment portfolio.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Modification and waivers

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the parties to the amended and restated fiscal and paying agency agreement dated 10 October 2024 (as amended and/or supplemented from time to time, the “**Agency Agreement**”) may agree to modify any provision of the Agency Agreement, but the Issuer and the Guarantor shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

A change in English law which governs the Notes may adversely affect Noteholders

The Conditions are governed by English law in effect at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

The Notes may be represented by Global Notes and holders of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System(s)

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary for Euroclear and Clearstream, or lodged with CMU (each of Euroclear, Clearstream, and the CMU, a “**Clearing System**”).

Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. The relevant Clearing System(s) will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Notes are represented by one or more Global Notes the Issuer, or failing which, the Guarantor will discharge its payment obligations under the Notes by making payments to the relevant Clearing Systems for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Notes. Neither the Issuer nor the Guarantor has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System(s) to appoint appropriate proxies.

Noteholders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum denomination may be illiquid and difficult to trade

Notes may be issued with a minimum denomination. The Pricing Supplement of a Tranche of Notes may provide that, for so long as the Notes are represented by a Global Note and the relevant Clearing System(s) so permit, the Notes will be tradable in nominal amounts (a) equal to, or integral multiples of, the minimum denomination, and (b) the minimum denomination plus integral multiples of an amount lower than the minimum denomination.

Definitive Notes will only be issued if the relevant Clearing System(s) is/are closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business. The Pricing Supplement may provide that, if Definitive Notes are issued, such Notes will be issued in respect of all holdings of Notes equal to or greater than the minimum denomination. However, Noteholders should be aware that Definitive Notes that have a denomination that is not an integral multiple of the minimum denomination may be illiquid and difficult to trade. Definitive Notes will in no circumstances be issued to any person holding Notes in an amount lower than the minimum denomination and such Notes will be cancelled and holders will have no rights against the Issuer and the Guarantor (including rights to receive principal or interest or to vote) in respect of such Notes.

Risks relating to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Notes subject to optional redemption by the Issuer may have a lower market value than Notes that cannot be redeemed

Unless in the case of any particular Tranche of Notes the relevant Pricing Supplement specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the British Virgin Islands or Hong Kong or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Dual Currency Notes have features which are different from single currency issues

The Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

(i) the market price of such Notes may be volatile;

(ii) they may receive no interest;

(iii) payment of principal or interest may occur at a different time or in a different currency than expected; and

(iv) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero.

Failure by an investor to pay a subsequent instalment of partly-paid Notes may result in an investor losing all of its investment

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalments could result in an investor losing all of its investment.

The market price of variable rate Notes with a multiplier or other leverage factor may be volatile

Notes with variable interest rates can be volatile securities. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include such features.

Inverse Floating Rate Notes are typically more volatile than conventional floating rate debt

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Notes carrying an interest rate which may be converted from fixed to floating interest rates and vice-versa, may have lower market values than other Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

The market prices of Notes issued at a substantial discount or premium tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Investors may lose part or all of their investment in any Index-Linked Notes issued

If, in the case of a particular Tranche of Notes, the relevant Pricing Supplement specifies that the Notes are Index-Linked Notes or variable redemption amount Notes, there is a risk that the investor may lose the value of its entire investment or part of it.

Regulation of benchmarks may lead to future reforms or discontinuation

The Euro Interbank Offered Rate ("**EURIBOR**") and other interest rates or other types of rates and indices which are deemed to be benchmarks have been subject to significant regulatory scrutiny and legislative intervention in recent years. This relates not only to creation and administration of benchmarks, but, also, to the use of a benchmark rate. In the EU, for example, Regulation (EU) No. 2016/1011, as amended (the "**EU Benchmarks Regulation**") applies to the provision of, contribution of input data to, and the use of, a benchmark within the EU, subject to certain transitional provisions. Similarly, Regulation (EU) No. 2016/1011 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended (the "**UK Benchmarks Regulation**") applies to the provision of, contribution of input data to, and the use of, a benchmark within the UK, subject to certain transitional provisions.

Legislation such as the EU Benchmarks Regulation or the UK Benchmarks Regulation, if applicable, could have a material impact on any Notes linked to EURIBOR or another benchmark rate or index – for example, if the methodology or other terms of the benchmark are changed in the future in order to comply with the terms of the EU Benchmarks Regulation or UK Benchmarks Regulation or other similar legislation, or if a critical benchmark is discontinued or is determined to be by a regulator to be "no longer representative". Such factors could (amongst other things) have the effect of reducing or increasing the rate or level or may affect the volatility of the published rate or level of the benchmark. They may also have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks", or lead to the discontinuance or unavailability of quotes of certain "benchmarks".

Although EURIBOR has subsequently been reformed in order to comply with the terms of the EU Benchmarks Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with the Euro Short Term Rate ("**€STR**") or an alternative benchmark.

The elimination of EURIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Conditions (as further described in Condition 7(g) (*Benchmark Replacement (Independent Adviser))*) or result in adverse consequences to holders of any Notes linked to such benchmark (including Floating Rate Notes whose interest rates are linked to EURIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities (including the Notes) based on the same benchmark.

Interest rate "fallback" arrangements may lead to Notes performing differently or the effective application of a "fixed rate"

The Conditions provide for certain fallback arrangements in the event that a published benchmark (including any page on which such benchmark may be published (or any successor service)) becomes unavailable or a Benchmark Event or a Benchmark Transition Event (each as defined in the Conditions), as applicable, otherwise occurs. Such an event may be deemed to have occurred prior to the issue date for a Series of Notes. Such fallback arrangements include the possibility that the rate of interest could be set by reference to a successor rate or an alternative rate and that such successor rate or alternative reference rate may be adjusted (if required) in accordance with the recommendation of a relevant governmental body or in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark, although the application of such adjustments to the Notes may not achieve this objective.

Any such changes may result in the Notes performing differently (which may include payment of a lower interest rate) than if the original benchmark continued to apply. It is also possible that such an event may be deemed to have occurred prior to the issue date for a Series of Notes. Moreover, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser (as defined in the Conditions) in certain circumstances, the relevant fallback provisions may not operate as intended at the relevant time. Additionally, in certain circumstances, the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used, which may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page.

Any such consequences could have a material adverse effect on the value of and return on any such Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks arising from the possible cessation or reform of certain reference rates in making any investment decision with respect to any Notes linked to or referencing a benchmark.

Methodologies for the calculation of risk-free rates (including overnight rates or forward-looking rates) as reference rates for Floating Rate Notes may vary and may evolve

"Risk-free" rates, such as the Sterling Overnight Index Average ("**SONIA**"), SOFR and the €STR, as reference rates for Eurobonds, have become more commonly used as benchmark rates for bonds in recent years. Most of the rates are backwards-looking, but the methodologies to calculate the risk-free rates are not uniform. Such different methodologies may result in slightly different interest amounts being determined in respect of otherwise similar securities.

The Issuer may in the future also issue Notes referencing SONIA, the SONIA Compounded Index, SOFR, the SOFR Compounded Index or €STR that differ materially in terms of interest determination when compared with any previous Notes issued by it under this Programme.

Such variations could result in reduced liquidity or increased volatility or might otherwise affect the market price of any Notes that reference a risk-free rate issued under this Programme from time to time. In addition, investors should consider how any mismatch between applicable conventions for the use of reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing such risk-free rates. Investors should consider these matters when making their investment decision with respect to any Notes which reference SONIA, SOFR, €STR or any related indices.

The administrator of SOFR or any related indices may make changes that could change the value of SOFR or any related index, or discontinue SOFR or any related index

Newer reference rates or any related indices and rates that fall outside the scope of the EU Benchmarks Regulation and UK Benchmarks Regulation may also be subject to changes or discontinuation. The Federal Reserve or the Bank of New York (or their successors) as administrators of SOFR (and the SOFR Compounded Index), may make methodological or other changes that could change the value of these risk-free rates and/or indices, including changes related to the method by which such risk-free rate is calculated, eligibility criteria applicable to the transactions used to calculate SOFR, or timing related to the publication of SOFR or any related indices. In addition, the administrator may alter, discontinue or suspend calculation or dissemination of SOFR or any related index (in which case a fallback method of determining the interest rate on the Notes will apply). The administrator has no obligation to consider the interests of Noteholders when calculating, adjusting, converting, revising or discontinuing any such risk-free rate.

It is not possible to calculate interest rates in advance for Notes which reference SOFR or any related indices

Interest on Notes which reference a backwards-looking risk-free rate is only capable of being determined immediately prior to the relevant Interest Payment Date. It may therefore be difficult for investors in Notes which reference such risk-free rates reliably to estimate the amount of interest which will be payable on such Notes.

Further, in contrast to Notes linked to interbank offered rates, if Notes referencing backwards-looking rates become due and payable as a result of an Event of Default under Condition 14 (*Events of Default*), or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Rate of Interest payable in respect of such Notes shall be determined by reference to a shortened period ending immediately prior to the date on which the Notes become due and payable or are scheduled for redemption.

Risks relating to the market generally

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

Notes issued under the Programme have no current active trading market and may trade at a discount to their initial offering price and/or with limited liquidity

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). In particular, one or more initial investors in the Notes may purchase a significant portion of the aggregate principal amount of the Notes pursuant to an offering. The existence of any such significant Noteholder may reduce the liquidity of Notes in the secondary trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. If the Notes are trading at a discount, investors may not be able to receive a favourable price for their Notes, and in some circumstances, investors may not be able to sell their Notes at all or at their fair market value. Although applications may be made to the Hong Kong Stock Exchange for the Notes issued under the Programme to be admitted to listing on the Hong Kong Stock Exchange, there is no assurance that such applications will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. Furthermore, the ability of the Dealers to make a market in the Notes may be impacted by changes in regulatory requirements applicable to the marketing, holding and trading of, and issuing quotations with respect to, the Notes. In addition, the market for investment grade and crossover grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Notes issued under the Programme. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Tranche of Notes.

Exchange rate risks and exchange controls may result in investors receiving less interest or principal than expected

The Issuer will pay principal and interest on the Notes in the currency specified in the relevant Pricing Supplement (the "**Specified Currency**"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Changes in market interest rates may adversely affect the value of Fixed Rate Notes

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

Risks relating to Renminbi-denominated Notes

Notes denominated in Renminbi ("**Renminbi Notes**") may be issued under the Programme. Renminbi Notes contain particular risks for potential investors.

Renminbi is not freely convertible and there are regulations on the remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of Renminbi Notes

Renminbi is not freely convertible at present. The PRC Government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar.

However, there has been significant reduction in regulations by the PRC Government in recent years, particularly in respect of trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

On the other hand, remittance of Renminbi into and out of the PRC for the settlement of capital account items, such as capital contributions, debt financing and securities investment, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into and out of the PRC for settlement of capital account items are being adjusted from time to time to match the policies of the PRC Government.

Although the PBoC has implemented policies improving accessibility to Renminbi to settle cross-border transactions in the past, there is no assurance that the PRC Government will liberalise cross-border remittance of Renminbi in the future, that the schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations will not be promulgated in the PRC in future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. Despite Renminbi internationalisation pilot programme and efforts in recent years to internationalise the currency, there can be no assurance that the PRC Government will not impose interim or long-term regulations on the cross-border remittance of Renminbi. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer or the Guarantor to source Renminbi to finance its obligations under Notes denominated in Renminbi.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service Renminbi Notes

As a result of the regulations on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While the PBoC has entered into agreements (the "**Settlement Arrangements**") on the clearing of Renminbi business with financial institutions (the "**Renminbi Clearing Banks**") in a number of financial centres and cities, including but not limited to Hong Kong and has established the Cross-Border Inter-Bank Payments System (CIPS) to facilitate cross-border Renminbi settlement and is further in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions, the current size of Renminbi denominated financial assets outside the PRC is limited.

There are regulations imposed by PBoC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from PBoC, although PBoC has gradually allowed participating banks to access the PRC's onshore inter-bank market for the purchase and sale of Renminbi. The Renminbi Clearing Banks only have limited access to onshore liquidity support from PBoC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In cases where the participating banks cannot source sufficient Renminbi through the above channels, they will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the Issuer or the Guarantor is required to source Renminbi in the offshore market to service its Renminbi Notes, there is no assurance that the Issuer or the Guarantor will be able to source such Renminbi on satisfactory terms, if at all.

Investment in the Renminbi Notes is subject to exchange rate risks

The value of Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. The PBoC has in recent years implemented changes to the way it calculates the Renminbi's daily mid-point against the U.S. dollar to take into account market-maker quotes before announcing such daily mid-point. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. All payments of interest and principal will be made in Renminbi with respect to Renminbi Notes unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another foreign currency, the value of the investment made by a holder of the Renminbi Notes in that foreign currency will decline.

Payments with respect to the Renminbi Notes may be made only in the manner designated in the Renminbi Notes

All payments to investors in respect of the Renminbi Notes will be made solely (i) for so long as the Renminbi Notes are represented by global certificates held with the common depositary or common safekeeper, as the case may be, for Euroclear Bank SA/NV and Clearstream Banking S.A. or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, if so specified in the Pricing Supplement, (ii) for so long as the Renminbi Notes are represented by global certificates lodged with a sub-custodian for or registered with the CMU, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures or (iii) for so long as the Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, if so specified in the Pricing Supplement in accordance with prevailing rules and regulations. The Issuer and the Guarantor cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

Remittance of proceeds in Renminbi into or out of the PRC is subject to risks

In the event that the Issuer decides to remit some or all of the proceeds into the PRC in Renminbi, its ability to do so will be subject to obtaining all necessary approvals from, and/or registration or filing with, the relevant PRC government authorities. However, there is no assurance that the necessary approvals from, and/or registration or filing with, the relevant PRC government authorities will be obtained at all or, if obtained, they will not be revoked or amended in the future. There is no assurance that the PRC Government will continue to gradually liberalise the control over cross-border Renminbi remittances in the future, that the PRC Government will not impose any interim or long-term restrictions on capital inflow or outflow which may restrict cross-border Renminbi remittances, that the pilot schemes introduced will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that the Issuer does remit some or all of the proceeds into the PRC in Renminbi and the Issuer subsequently is not able to repatriate funds out of the PRC in Renminbi, it will need to source Renminbi outside the PRC to finance its obligations under the Renminbi Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be on-lent by the Issuer to the Guarantor and/or its subsidiaries for general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.

FORMS OF THE NOTES

BEARER NOTES

The Issuer may make applications to Euroclear and Clearstream for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. The Issuer may also apply to have Bearer Notes accepted for clearance through the CMU. In respect of Bearer Notes, a temporary Global Note and/or a permanent Global Note will be deposited with a common depositary for Euroclear and Clearstream or a sub-custodian for the CMU. Transfers of interests in a temporary Global Note or a permanent Global Note will be made in accordance with the normal market debt securities operating procedures of Euroclear, Clearstream and the CMU. Each Global Note will have an International Securities Identification Number ("**ISIN**") and a Common Code or a CMU Instrument Number, as the case may be. Investors in Notes of such Series may hold their interests in a Global Note only through Euroclear or Clearstream or the CMU, as the case may be.

REGISTERED NOTES

The Issuer may make applications to Euroclear and Clearstream for acceptance in their respective book-entry systems in respect of the Notes to be represented by a Global Certificate. The Issuer may also apply to have Notes represented by a Global Certificate accepted for clearance through the CMU. Each Global Registered Note will have an ISIN and a Common Code or a CMU Instrument Number. Investors in Notes of such Series may hold their interests in a Global Registered Note only through Euroclear or Clearstream or the CMU, as the case may be.

INDIVIDUAL CERTIFICATES

Registration of title to Registered Notes in a name other than a depositary or its nominee for Euroclear and Clearstream or the CMU will be permitted only in the circumstances set forth in "Summary of Provisions Relating to the Notes while in Global Form — Exchange — Permanent Global Notes". In such circumstances, the Issuer will cause sufficient individual Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s). A person having an interest in a Global Certificate must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Individual Certificates.

CLEARANCE AND SETTLEMENT

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream, the CMU (together, the "**Clearing Systems**") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Guarantor and the Issuer believe to be reliable, but neither the Issuer nor the Guarantor nor the Arranger nor any Agent nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.

THE CLEARING SYSTEMS

The relevant Pricing Supplement will specify the Clearing System(s) applicable for each Series.

Euroclear and Clearstream

Euroclear and Clearstream each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream participants are financial institutions throughout the world, including underwriters, securities brokers and Dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream is also available to others, such as banks, brokers, Dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream will be credited, to the extent received by any Paying Agent, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system's rules and procedures.

CMU

The CMU is a central depositary service provided by the Central Moneymarkets Unit of the Hong Kong Monetary Authority (the "**HKMA**") for the safe custody and electronic trading between the members of this service ("**CMU Members**") of capital markets instruments ("**CMU Notes**") which are specified in the CMU Reference Manual as capable of being held within the CMU.

The CMU is only available to CMU Notes issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons. Membership of the CMU is open to all members of the Hong Kong Capital Markets Association and "authorised institutions" under the Banking Ordinance (Cap. 155) of Hong Kong.

Compared to clearing services provided by Euroclear and Clearstream, the standard custody and clearing service provided by the CMU is limited. In particular (and unlike the European Clearing Systems), the HKMA does not as part of this service provide any facilities for the dissemination to the relevant CMU Members of payments (of interest or principal) under, or notices pursuant to the notice provisions of, the CMU Notes. Instead, the HKMA advises the lodging CMU Member (or a designated paying agent) of the identities of the CMU Members to whose accounts payments in respect of the relevant CMU Notes are credited, whereupon the lodging CMU Member (or the designated paying agent) will make the necessary payments of interest or principal or send notices directly to the relevant CMU Members. Similarly, the HKMA will not obtain certificates of non-U.S. beneficial ownership from CMU Members or provide any such certificates on behalf of CMU Members. The CMU Lodging and Paying Agent will collect such certificates from the relevant CMU Members identified from an instrument position report obtained by request from the HKMA for this purpose.

An investor holding an interest through an account with either Euroclear or Clearstream in any Notes held in the CMU will hold that interest through the respective accounts which Euroclear and Clearstream each have with the CMU.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as supplemented, amended and/or replaced by the relevant Pricing Supplement, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below.

1 INTRODUCTION

(a) *Programme*: Henderson Land MTN Limited (the "**Issuer**") has established a Medium Term Note Programme (the "**Programme**") for the issuance of up to U.S.$7,000,000,000 in aggregate principal amount of notes (the "**Notes**") unconditionally and irrevocably guaranteed by Henderson Land Development Company Limited (the "**Guarantor**").

(b) *Pricing Supplement:* Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of a pricing supplement (the "**Pricing Supplement**") which supplements these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Pricing Supplement. In the event of any inconsistency between these Conditions and the relevant Pricing Supplement, the relevant Pricing Supplement shall prevail.

(c) *Agency Agreement:* The Notes are the subject of an amended and restated issue and paying agency agreement dated 10 October 2024 (as amended and/or supplemented from time to time, the "**Agency Agreement**") between the Issuer, the Guarantor, The Bank of New York Mellon, London Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), The Bank of New York Mellon, Hong Kong Branch as CMU lodging and paying agent (the "**CMU Lodging and Paying Agent**", which expression includes any successor CMU lodging and paying agent appointed from time to time in connection with the Notes), The Bank of New York Mellon SA/NV, Luxembourg Branch and The Bank of New York Mellon, Hong Kong Branch as registrars (each a "**Registrar**" and together the "**Registrars**") which expression includes any successor registrar appointed from time to time in connection with the Notes), the paying agents named therein (together with the Fiscal Agent and the CMU Lodging and Paying Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the transfer agents named therein (together with the Registrars, the "**Transfer Agents**", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes). In these Conditions references to the "**Agents**" are to the Paying Agents and the Transfer Agents and any reference to an "**Agent**" is to any one of them. For the purposes of these Conditions, all references (other than in relation to the determination of interest and other amounts payable in respect of the Notes) to the Fiscal Agent shall, with respect to a Series of Notes to be held in the CMU (as defined below), be deemed to be a reference to the CMU Lodging and Paying Agent and all such references shall be construed accordingly.

(d) *Deed of Guarantee:* The Notes are the subject of an amended and restated deed of guarantee dated 15 October 2018 (as amended and/or supplemented from time to time, the "**Deed of Guarantee**") executed by the Guarantor.

(e) *Deed of Covenant:* The Notes may be issued in bearer form ("**Bearer Notes**"), or in registered form ("**Registered Notes**"). Registered Notes issued by Henderson Land MTN Limited are constituted by a deed of covenant dated 30 August 2011 (the "**Deed of Covenant**").

(f) *The Notes:* All subsequent references in these Conditions to "**Notes**" are to the Notes which are the subject of the relevant Pricing Supplement issued by the Issuer. Copies of the relevant Pricing Supplement are available for viewing by prior written notice, upon satisfactory proof of holding and may be obtained from the Specified Office of the Paying Agents.

(g) *Summaries:* Certain provisions of these Conditions are summaries of the Agency Agreement, the Deed of Guarantee and the Deed of Covenant and are subject to their detailed provisions. Noteholders and the holders of the related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement, the Deed of Guarantee and the relevant Deed of Covenant applicable to them. Copies of the Agency Agreement, the Deed of Guarantee and the relevant Deed of Covenant are available for inspection by Noteholders during normal business hours (being between 9.00 a.m. and 3.00 p.m.) at the Specified Offices of the Paying Agents as set out below.

2 INTERPRETATION

(a) *Definitions*: In these Conditions the following expressions have the following meanings:

"**Accrual Yield**" has the meaning given in the relevant Pricing Supplement;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Pricing Supplement;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Pricing Supplement;

"**Business Day**" means:

(a) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre;

(b) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

(c) for the purposes of Notes denominated in Renminbi only, any day (other than a Sunday or a Saturday) on which commercial banks and foreign exchange markets are open for business and settle Renminbi payments in Hong Kong and are not authorised or obligated by law or executive order to be closed; and

(d) in respect of Notes for which the Reference Rate is specified as SOFR in the relevant Pricing Supplement, any weekday that is a U.S. Government Securities Business Day and is not a legal holiday in New York and each (if any) Additional Business Centre(s) and is not a date on which banking institutions in those cities are authorised or required by law or regulation to be closed.

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Pricing Supplement and, if so specified in the relevant Pricing Supplement, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

(a) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;

(b) “**Modified Following Business Day Convention**” or “**Modified Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day, save in respect of Notes for which the Reference Rate is SOFR, for which the final Interest Payment Date will not be postponed and interest on that payment will not accrue during the period from and after the scheduled final Interest Payment Date;

(c) “**Preceding Business Day Convention**” means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

(d) “**FRN Convention**”, “**Floating Rate Convention**” or “**Eurodollar Convention**” means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Pricing Supplement as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that**:

(i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

(ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(e) “**No Adjustment**” means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

“**Calculation Agent**” means the Fiscal Agent or such other Person specified in the relevant Pricing Supplement as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Pricing Supplement;

“**Calculation Amount**” has the meaning given in the relevant Pricing Supplement;

“**CMU**” means the Central Moneymarkets Unit Service, operated by the Hong Kong Monetary Authority;

“**Coupon Sheet**” means, in respect of a Note, a coupon sheet relating to the Note;

“**Day Count Fraction**” means, in respect of the calculation of an amount for any period of time (the “**Calculation Period**”), such day count fraction as may be specified in these Conditions or the relevant Pricing Supplement and:

(a) if “**Actual/Actual (ICMA)**” is so specified, means:

(i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(ii) where the Calculation Period is longer than one Regular Period, the sum of:

(A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;

(iii) if "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(iv) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;

(v) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;

(vi) if "**30/360**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$Day\ Count\ Fraction = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30";

(vii) if "**30E/360**" or "**Eurobond Basis**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$Day\ Count\ Fraction = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30; and

(viii) if "**30E/360 (ISDA)**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$Day\ Count\ Fraction = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30,

provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"**Determination Agent**" means an independent bank of international repute selected by and acting as an agent of the Issuer for the purposes of Condition 7(c)(iii) and notified to the Principal Paying Agent in writing. The Principal Paying Agent shall not be responsible for the calculations made by, or the actions or omissions of, the Determination Agent and shall not be liable for any losses caused thereby.

"**Early Redemption Amount (Tax)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"**Early Termination Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Pricing Supplement;

"**Extraordinary Resolution**" has the meaning given in the Agency Agreement;

"**Final Redemption Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"**Fixed Coupon Amount**" has the meaning given in the relevant Pricing Supplement;

"**Guarantee**" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

(a) any obligation to purchase such Indebtedness;

(b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;

(c) any indemnity against the consequences of a default in the payment of such Indebtedness; and

(d) any other agreement to be responsible for such Indebtedness;

"**Guarantee of the Notes**" means the guarantee of the Notes given by the Guarantor in the Deed of Guarantee;

"**Holder**", in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Title to Registered Notes*);

"**Hong Kong**" means the Hong Kong Special Administrative Region of the People's Republic of China;

"**Indebtedness**" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

(a) amounts raised by acceptance under any acceptance credit facility;

(b) amounts raised under any note purchase facility;

(c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;

(d) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and

(e) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

"**Interest Amount**" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

"**Interest Commencement Date**" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Pricing Supplement;

"**Interest Determination Date**" has the meaning given in the relevant Pricing Supplement;

"**Interest Payment Date**" means any date or dates specified as such in, or determined in accordance with the provisions of, the relevant Pricing Supplement and, if a Business Day Convention is specified in the relevant Pricing Supplement:

(a) as the same may be adjusted in accordance with the relevant Business Day Convention; or

(b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Pricing Supplement as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

"**Interest Period**" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date (or, if the Notes are redeemed on any earlier date, the relevant redemption date);

"**ISDA Definitions**" means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Pricing Supplement) as published by the International Swaps and Derivatives Association, Inc.) unless otherwise specified in the relevant Pricing Supplement;

"**Issue Date**" has the meaning given in the relevant Pricing Supplement;

"**Listed Material Subsidiary**" means any Material Subsidiary, the shares of which are at the relevant time listed on The Stock Exchange of Hong Kong Limited, or any other stock exchange;

"**Margin**" has the meaning given in the relevant Pricing Supplement;

"**Material Subsidiary**" means any Subsidiary of the Guarantor:

(a) whose gross revenue (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries) or whose gross assets (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries) represent not less than 10 per cent. of the consolidated gross revenue, or, as the case may be, the consolidated gross assets of the Guarantor and its Subsidiaries taken as a whole, all as calculated respectively by reference to the latest audited or reviewed financial statements (consolidated or, as the case may be, unconsolidated) of the Subsidiary and the then latest audited or reviewed consolidated financial statements of the Guarantor, provided that:

    (i) in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited or reviewed consolidated financial statements of the Guarantor relate for the purpose of applying each of the foregoing tests, the reference to the Guarantor's latest audited or reviewed consolidated financial statements shall be deemed to be a reference to such audited or reviewed financial statements as if such Subsidiary had been shown therein by reference to its then latest relevant audited or reviewed financial statements, adjusted as deemed appropriate by the auditor for the time being, after consultation with the Guarantor;

    (ii) if at any relevant time in relation to the Guarantor or any Subsidiary no financial statements are prepared and audited, its gross revenue and gross assets (consolidated, if applicable) shall be determined on the basis of pro forma consolidated financial statements (consolidated, if applicable) prepared for this purpose; and

(iii) if the financial statements of any Subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Guarantor, then the determination of whether or not such Subsidiary is a Material Subsidiary shall be based on a pro forma consolidation of its financial statements (consolidated, if appropriate) with the consolidated financial statements (determined on the basis of the foregoing) of the Guarantor; or

(b) to which is transferred all or substantially all of the business, undertaking and assets of another Subsidiary which immediately prior to such transfer is a Material Subsidiary, whereupon (a) in the case of a transfer by a Material Subsidiary, the transferor Material Subsidiary shall immediately cease to be a Material Subsidiary and (b) the transferee Subsidiary shall immediately become a Material Subsidiary, provided that on or after the date on which the relevant financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Material Subsidiary shall be determined pursuant to the provisions of sub-paragraph (a) above.

A report by two of the directors of the Guarantor that in their opinion (making such adjustments (if any) as they shall deem appropriate) a Subsidiary is or is not or was or was not at any particular time or during any particular period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Guarantor and the Noteholders;

"**Maturity Date**" has the meaning given in the relevant Pricing Supplement;

"**Maximum Redemption Amount**" has the meaning given in the relevant Pricing Supplement;

"**Minimum Redemption Amount**" has the meaning given in the relevant Pricing Supplement;

"**Noteholder**", in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Title to Registered Notes*);

"**Optional Redemption Amount (Call)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"**Optional Redemption Amount (Put)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"**Optional Redemption Date (Call)**" has the meaning given in the relevant Pricing Supplement;

"**Optional Redemption Date (Put)**" has the meaning given in the relevant Pricing Supplement;

"**Participating Member State**" means a Member State of the European Communities which adopts the euro as its lawful currency in accordance with the Treaty;

"**Payment Business Day**" means:

(a) if the currency of payment is euro, any day which is:

(i) a day on which (a) banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies and (b) a day on which commercial banks are open for general business (including dealing in foreign currencies) in the city where the Fiscal Agent, or as the case may be, the CMU Lodging Agent has its Specified Office; and

(ii) in the case of payment by transfer to an account, a (a) TARGET Settlement Day, and (b) a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

(b) if the currency of payment is not euro, any day which is:

(i) a day on which (a) banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies and (b) a day on which commercial banks are open for general business (including dealing in foreign currencies) in the city where the Fiscal Agent, or as the case may be, the CMU Lodging Agent has its Specified Office; and

(ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies (including, in the case of Notes denominated in Renminbi, settlement of Renminbi payments) may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

"**Permitted Security Interest**" means (i) any Security Interest over any assets (or related documents of title) purchased by the Issuer, the Guarantor or any Material Subsidiary as security for all or part of the purchase price of such assets and any substitute Security Interest created on those assets in connection with the refinancing (together with interest, fees and other charges attributable to such refinancing) of the indebtedness secured on those assets; and (ii) any Security Interest over any assets (or related documents of title) purchased by the Issuer, the Guarantor or any Material Subsidiary subject to such Security Interest and any substitute Security Interest created on those assets in connection with the refinancing (together with interest, fees and other charges attributable to such refinancing) of the indebtedness secured on those assets.

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**Principal Financial Centre**" means, in relation to any currency, the principal financial centre for that currency provided, however, that:

(a) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

(b) in relation to Australian dollars, it means Sydney or Melbourne and in relation to New Zealand dollars, it means either Wellington or Auckland, in each case, as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and

(c) in relation to Renminbi, it means Hong Kong or the principal financial centre as is specified in the applicable Pricing Supplement;

"**Put Option Notice**" means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"**Put Option Receipt**" means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"**Rate of Interest**" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Pricing Supplement or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Pricing Supplement;

"**Redemption Amount**" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Pricing Supplement;

"**Reference Banks**" means four major banks selected by the Determination Agent in the market that is most closely connected with the Reference Rate;

"**Reference Price**" has the meaning given in the relevant Pricing Supplement;

"**Reference Rate**" means EURIBOR, SOFR or any other applicable benchmarks as specified in the relevant Pricing Supplement in respect of the currency and period specified in the relevant Pricing Supplement. Other than in the case of U.S. dollar-denominated floating rate Notes or a Note for which the "Reference Rate" is specified in the relevant Pricing Supplement as being SOFR, the term Reference Rate shall, following the occurrence of a Benchmark Event under Condition 7 (g)(*Benchmark Replacement (Independent Adviser)*), include any Successor Rate or Alternative Rate and shall, if a Benchmark Event should occur subsequently in respect of any such Successor Rate or Alternative Rate, also include any further Successor Rate or further Alternative Rate;

"**Register**" has the meaning set out in Clause 5 (Transfer of Registered Notes) of the Agency Agreement;

"**Regular Period**" means:

(a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;

(b) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "Regular Date" means the day and month (but not the year) on which any Interest Payment Date falls; and

(c) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "Regular Date" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

"**Relevant Date**" means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

"**Relevant Financial Centre**" has the meaning given in the relevant Pricing Supplement;

"**Relevant Indebtedness**" means any indebtedness in the form of and represented by debentures, loan stock, bonds, notes, bearer participation certificates, depository receipts, certificates of deposit or other similar securities or instruments or by bills of exchange drawn or accepted for the purpose of raising money which are, or are issued with the intention on the part of the issuer thereof that they should be, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or on any other securities market (whether or not initially distributed by way of private placement) having an original maturity of more than one year from its date of issue but shall not include indebtedness under any secured transferable loan facility (which term shall, for the avoidance of doubt, mean any agreement for or in respect of indebtedness for borrowed money entered into with one or more banks and/or financial institutions whereunder rights and (if any) obligations may be assigned and/or transferred);

"**Relevant Screen Page**" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"**Relevant Time**" has the meaning given in the relevant Pricing Supplement;

"**Reserved Matter**" means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

"**Specified Currency**" has the meaning given in the relevant Pricing Supplement; "Specified Denomination(s)" has the meaning given in the relevant Pricing Supplement; "Specified Office" has the meaning given in the Agency Agreement;

"**Specified Period**" has the meaning given in the relevant Pricing Supplement;

"**Subsidiary**" in relation to any person, means any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity or any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the laws, regulations or generally accepted accounting principles of the Hong Kong from time to time, should have its accounts consolidated with those of that person;

"**T2**" means the real time gross settlement system operated by the Eurosystem, or any successor system;

"**Talon**" means a talon for further Coupons;

"**TARGET Settlement Day**" means any day on which T2 is open for the settlement of payments in euro;

"**Treaty**" means the Treaty establishing the European Communities, as amended;

"**Zero Coupon Note**" means a Note specified as such in the relevant Pricing Supplement;

(b) *Interpretation:* In these Conditions:

(i) if the Notes are Zero Coupon Notes or are Registered Notes, references to Coupons and Couponholders are not applicable;

(ii) if Talons are specified in the relevant Pricing Supplement as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;

(iii) if Talons are not specified in the relevant Pricing Supplement as being attached to the Notes at the time of issue, references to Talons are not applicable;

(iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 13 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;

(v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 13 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;

(vi) references to Notes being "outstanding" shall be construed in accordance with the Agency Agreement;

(vii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Pricing Supplement, but the relevant Pricing Supplement gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes; and

(viii) any reference to the Agency Agreement or the Deed of Guarantee shall be construed as a reference to the Agency Agreement or the Deed of Guarantee, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

3 FORM, DENOMINATION, TITLE AND TRANSFER

(a) *Bearer Notes:* Bearer Notes are in the Specified Denomination(s) with Coupons and, if specified in the relevant Pricing Supplement, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination.

(b) *Title to Bearer Notes:* Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, "**Holder**" means the holder of such Bearer Note and "**Noteholder**" and "**Couponholder**" shall be construed accordingly.

(c) *Registered Notes:* Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Pricing Supplement and higher integral multiples of a smaller amount specified in the relevant Pricing Supplement.

(d) *Title to Registered Notes:* The Registrar will maintain a register outside the United Kingdom in accordance with the provisions of the Agency Agreement. A certificate (each, a "**Note Certificate**") will be issued to each Holder of Registered Notes in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes, "**Holder**" means the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly.

(e) *Ownership:* The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

(f) *Transfers of Registered Notes:* Subject to paragraphs (i) (*Closed periods*) and (j) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.

(g) *Registration and delivery of Note Certificates:* Within five business days of the surrender of a Note Certificate in accordance with paragraph (f) (*Transfers of Registered Notes*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

(h) *No charge:* The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(i) *Closed periods:* Noteholders may not require transfers to be registered:

(i) during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes;

(ii) during the period of 15 days ending on any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 10(b) (*Redemption for tax reasons*) or Condition 10(c) (*Redemption at the option of the Issuer*)*;*

(iii) after a Put Option Notice has been delivered in respect of the relevant Note(s) in accordance with Condition 10(e) (*Redemption at the option of Noteholders*)*;*

(iv) after a Change of Control Put Exercise Notice has been delivered in respect of the relevant Note(s) in accordance with Condition 10(f) (*Redemption for Change of Control*)*;* and

(v) during the period of seven days ending on (and including) any Record Date (as defined in Condition 12(f) (*Record Date*)*.*

(j) *Regulations concerning transfers and registration:* All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

4 STATUS AND GUARANTEE

(a) *Status of the Notes:* The Notes constitute direct, general and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(b) *Guarantee of the Notes:* The Guarantor has in the Deed of Guarantee unconditionally and irrevocably *guaranteed* the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes. This Guarantee of the Notes constitutes direct, general and unconditional obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

5 NEGATIVE PLEDGE

So long as any Note remains outstanding (as defined in the Agency Agreement), none of the Issuer or the Guarantor shall, and the Issuer and the Guarantor shall procure that none of the Guarantor's Material Subsidiaries (other than Listed Material Subsidiaries) will, create or permit to subsist any Security Interest, other than Permitted Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Notes equally and rateably therewith or (b) providing such other security for the Notes as may be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of Noteholders.

6 FIXED RATE NOTE PROVISIONS

(a) *Application:* This Condition 6 is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable.

(b) *Accrual of interest:* The Notes bear interest from (and including) the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments — Bearer Notes*) and Condition 12 (*Payments — Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

(d) *Calculation of interest amount:* The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose, a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

7 FLOATING RATE NOTE AND INDEX-LINKED INTEREST NOTE PROVISIONS

(a) *Application:* This Condition 7 is applicable to the Notes only if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable.

(b) *Accrual of interest:* The Notes bear interest from (and including) the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments — Bearer Notes*) and Condition 12 (*Payments — Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be (other than in respect of Notes for which SOFR is specified as the Reference Rate in the relevant Pricing Supplement) determined by the Calculation Agent on the following basis:

(i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Determination Agent will:

(A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and

(B) determine the arithmetic mean of such quotations; and

(iv) if fewer than two such quotations are provided as requested to the Determination Agent, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Determination Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Determination Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

(d) *ISDA Determination:* If ISDA Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as calculation agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Pricing Supplement;

(ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Pricing Supplement; and

(iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on (x) the Eurozone inter-bank offered rate (EURIBOR) or (z) the Hong Kong inter-bank offered rate (HIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Pricing Supplement.

(e) *Interest - Floating Rate Notes referencing SOFR (Screen Rate Determination):*

This Condition 7(e) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable, Screen Rate.

(i) Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, and the "Reference Rate" is specified in the relevant Pricing Supplement as being "SOFR".

(ii) Where "SOFR" is specified as the Reference Rate in the relevant Pricing Supplement, the Rate of Interest for each Interest Period will, subject as provided below, be the Benchmark plus or minus (as specified in the relevant Pricing Supplement) the Margin, all as determined by the Calculation Agent on each Interest Determination Date.

(iii) For the purposes of this Condition 7(e):

"**Benchmark**" means Compounded SOFR, which is a compounded average of daily SOFR, as determined for each Interest Period in accordance with the specific formula and other provisions set out in this Condition 7(e).

Daily SOFR rates will not be published in respect of any day that is not a U.S. Government Securities Business Day, such as a Saturday, Sunday or holiday. For this reason, in determining Compounded SOFR in accordance with the specific formula and other provisions set forth herein, the daily SOFR rate for any U.S. Government Securities Business Day that immediately precedes one or more days that are not U.S. Government Securities Business Days will be multiplied by the number of calendar days from and including such U.S. Government Securities Business Day to, but excluding, the following U.S. Government Securities Business Day.

If the Issuer determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in respect of Compounded SOFR (or the daily SOFR used in the calculation hereof) prior to the relevant SOFR Determination Time, then the provisions under Condition 7(e)(iv) below will apply.

"**Business Day**" means any weekday that is a U.S. Government Securities Business Day and is not a legal holiday in New York and each (if any) Additional Business Centre(s) and is not a date on which banking institutions in those cities are authorised or required by law or regulation to be closed;

"**Compounded SOFR**" with respect to any Interest Period, means the rate of return of a daily compound interest investment computed in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards to 0.00001):

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{SOFR_i \times n_i}{360}\right)-1\right]\times\frac{360}{d}$$

"**d**" is the number of calendar days in:

(i) where "**Lag**" is specified as the Observation Method in the relevant Pricing Supplement, the relevant Interest Period; or

(ii) where "**Observation Shift**" is specified as the Observation Method in the relevant Pricing Supplement, the relevant Observation Period.

"**d_o**" is the number of U.S. Government Securities Business Days in:

(i) where "Lag" is specified as the Observation Method in the relevant Pricing Supplement, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Pricing Supplement, the relevant Observation Period.

"**i**" is a series of whole numbers from one to d_o, each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in:

(i) where "Lag" is specified as the Observation Method in the relevant Pricing Supplement, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Pricing Supplement, the relevant Observation Period,

to and including the last US Government Securities Business Day in such period;

"**Interest Determination Date**" means, in respect of any Interest Period, the date falling "p" U.S. Government Securities Business Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" U.S. Government Securities Business Days prior to such earlier date, if any, on which the Notes are due and payable);

"**n_i**" for any U.S. Government Securities Business Day "i" in the relevant Interest Period or Observation Period (as applicable), is the number of calendar days from, and including, such U.S. Government Securities Business Day "i" to, but excluding, the following U.S. Government Securities Business Day ("**i+1**");

"**Observation Period**" in respect of an Interest Period means the period from, and including, the date falling "p" U.S. Government Securities Business Days preceding the first day in such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) to, but excluding, the date falling "p" U.S. Government Securities Business Days preceding the Interest Payment Date for such Interest Period (or the date falling "p" U.S. Government Securities Business Days prior to such earlier date, if any, on which the Notes become due and payable);

"**p**" for any Interest Period or Observation Period (as applicable) means the number of U.S. Government Securities Business Days specified as the "Lag Period" or the "Observation Shift Period" (as applicable) in the relevant Pricing Supplement or if no such period is specified, five U.S. Government Securities Business Days;

"**SOFR**" with respect to any U.S. Government Securities Business Day, means:

(i) the Secured Overnight Financing Rate published for such U.S. Government Securities Business Day as such rate appears on the SOFR Administrator's Website at 3:00 p.m. (New York time) on the immediately following U.S. Government Securities Business Day (the "**SOFR Determination Time**"); or

(ii) Subject to Condition 7(e)(iv) below, if the rate specified in (i) above does not so appear, the Secured Overnight Financing Rate as published in respect of the first preceding U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the SOFR Administrator's Website;

"**SOFR Administrator**" means the Federal Reserve Bank of New York (or a successor administrator of the Secured Overnight Financing Rate);

"**SOFR Administrator's Website**" means the website of the Federal Reserve Bank of New York, or any successor source;

"**$SOFR_i$**" means the SOFR for:

(i) where "Lag" is specified as the Observation Method in the applicable Pricing Supplement, the U.S. Government Securities Business Day falling "p" U.S. Government Securities Business Days prior to the relevant U.S. Government Securities Business Day "i"; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Pricing Supplement, the relevant U.S. Government Securities Business Day "i"; and

"**U.S. Government Securities Business Day**" means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(iv) If the Issuer determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates. In connection with the implementation of a Benchmark Replacement, the Issuer will have the right to make Benchmark Replacement Conforming Changes from time to time, without any requirement for the consent or approval of the Noteholders.

Any determination, decision or election that may be made by the Issuer pursuant to this section, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:

(i) will be conclusive and binding absent manifest error;

(ii) will be made in the sole discretion of the Issuer; and

(iii) notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the holders of the Notes or any other party.

"**Benchmark**" means, initially, Compounded SOFR, as such term is defined above; provided that if the Issuer determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to Compounded SOFR (or the published daily SOFR used in the calculation thereof) or the then-current Benchmark, then "Benchmark" shall mean the applicable Benchmark Replacement;

"**Benchmark Replacement**" means the first alternative set forth in the order below that can be determined by the Issuer as of the Benchmark Replacement Date:

(i) the sum of: (A) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark and (B) the Benchmark Replacement Adjustment;

(ii) the sum of: (A) the ISDA Fallback Rate and (B) the Benchmark Replacement Adjustment; or

(iii) the sum of: (A) the alternate rate of interest that has been selected by the Issuer as the replacement for the then-current Benchmark giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate notes at such time and (B) the Benchmark Replacement Adjustment;

"**Benchmark Replacement Adjustment**" means the first alternative set forth in the order below that can be determined by the issuer or its designee as of the Benchmark Replacement Date:

(i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

(ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or

(iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

"**Benchmark Replacement Conforming Changes**" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Issuer decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer determines is reasonably necessary);

"**Benchmark Replacement Date**" means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

(i) in the case of clause (i) or (ii) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or

(ii) in the case of clause (iii) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

"**Benchmark Transition Event**" means the occurrence of one or more of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

(i) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

"**ISDA Fallback Adjustment**" means the spread adjustment, (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark;

"**ISDA Fallback Rate**" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

"**Reference Time**" with respect to any determination of the Benchmark means (i) if the Benchmark is Compounded SOFR, the SOFR Determination Time, and (ii) if the Benchmark is not Compounded SOFR, the time determined by the Issuer after giving effect to the Benchmark Replacement Conforming Changes;

"**Relevant Governmental Body**" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

"**Unadjusted Benchmark Replacement**" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

(v) Any Benchmark Replacement, Benchmark Replacement Adjustment and the specific terms of any Benchmark Replacement Conforming Changes, determined under Condition 7(e)(iv) above will be notified promptly by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents and, in accordance with Condition 20 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date on which such changes take effect.

No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer:

(A) confirming (x) that a Benchmark Transition Event has occurred, (y) the relevant Benchmark Replacement and, (z) where applicable, any Benchmark Replacement Adjustment and/or the specific terms of any relevant Benchmark Replacement Conforming Changes, in each case as determined in accordance with the provisions of this Condition 7(e); and

(B) certifying that the relevant Benchmark Replacement Conforming Changes are necessary to ensure the proper operation of such Benchmark Replacement and/or Benchmark Replacement Adjustment.

(vi) If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 7(e), the Rate of Interest shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin applicable to the first Interest Period).

(f) *Interest* **-** *SOFR Compounded Index (Screen Rate Determination)*

(i) This Condition 7(f) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable, Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, and "Index Determination" is specified in the relevant Pricing Supplement as being applicable.

(ii) Where "Index Determination" is specified in the relevant Pricing Supplement as being applicable, the Rate of Interest for each Interest Period will be the compounded daily reference rate for the relevant Interest Period, calculated in accordance with the following formula:

$$\left(\frac{SOFR\ Compounded\ Index\ End}{SOFR\ Compounded\ Index\ Start} - 1\right) X\ \frac{360}{d}$$

and rounded to the Relevant Decimal Place, plus or minus the Margin (if any), all as determined and calculated by the Calculation Agent, where:

"**d**" is the number of calendar days from (and including) the day on which the SOFR Compounded Index Start is determined to (but excluding) the day on which the SOFR Compounded Index End is determined;

"**End**" means the SOFR Compounded Index value on the day falling the Relevant Number of Index Days prior to the Interest Payment Date for such Interest Period, or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period);

"**Index Days**" means U.S. Government Securities Business Days;

"**Relevant Decimal Place**" shall, unless otherwise specified in the applicable Pricing Supplement, be the seventh decimal place, rounded up or down, if necessary (with 0.000005 or, as the case may be, 0.00000005 being rounded upwards);

"**Relevant Number**" is as specified in the applicable Pricing Supplement, but, unless otherwise specified shall be five;

"**SOFR Compounded Index**" means the Compounded SOFR rate as published at 15:00 (New York time) by Federal Reserve Bank of New York (or a successor administrator of SOFR) on the website of the Federal Reserve Bank of New York, or any successor source; and

"**Start**" means the SOFR Compounded Index value on the day falling the Relevant Number of Index Days prior to the first day of the relevant Interest Period.

Provided that a Benchmark Event has not occurred in respect of the SOFR Compounded Index, if, with respect to any Interest Period, the relevant rate is not published for the SOFR Compounded Index either on the relevant Start or End date, then the Calculation Agent shall calculate the rate of interest for that Interest Period as if Index Determination was not specified in the applicable Pricing Supplement and as if Compounded SOFR (as defined in Condition 7(e) (*Interest – Floating Rate Notes referencing SOFR (Screen Rate Determination*)) had been specified instead in the applicable Pricing Supplement, and in each case "Observation Shift" had been specified as the Observation Method in the relevant Pricing Supplement, and where the Observation Period for the purposes of that definition in Condition 7(e) (*Interest – Floating Rate Notes referencing SOFR (Screen Rate Determination)*) shall be deemed to be the same as the Relevant Number specified in the applicable Pricing Supplement. For the avoidance of doubt, if a Benchmark Event has occurred in respect of the SOFR Compounded Index, the provisions of Condition 7(g) (*Benchmark Replacement (Independent Adviser)*) shall apply.

(g) *Benchmark Replacement (Independent Adviser):*

Other than in the case of a U.S. dollar-denominated floating rate Note for which the Reference Rate is specified in the relevant Pricing Supplement as being "SOFR", if a Benchmark Event occurs in relation to the Reference Rate when the Rate of Interest (or any component part thereof) for any Interest Period remains to be determined by reference to such Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 7(g)(i)) and, in either case, an Adjustment Spread, if any (in accordance with Condition 7(g)(ii)) and any Benchmark Amendments (in accordance with Condition 7(g)(iii)).

In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Fiscal Agent, Agents or the Noteholders for any determination made by it pursuant to this Condition 7(g) and the Fiscal Agent will not be liable for any loss, liability, cost, charge or expense which may arise as a result thereof:

(i) If the Independent Adviser determines in its discretion that:

(A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 7(g)(i)) subsequently be used in place of the Reference Rate to determine the Rate of Interest (or the relevant component part(s) thereof) for the relevant Interest Period and all following Interest Periods, subject to the subsequent operation of this Condition 7(g) in the event of a further Benchmark Event affecting the Successor Rate; or

(B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 7(g)(i)) subsequently be used in place of the Reference Rate to determine the Rate of Interest (or the relevant component part(s) thereof) for the relevant Interest Period and all following Interest Periods, subject to the subsequent operation of this Condition 7(g) in the event of a further Benchmark Event affecting the Alternative Rate.

(ii) If the Independent Adviser determines in its discretion (A) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall apply to the Successor Rate or the Alternative Rate (as the case may be).

(iii) If any relevant Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 7(g) and the Independent Adviser determines in its discretion (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, following consultation with the Calculation Agent (or the person specified in the relevant Pricing Supplement as the party responsible for calculating the Rate of Interest and the Interest Amount(s)), subject to giving notice thereof in accordance with Condition 7(g)(iv), without any requirement for the consent or approval of relevant Noteholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice (and for the avoidance of doubt, the Fiscal Agent shall, at the direction and expense of the Issuer, consent to and effect such consequential amendments to the Agency Agreement and these Conditions as the Fiscal Agent may be required in order to give effect to this Condition 7(g)).

(iv) If (A) the Issuer is unable to appoint an Independent Adviser or (B) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 7(g) prior to the relevant Interest Determination Date, the Reference Rate applicable to the relevant Interest Period shall be the Reference Rate applicable as at the last preceding Interest Determination Date. If there has not been a first Interest Payment Date, the Reference Rate shall be the Reference Rate applicable to the first Interest Period. For the avoidance of doubt, any adjustment pursuant to this Condition 7(g)(iv) shall apply to the relevant Interest Period only. Any subsequent Interest Period may be subject to the subsequent operation of this Condition 7(g)).

(v) Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 7(g) will be notified promptly by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents and, in accordance with Condition 20 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

(vi) No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer:

(A) confirming (x) that a Benchmark Event has occurred, (y) the relevant Successor Rate, or, as the case may be, the relevant Alternative Rate and, (z) where applicable, any relevant Adjustment Spread and/or the specific terms of any relevant Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 7(g); and

(B) certifying that (1) the relevant Benchmark Amendments are necessary to ensure the proper operation of such relevant Successor Rate, Alternative Rate and/or Adjustment Spread and (2) the intent of the drafting of such changes is solely to implement the relevant Benchmark Amendments.

The Fiscal Agent and the Agents shall be entitled to rely on such certificate (without further enquiry and without liability to any person) as sufficient evidence thereof.

(vii) The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of such Successor Rate or Alternative Rate and such Adjustment Spread (if any) and such Benchmark Amendments (if any)) be binding on the Issuer, Fiscal Agent, the Calculation Agent, the Paying Agents and the Noteholders.

(viii) As used in this Condition 7(g):

"**Adjustment Spread**" means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser determines is required to be applied to the relevant Successor Rate or the relevant Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(A) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(B) (if no such recommendation has been made, or in the case of an Alternative Rate), the Independent Adviser, determines is customarily applied to the relevant Successor Rate or Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Reference Rate; or

(C) (if no such determination has been made) the Independent Adviser determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or

(D) (if the Independent Adviser determines that no such industry standard is recognised or acknowledged) the Independent Adviser determines to be appropriate to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Rate (as the case may be).

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with this Condition 7(g) is customary in market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) for a commensurate period and in the Specified Currency;

"**Benchmark Amendments**" has the meaning given to it in Condition 7(g)(iii);

"**Benchmark Event**" means:

(A) the relevant Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or

(B) a public statement by the administrator of the relevant Reference Rate that (in circumstances where no successor administrator has been or will be appointed that will continue publication of such Reference Rate) it has ceased publishing such Reference Rate permanently or indefinitely or that it will cease to do so by a specified future date (the "Specified Future Date"); or

(C) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will, by a specified future date (the "Specified Future Date"), be permanently or indefinitely discontinued; or

(D) a public statement by the supervisor of the administrator of the relevant Reference Rate that means that such Reference Rate will, by a specified future date (the "Specified Future Date"), be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Notes; or

(E) a public statement by the supervisor of the administrator of the relevant Reference Rate (as applicable) that, in the view of such supervisor, (i) such Reference Rate is or will, by a specified future date (the "Specified Future Date"), be no longer representative of an underlying market, or (ii) the methodology to calculate such Reference Rate has materially changed; or

(F) it has or will, by a specified date within the following six months, become unlawful for the Calculation Agent to calculate any payments due to be made to any Noteholder using the relevant Reference Rate (as applicable) (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable).

Notwithstanding the sub-paragraphs above, where the relevant Benchmark Event is a public statement within sub-paragraphs (B), (C), (D), or (E) above and the Specified Future Date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed to occur until the date falling six months prior to such Specified Future Date.

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the Issuer at its own expense.

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

(h) *Index-Linked Interest:* If the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable, the Rate(s) of Interest applicable to the Notes for each Interest Period will be determined in the manner specified in the relevant Pricing Supplement.

(i) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Pricing Supplement, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

(j) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

(k) *Calculation of other amounts:* If the relevant Pricing Supplement specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Pricing Supplement.

(l) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Issuer and the Paying Agents as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

(m) *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Guarantor, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

8 ZERO COUPON NOTE PROVISIONS

(a) *Application:* This Condition 8 is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Pricing Supplement as being applicable.

(b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

9 DUAL CURRENCY NOTE PROVISIONS

(a) *Application:* This Condition 9 is applicable to the Notes only if the Dual Currency Note Provisions are specified in the relevant Pricing Supplement as being applicable.

(b) *Rate of Interest:* If the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the relevant Pricing Supplement.

10 REDEMPTION AND PURCHASE

(a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 11 (*Payments — Bearer Notes*) and Condition 12 (*Payments — Registered Notes*).

(b) *Redemption for tax reasons:* The Notes may be redeemed at the option of the Issuer in whole, but not in part:

(i) at any time (if neither the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable); or

(ii) on any Interest Payment Date (if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

(A) (1) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 13 (*Taxation*) *as* a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands (in the case of Henderson Land MTN Limited) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes and (2) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

(B) (1) the Guarantor has or (if a demand was made under the Guarantee of the Notes) would become obliged to pay additional amounts as provided or referred to in Condition 13 (*Taxation*) or the Guarantee of the Notes or the Guarantor has or will become obliged to make any such withholding or deduction as is referred to in Condition 13 (*Taxation*) or the Guarantee of the Notes from any amount paid by it to the Issuer in order to enable that Issuer to make a payment of principal or interest in respect of the Notes, in either case as a result of any change in, or amendment to, the laws or regulations of Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes, and (2) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given earlier than:

(C) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts or the Guarantor would be obliged to make such withholding or deduction if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made; or

(D) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts or the Guarantor would be obliged to make such withholding or deduction if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Fiscal Agent (1) a certificate signed by two directors of the Issuer (or the Guarantor, as the case may be) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of that Issuer so to redeem have occurred and (2) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or (as the case may be) the Guarantor has or will become obliged to pay such additional amounts or (as the case may be) the Guarantor has or will become obliged to make such withholding or deduction as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 10(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(b).

(c) *Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Pricing Supplement as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Pricing Supplement, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige that Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

(d) *Partial redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 10(c) (*Redemption at the option of the Issuer*), in the case of Bearer Notes, the Notes to be redeemed shall be selected by the drawing of lots in such place as the Issuer determines and in such manner as the Issuer considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 10(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed, and, in the case of Registered Notes, each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Notes on such date. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Pricing Supplement, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

So long as the Notes are in global form and the certificate representing or evidencing such Notes is held on behalf of Euroclear, Clearstream, the CMU and/or any alternative clearing system on behalf of which the Notes in global form may be held, the selection of Notes for redemption under Condition 10(*d*) (*Partial redemption*) *shall be effected in accordance with the rules of the relevant clearing system.*

(e) *Redemption at the option of Noteholders:* If the Put Option is specified in the relevant Pricing Supplement as being applicable, the Issuer shall, at the option of the Holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10(e), the Holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 10(e), may be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 10(e), the depositor of such Note and not such Paying Agent shall be deemed to be the Holder of such Note for all purposes.

(f) *Redemption for Change of Control:* If the Change of Control Put Option is specified in the relevant Pricing Supplement as being applicable, then at any time following the occurrence of a Change of Control, the holder of each Note will have the right, at such holder's option, to require the Issuer to redeem all, but not in part, of such holder's Notes on the Change of Control Put Date (as defined below) at 100 per cent. of their principal amount, together with accrued interest up to, but excluding the Change of Control Put Date. To exercise such right, the holder of the relevant Note must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (a "**Change of Control Put Exercise Notice**"), together with the Note Certificate evidencing the Notes to be redeemed by not later than 60 days following a Change of Control, or, if later, 60 days following the date upon which notice thereof is given to Noteholders by the Issuer in accordance with Condition 20 (*Notices*). The "**Change of Control Put Date**" shall be the fourteenth day after the expiry of such period of 60 days as referred to above.

A Change of Control Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Notes subject to the Put Exercise Notices delivered as aforesaid on the Put Date. The Issuer shall give notice to Noteholders and the Fiscal Agent in accordance with Condition 20 (*Notices*) by not later than 14 days following the first day on which it becomes aware of the occurrence of a Change of Control, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Notes pursuant to this Condition 10(f).

For the purposes of this Condition 10(f):

a "**Change of Control**" occurs when:

(i) other than the Lee Family or any of its affiliates, any Person or Persons, acting together, acquires Control of the Guarantor; or

(ii) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of its assets to any other Person, unless the consolidation, merger, sale or transfer will not result in any Person or Persons (other than the Lee Family or any of its affiliates) acquiring Control over the Guarantor or the successor entity;

"**Control**" means the ownership or control of more than 50 per cent. of the voting rights of the issued share capital of the Guarantor or the right to appoint and/or remove all or the majority of the members of the Guarantor's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;

"**Lee Family**" means Dr. Lee Shau Kee and/or his family and/or companies which are controlled by any of them and/or any trust in which Dr. Lee Shau Kee and/or his family and/or companies controlled by any of them are beneficiaries and/or interests associated with any or some of them; and

a "**Person**", as used in this Condition 10(f), includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organization, trust, state or agency of state (in each case whether or not being a separate legal entity) but does not include the Guarantor's wholly owned direct or indirect Subsidiaries.

(g) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (f) above.

(h) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Pricing Supplement, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the relevant Pricing Supplement for the purposes of this Condition 10(h) or, if none is so specified, a Day Count Fraction of 30E/360.

(i) *Purchase:* The Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, **provided that** all unmatured Coupons are purchased therewith.

(j) *Cancellation:* All Notes so redeemed or purchased by the Issuer, the Guarantor or any of their respective Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

11 PAYMENTS — BEARER NOTES

This Condition 11 is only applicable to Bearer Notes.

(a) *Principal:* Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.

(b) *Interest:* Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.

Payments of principal and interest in respect of Bearer Notes held in the CMU will be made to the person(*s*) *for whose account*(*s*) *interests in the relevant Bearer Note are credited as being held with the CMU in accordance with the CMU Rules* (*as defined in the Agency Agreement*) *at the relevant time as notified to the CMU Lodging Agent by the CMU in a relevant CMU Instrument Position Report* (*as defined in the Agency Agreement*) *or any other relevant notification by the CMU, which notification shall be conclusive evidence of the records of the CMU* (*save in the case of manifest or proven error*) *and payment made in accordance thereof shall discharge the obligations of the Issuer, or, as the case may be, the Guarantor, in respect of that payment.*

(c) *Payments in New York City:* Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.

(d) *Payments subject to fiscal laws:* All payments in respect of the Bearer Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 13 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) *Deductions for unmatured Coupons:* If the relevant Pricing Supplement specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:

(i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

(ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:

(A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; **provided, however, that** where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

(B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that,** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons.

(f) *Unmatured Coupons void:* If the relevant Pricing Supplement specifies that this Condition 11(f) is applicable or that the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 10(b) (*Redemption for tax reasons*), Condition 10(e) (*Redemption at the option of Noteholders*), Condition 10(c) (*Redemption at the option of the Issuer*), Condition 10(f) (*Redemption for Change of Control*) or Condition 14 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

(g) *Payments on business days:* If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).

(i) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

(j) *Exchange of Talons:* On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 15 (*Prescription*). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

12 PAYMENTS — REGISTERED NOTES

This Condition 12 is only applicable to Registered Notes.

(a) *Principal:* Payments of principal shall be made by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(b) *Interest:* Payments of interest shall be made by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

Payments of principal and interest in respect of Registered Notes held in the CMU will be made to the person(s) for whose account(s)interests in the relevant Registered Note are credited as being held with the CMU in accordance with the CMU Rules (as defined in the Agency Agreement) at the relevant time as notified to the CMU Lodging Agent by the CMU in a relevant CMU Instrument Position Report (as defined in the Agency Agreement) or any other relevant notification by the CMU, which notification shall be conclusive evidence of the records of the CMU (save in the case of manifest or proven error) and payment made in accordance thereof shall discharge the obligations of the Issuer, or, as the case may be, the Guarantor, in respect of that payment.

(c) *Payments subject to fiscal laws:* All payments in respect of the Registered Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 13 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) *Payments on business days:* Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a Payment Business Day.

(e) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed or enfaced, as the case may be, on the relevant Note Certificate.

(f) *Record date:* Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**").

13 TAXATION

(a) *Gross up:* All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the British Virgin Islands (in the case of payments by Henderson Land MTN Limited) or Hong Kong (in the case of payments by the Guarantor) or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon:

(i) held by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or

(ii) where the relevant Note or Coupon or Note Certificate is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the Holder of such Note or Coupon would have been entitled to such additional amounts on presenting or surrendering such Note or Coupon or Note Certificate for payment on the last day of such period of 30 days.

(b) *Taxing jurisdiction:* If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than the British Virgin Islands (in respect of Henderson Land MTN Limited) or Hong Kong (in respect of the Guarantor) respectively, references in these Conditions to the British Virgin Islands or Hong Kong shall be construed as references to the British Virgin Islands or (as the case may be) Hong Kong and/or such other jurisdiction.

14 EVENTS OF DEFAULT

If any of the following events occurs:

(a) *Non payment:* the Issuer fails to pay any amount of principal in respect of the Notes within seven days after the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within 14 days of the due date for payment thereof; or

(b) *Breach of other obligations:* the Issuer or the Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Notes, the relevant Deed of Covenant or the Guarantee of the Notes and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer and the Guarantor by Noteholders holding five per cent. or more of the principal amount of the Notes outstanding, has been delivered to that Issuer and the Guarantor or to the Specified Office of the Fiscal Agent; or

(c) Cross default of Issuer, Guarantor or Subsidiary:

(i) any indebtedness of either Issuer, the Guarantor or any of their respective Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;

(ii) any such indebtedness becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer, the Guarantor or (as the case may be) the relevant Subsidiary or (**provided that** no event of default, howsoever described, has occurred) any person entitled to such indebtedness; or

(iii) either Issuer, the Guarantor or any of their respective Subsidiaries fails to pay when due any amount payable by it under any guarantee of any indebtedness;

provided that the amount of indebtedness referred to in sub paragraph (i) and/or sub paragraph (ii) above and/or the amount payable under any guarantee referred to in sub paragraph (iii) above, individually or in the aggregate, exceeds US$30,000,000 (or its equivalent in any other currency or currencies on the basis of the middle spot rate for the relevant currency against the US dollar as quoted by any leading bank on the day on which a calculation is made under this Condition 14(c)); or

(d) *Unsatisfied judgment:* one or more judgment(s) or order(s) is rendered against a material part of the property, assets or turnover of the Issuer, the Guarantor or any Material Subsidiary and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or

(e) *Security enforced:* a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a material part of the undertaking, assets and revenues of either Issuer, the Guarantor or any Material Subsidiary and such possession or appointment continues for a period of 30 days after the date thereof; or

(f) *Insolvency, etc.:* (i) either Issuer, the Guarantor or any Material Subsidiary becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator of either Issuer, the Guarantor or any Material Subsidiaries or the whole or a substantial part of the undertaking, assets and revenues of either Issuer, the Guarantor or any Material Subsidiaries is appointed (or application for any such appointment is made) or (iii) either Issuer, the Guarantor or any Material Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of all or a substantial part of its indebtedness or any guarantee of any indebtedness given by it; or

(g) *Winding up, etc.:* an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of either Issuer, the Guarantor or any Material Subsidiary (otherwise than, in the case of a Subsidiary of the Issuer or a Subsidiary of the Guarantor, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent) or either Issuer, the Guarantor or any of the Material Subsidiaries ceases to carry on all or the substantial part of its business (otherwise than, in the case of a Subsidiary of either Issuer or a Subsidiary of the Guarantor, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent or as a result of disposal on arm's length terms or as approved by an Extraordinary Resolution of the Noteholders); or

(h) *Analogous event:* any event occurs which under the laws of the British Virgin Islands or Hong Kong has an analogous effect to any of the events referred to in Conditions 14(d) (*Unsatisfied judgment*) to 14(g) (*Winding up, etc.*)*;* or

(i) *Failure to take action* etc.: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable each of the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Notes, the relevant Deed of Covenant and the Deed of Guarantee, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes, the relevant Deed of Covenant or the Deed of Guarantee admissible in evidence in the courts of the British Virgin Islands and Hong Kong is not taken, fulfilled or done; or

(j) *Unlawfulness:* it is or will become unlawful for either Issuer or the Guarantor to perform or comply with any of its obligations under or in respect of the Notes, the relevant Deed of Covenant or the Deed of Guarantee; or

(k) *Guarantee not in force:* the Guarantee of the Notes is not (or is claimed by the Guarantor not to be) in full force and effect,

then Noteholders holding not less than 5 per cent. of the aggregate principal amount of the outstanding Notes may, by written notice addressed to the Issuer and the Guarantor and delivered to that Issuer and the Guarantor or to the Specified Office of the Fiscal Agent, declare their Notes to be immediately due and payable, whereupon such Notes shall become immediately due and payable at their Early Termination Amount together with accrued interest without further action or formality. Notice of any such declaration shall promptly be given to all other Noteholders.

The Agents need not do anything to ascertain whether any Event of Default has occurred and will not be responsible to Noteholders or any other person for any loss arising from any failure by it to do so, and, unless and until the Agent otherwise has notice in writing to the contrary, the Agent may assume that (i) no such event has occurred and (ii) that the Issuer is performing all of its obligations under the Agency Agreement and the Conditions.

15 PRESCRIPTION

Claims for principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest on redemption in respect of Registered Notes shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

16 REPLACEMENT OF NOTES AND COUPONS

If any Note, Note Certificate or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent, in the case of Bearer Notes, or the Registrar, in the case of Registered Notes (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Note Certificates or Coupons must be surrendered before replacements will be issued.

17 AGENTS

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Pricing Supplement. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Agent and to appoint a successor fiscal agent or registrar or Calculation Agent and additional or successor paying agents; **provided, however, that**:

(a) the Issuer and the Guarantor shall at all times maintain a fiscal agent and a registrar; and

(b) if a Calculation Agent is specified in the relevant Pricing Supplement, the Issuer and the Guarantor shall at all times maintain a Calculation Agent; and

(c) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Transfer Agent in any particular place, the Issuer and the Guarantor shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders.

18 MEETINGS OF NOTEHOLDERS; MODIFICATION AND WAIVER

(a) *Meetings of Noteholders:* The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Guarantor (acting together) and shall be convened by them upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; **provided, however, that** Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than two-thirds or, at any adjourned meeting, one-third of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of Noteholders of not less than nine-tenths of the aggregate principal amount of the outstanding Notes, will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) *Modification:* The Notes, these Conditions, the Deed of Guarantee and the Deed of Covenant may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer and the Guarantor shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders. Any determination as to whether an amendment may be materially prejudicial to the interests of the Noteholders pursuant to this Condition shall be made by the Issuer and the Guarantor and none of the Agents shall have any responsibility or liability whatsoever with respect to such determination. Any modification shall be binding on the Noteholders and shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 20 (*Notices*).

19 FURTHER ISSUES

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

20 NOTICES

(a) *Bearer Notes:* Notices to the Holders of Bearer Notes shall be valid if published in a leading English language daily newspaper published in Hong Kong or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Asia. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes.

(b) *Registered Notes:* Notices to the Holders of Registered Notes shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

So long as the Notes are evidenced by the Global Certificate and the Global Certificate is held on behalf of Euroclear Bank SA/NV or Clearstream Banking S.A. or CMU or an Alternative Clearing System, notices to the Holders of the Notes shall be validly given by the delivery of the relevant notice to Euroclear Bank SA/NV or Clearstream Banking S.A. or the CMU or the Alternative Clearing System, for communication by it to entitled accountholders, in substitution for notification as required by the Conditions.

21 CURRENCY INDEMNITY

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to that Issuer and delivered to that Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

22 ROUNDING

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Pricing Supplement), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

23 GOVERNING LAW AND JURISDICTION

(a) *Governing law:* The Notes, the Guarantee of the Notes and any non-contractual obligations arising out of or in connection with the Notes and the Guarantee of the Notes are governed by English law.

(b) *English courts:* The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes and the Guarantee of the Notes (including any non-contractual obligation arising out of or in connection with the Notes and the Guarantee of the Notes).

(c) *Appropriate forum:* The Issuer and the Guarantor agree that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that they will not argue to the contrary.

(d) *Rights of the Noteholders to take proceedings outside England:* Condition 23(b) (*English courts*) is for the benefit of the Noteholders only. As a result, nothing in this Condition 23 prevents any Noteholder from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.

(e) *Process agent:* Each of the Issuer and the Guarantor agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Law Debenture Corporate Services Limited at 8th Floor, 100 Bishopsgate, London, EC2N 4AG or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with the Companies Act 2006. If such person is not or ceases to be effectively appointed to accept service of process on behalf of each Issuer or the Guarantor, the Issuer or, as the case may be, the Guarantor shall, on the written demand of any Noteholder addressed and delivered to the Issuer or, as the case may be, the Guarantor or to the Specified Office of the Fiscal Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer or, as the case may be, the Guarantor and delivered to the Issuer or, as the case may be, the Guarantor or to the Specified Office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

(f) *Consent to enforcement etc.:* Each of the Issuer and the Guarantor consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such Proceedings.

(g) *Waiver of immunity:* To the extent that the Issuer or the Guarantor may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer, the Guarantor or their respective assets or revenues, each of the Issuer and the Guarantor agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

FORM OF PRICING SUPPLEMENT

[The Pricing Supplement in respect of each Tranche of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue.]

Pricing Supplement dated [●]

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "EU MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended the "EU PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.]

[PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[*Consider if any of the Issuer / Guarantor / Managers are "EU MiFID II entities" and are "manufacturers" for the purposes of EU MiFID II*]

[EU MiFID II product governance/Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "EU MiFID II")] [EU MiFID II]; or (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate.

[Consider any negative market.] Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[*Consider if any of the Issuer / Guarantor / Managers are "UK MiFIR entities" and are "manufacturers" for the purposes of UK MiFIR*]

[UK MiFIR product governance/Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("COBS"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("UK MiFIR"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate [Consider any negative target market]. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[(*Include when the Notes are to be listed on the Hong Kong Stock Exchange*)

This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange")) ("Professional Investors") only.

Notice to Hong Kong investors: The Issuer and the Guarantor confirm that the Notes are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer and the Guarantor confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme or the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes or the Issuer, the Guarantor and the Group or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This document together with the Offering Circular (as defined below) includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer, the Guarantor and the Group. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.]

[Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 (the "SFA"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018.][1]

[1] To be included where sales in Singapore to investors other than "institutional investors" or "accredited investors" are allowed.

Henderson Land MTN Limited
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] (the "Notes")

unconditionally and irrevocably guaranteed by
Henderson Land Development Company Limited
under the U.S.$7,000,000,000 Medium Term Note Programme (the "Programme")

The document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Offering Circular dated 21 January 2026 (the "**Offering Circular**"). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular dated *[current date]* [and the supplemental Offering Circular dated *[date]] (together, the "**Offering Circular**"),* save in respect of the Conditions which are extracted from the Offering Circular dated 21 January 2026 and are attached hereto.

[*Include whichever of the following apply or specify as "Not Applicable"* (*N/A*)*. Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.*]

1	(i)	Issuer:	Henderson Land MTN Limited
	(ii)	Guarantor:	Henderson Land Development Company Limited
2	[(i)	Series Number:]	[●]
	[(ii)	Tranche Number:	[●]
	(*If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible*)*.]*		
3	Specified Currency or Currencies:		[●]
4	Aggregate Nominal Amount:		[●]
	[(i)]	[Series]:	[●]
	[(ii)	Tranche:	[●]]
5	(i)	Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)]
	[(ii)	Net Proceeds:	[●] (Required only for listed issues)]
	[(iii)	Private Bank Rebate/Commission:	[Applicable/Not Applicable]] (*For any issuance where paragraph 21 of the Hong Kong SFC Code of Conduct is applicable, also refer to paragraph 40 below*)

6	(i) Specified Denominations:[2], [3]	[●]
	(ii) Calculation Amount:	[●]
7	(i) Issue Date:	[●]
	(ii) Interest Commencement Date:	[*Specify*/Issue Date/Not Applicable]
8	Maturity Date:	[*Specify date or* (*for Floating Rate Notes*) *Interest Payment Date falling in or nearest to the relevant month and year*][4]
9	Interest Basis:	[[●] per cent. Fixed Rate] [[*Specify* reference rate] +/-[●] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Other (*Specify*)] (further particulars specified below)
10	Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Dual Currency] [Partly Paid] [Instalment] [Other (*Specify*)*]*
11	Change of Interest or Redemption/Payment Basis:	*[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]*
12	Put/Call Options:	[Investor Put] [Issuer Call] [(further particulars specified below)]
13	Listing:	[Hong Kong/Other (*specify*)/None] (*For Notes to be listed on the Hong Kong Stock Exchange, insert the expected effective listing date of the Notes*)
14	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15	**Fixed Rate Note Provisions**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

[2] Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year and must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

[3] If the specified denomination is expressed to be 100,000 or its equivalent and multiples of a lower principal amount (for example 1,000), insert the additional wording as follows: 100,000 and integral multiples of [1,000] in excess thereof up to and including [199,000]. No notes indefinitive form will be issued with a denomination above [199,000].

[4] Note that for Renminbi or Hong Kong dollar denominated Fixed Rate Notes where Interest Payment Dates are subject to modification it will be necessary to use the second option here.

	(i) Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/ quarterly/monthly/other (specify)] in arrear]
	(ii) Interest Payment Date(s):	[●] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre*(*s*) *for the definition of "Business Day"*]/not adjusted]
	(iii) Fixed Coupon Amount[(s)]:	[●] per Calculation Amount[5]
	(iv) Broken Amount(s):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
	(v) Day Count Fraction:	[30/360/Actual/Actual (ICMA/ISDA)/other]
	(vi) Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/*Give details*]
16	**Floating Rate Note Provisions**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Interest Period(s):	[●]
	(ii) Specified Period:	[●] (*Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable"*)
	(iii) Specified Interest Payment Dates:	[●] (*Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable"*)
	(iv) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
	(v) Additional Business Centre(s):	[Not Applicable/give *details*]

5 For Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest RMB0.01, RMB0.005 for the case of Renminbi denominated Fixed Rate Notes to the nearest HK$0.01, HK$0.005 for the case of Hong Kong dollar denominated Fixed Rate Notes, being rounded upwards.

(vi)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other (*give details*)]
(vii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Fiscal Agent]):	[[*Name*] shall be the Calculation Agent (*no need to specify if the Fiscal Agent is to perform this function*)]
(viii)	Screen Rate Determination:	
	• Reference Rate:	[*For example, EURIBOR or SOFR*]
	• Observation Method:	[Lag / Observation Shift]
	• Lag Period:	[5 / [●] TARGET Settlement Days/U.S. Government Securities Business Days/London Banking Days/Not Applicable]
	• Observation Shift Period:	[5 / [●] TARGET Settlement Days/U.S. Government Securities Business Days/London Banking Days /Not Applicable] (*NB: A minimum of 5 should be specified for the Lag Period or Observation Shift Period, unless otherwise agreed with the Calculation Agent*)
	• Index Determination	[Applicable/Not Applicable]
	• SOFR Compounded Index	[Applicable/Not Applicable]
	• Relevant Decimal Place	[Not Applicable/[●]/[7] (unless otherwise specified in Pricing Supplement, be the seventh decimal place in the case of the SOFR Compounded Index)]
	• Relevant Number of Index Days	[Not Applicable/[●]/[5] (unless otherwise specified in Pricing Supplement, the Relevant Number shall be 5)]
	• Interest Determination Date(s):	[●]
	• Relevant Screen Page:	[*For example, Reuters EURIBOR 01*]
	• Relevant Time:	[*For example, 11.00 a.m. Brussels time*]
	• Relevant Financial Centre:	[*For example, Euro-zone* (*where Euro-zone means the region comprised of the countries whose lawful currency is the euro*]
(ix)	ISDA Determination:	
	• Floating Rate Option:	[●]
	• Designated Maturity:	[●]
	• Reset Date:	[●]
(x)	Margin(s):	[+/-][●] per cent. per annum
(xi)	Minimum Rate of Interest:	[●] per cent. per annum
(xii)	Maximum Rate of Interest:	[●] per cent. per annum
(xiii)	Day Count Fraction:	[●]

	(xiv)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[●]
17	Zero Coupon Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(i)	Accrual Yield:	[●] per cent. per annum
	(ii)	Reference Price:	[●]
	(iii)	Any other formula/basis of determining amount payable:	[*Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition 10*(*h*)]
18	**Index-Linked Interest Note/other variable-linked interest Note Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Index/Formula/other variable:	[give or annex details]
	(ii)	Calculation Agent responsible for calculating the interest due:	[●]
	(iii)	Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable:	[●]
	(iv)	Interest Determination Date(s):	[●]
	(v)	Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[●]
	(vi)	Interest or calculation period(s):	[●]
	(vii)	Specified Period:	[●] (*Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable"*)
	(viii)	Specified Interest Payment Dates:	[●] (*Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable"*)

	(ix)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
	(x)	Additional Business Centre(s):	[●]
	(xi)	Minimum Rate/Amount of Interest:	[●] per cent. per annum
	(xii)	Maximum Rate/Amount of Interest:	[●] per cent. per annum
	(xiii)	Day Count Fraction:	[●]
19	**Dual Currency Note Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Rate of Exchange/method of calculating Rate of Exchange:	[*give details*]
	(ii)	Calculation Agent, if any, responsible for calculating the principal and/or interest due:	[●]
	(iii)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[●]
	(iv)	Person at whose option Specified Currency(ies) is/are payable:	[●]

PROVISIONS RELATING TO REDEMPTION

20	**Call Option**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
	(iii)	If redeemable in part:	
		(a) Minimum Redemption Amount:	[●] per Calculation Amount
		(b) Maximum Redemption Amount	[●] per Calculation Amount
	(iv)	Notice period:	[●]
21	**Put Option**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
	(iii)	Notice period:	[●]
22	**Final Redemption Amount of each Note**		

	In cases where the Final Redemption Amount is Index-Linked or other variable-linked:	
	(i) Index/Formula/variable:	[*give or annex details*]
	(ii) Calculation Agent responsible for calculating the Final Redemption Amount:	[●]
	(iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:	[●]
	(iv) Date for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable:	[●]
	(v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[●]
	(vi) [Payment Date]:	[●]
	(vii) Minimum Final Redemption Amount:	[●] per Calculation Amount
	(viii) Maximum Final Redemption Amount:	[●] per Calculation Amount
23	**Early Redemption Amount**	[Not Applicable
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):	(*If both the Early Redemption Amount* (*Tax*) *and the Early Termination Amount are the principal amount of the Notes/specify the Early Redemption Amount* (*Tax*) *and/or the Early Termination Amount if different from the principal amount of the Notes*)]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24	**Form of Notes:**	**Bearer Notes:** [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice][6] [Permanent Global Note exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note] **Registered Notes:**

[6] if the Specified Denominations of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]", the Temporary Global Note shall not be exchangeable on [●] days' notice.

		[Global Registered Note exchangeable for Individual Note Certificates on [●] days' notice/at any time/in the limited circumstances described in the Global Registered Note]
25	Principal Financial Centre and Additional Financial Centre(s) or other special provisions relating to payment dates:	[*To set out all applicable Principal Financial Centre and Additional Financial Centre(s)*] *Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub paragraphs 16*(*vi*) *and 18*(*x*) *relate*]
26	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. If yes, give details]
27	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]:	[Not Applicable/*give details*]
28	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	[Not Applicable/*give details*]
29	Redenomination, renominalisation and reconventioning provisions:	[Not Applicable/The provisions annexed to this Pricing Supplement apply]
30	Consolidation provisions:	The provisions in Condition 19 (*Further Issues*)] [annexed to this Pricing Supplement] apply]
31	Any applicable currency disruption/fallback provisions:	[Not Applicable/*give details*]
32	Other terms or special conditions:	[Not Applicable/*give details*]
33	871(m) Note:[7]	[Applicable/Not Applicable]

DISTRIBUTION

34	(i) If syndicated, names of Managers:	[Not Applicable/*give names*]
	(ii) Stabilisation Manager(s) (if any):	[Not Applicable/*give names*]
35	If non-syndicated, name and address of Dealer:	[Not Applicable/*give name and address*]
36	U.S. Selling Restrictions:	Reg. S Category [1/2]; (*In the case of Bearer Notes*) – [TEFRA C/TEFRA D/TEFRA not applicable] (*In the case of Registered Notes*) – Not Applicable

[7] "871(m) Note" means any Note which is treated as a "section 871(m) transaction" or "potential section 871(m) transaction" as those terms are defined in the Treasury Regulations section 1.871-15(a)(12).

37	Additional selling restrictions:	[Not Applicable/give details]
38	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] *If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no KID will be prepared, “Applicable” should be specified.*
39	Prohibition of Sales to UK Retail Investors:	[Applicable/Not Applicable] *If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no KID will be prepared, “Applicable” should be specified.*

HONG KONG SFC CODE OF CONDUCT

40	Rebates	[A rebate of [●] bps is being offered by the Issuer to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of this offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMIs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate.] / [Not Applicable]
41	Contact email addresses of the Overall Coordinators where underlying investor information in relation to omnibus orders should be sent:	[*Include relevant contact email addresses of the Overall Coordinators where the underlying investor information should be sent – OCs to provide*] / [Not Applicable]
42	Marketing and Investor Targeting Strategy	[As indicated in the Offering Circular] / [*Describe if different from the Offering Circular*]

OPERATIONAL INFORMATION

ISIN Code:	[●]
Common Code:	[●]
Legal Entity Identifier:	25490062URZHNZQBTW39
CMU Instrument Number:	[●]
Any clearing system(s) other than Euroclear, Clearstream and the CMU and the relevant identification number(s):	[Not Applicable/give name(s) and number(s)]
Delivery:	Delivery [against/free of] payment

Additional Paying Agent(s) (if any):	[●]
GENERAL	
The aggregate principal amount of Notes issued has been translated into U.S. dollars at the rate of [●], producing a sum of (for Notes not denominated in [U.S. dollars]):	[Not Applicable/U.S.$]
[Ratings:	The Notes to be issued have been rated: [S&P: [●]] [Moody's: [●]] [[Other: [●]] (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)]

[USE OF PROCEEDS

Give details if different from the "Use of Proceeds" section in the Offering Circular.]

STABILISATION

In connection with this issue, [insert name of Stabilisation Manager] (the "**Stabilisation Manager**") (or persons acting on behalf of any Stabilisation Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager (or persons acting on behalf of a Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager (or persons acting on behalf of any Stabilisation Manager) in accordance with all applicable laws and rules.]

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to trading on the Hong Kong Stock Exchange of the Notes described herein pursuant to the U.S.$7,000,000,000 Medium Term Note Programme.

RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in this Pricing Supplement.

Signed on behalf of Henderson Land MTN Limited:

By: ______________________________________

Duly authorised

Signed on behalf of Henderson Land Development Company Limited:

By: ______________________________________

Duly authorised

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

INITIAL ISSUE OF NOTES

Global Notes may be delivered on or prior to the original issue date of the Tranche to a Common Depositary for Euroclear and Clearstream or a sub-custodian for the CMU.

Upon the initial deposit of a Global Note with a common depositary for Euroclear and Clearstream (the "**Common Depositary**") or with a sub-custodian for the CMU or registration of Registered Notes in the name of (i) any nominee for Euroclear and Clearstream or (ii) the CMU and delivery of the relevant Global Registered Note to the Common Depositary or the sub-custodian for the CMU (as the case may be), Euroclear or Clearstream or the CMU (as the case may be) will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream or other clearing systems.

RELATIONSHIP OF ACCOUNTHOLDERS WITH CLEARING SYSTEMS

Each of the persons shown in the records of Euroclear, Clearstream or any other clearing system ("**Alternative Clearing System**") as the holder of a Note represented by a Global Note or a Global Registered Note must look solely to Euroclear, Clearstream or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Registered Notes, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Registered Note and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

If a Global Note or a Global Registered Note is lodged with a sub-custodian for or registered with the CMU, the person(s) for whose account(s) interests in such Global Note or Global Registered Note are credited as being held in the CMU in accordance with the CMU Rules as notified by the CMU to the CMU Lodging and Paying Agent in a relevant CMU Issue Position Report or any other relevant notification by the CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU save in the case of manifest error) shall be the only person(s) entitled or in the case of Registered Notes, directed or deemed by the CMU as entitled to receive payments in respect of Notes represented by such Global Note or Global Registered Note and the Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in respect of each amount so paid. Subject to the CMU Rules, each of the persons shown in the records of the CMU, as the beneficial holder of a particular nominal amount of Notes represented by such Global Note or Global Registered Note must look solely to the CMU Lodging and Paying Agent for his share of each payment so made by the Issuer in respect of such Global Note or Global Registered Note.

EXCHANGE

Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

(i) if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "Summary of the Programme — Selling Restrictions"), in whole, but not in part, for the Definitive Notes defined and described below; and

(ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

The CMU may require that any such exchange for a permanent Global Note is made in whole and not in part and in such event, no such exchange will be effected until all relevant account holders (as set out in a CMU Issue Position Report (as defined in the rules of the CMU) or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU) have so certified.

The holder of a temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the temporary Global Note for an interest in a permanent Bearer Global Note or for Definitive Notes is improperly withheld or refused.

Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under "Partial Exchange of Permanent Global Notes" below, in part for Definitive Notes if the permanent Global Note is held on behalf of Euroclear, Clearstream, the CMU or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so, or an Event of Default as defined in Condition 14 (*Events of Default*) occurs and the Notes become due and payable.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

Global Registered Notes

The following will apply in respect of transfers of Notes held in Euroclear, Clearstream, the CMU or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Registered Note pursuant to Condition 3(f) may only be made (in whole but not in part):

(i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or

(ii) if any of the circumstances described in Condition 14 (*Events of Default*) occurs,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph (i) or (ii) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

Partial Exchange of Permanent Global Notes

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes (i) if principal in respect of any Notes is not paid when due or (ii) if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Pricing Supplement) relating to Partly Paid Notes.

Delivery of Notes

On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent). In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes. Global Notes and Definitive Notes will be delivered outside the United States and its possessions. In this Offering Circular, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

Exchange Date

"**Exchange Date**" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Registered Notes contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions:

Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note (except with respect to a Global Note held through the CMU) will be made against presentation for enfacement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be enfaced on each Global Note, which enfacement will be prima facie evidence that such payment has been made in respect of the Notes. Condition 13(a)(iii) and Condition 17(c) will apply to the Definitive Notes only. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "**Payment Business Day**" set out in Condition 2(a) for the purposes of Condition 11(g).

All payments in respect of Notes represented by a Global Registered Note (other than a Global Registered Note held through the CMU) will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January.

In respect of a Global Note or Global Registered Note held through the CMU, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Global Note are credited (as set out in a CMU Issue Position Report or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU) and, save in the case of final payment, no presentation of the relevant bearer Global Note or Global Registered Note shall be required for such purpose.

Prescription

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 2).

Meetings

The holder of a permanent Global Note or of the Notes represented by a Global Registered Note shall (unless such permanent Global Note or Global Registered Note represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholders holding, whether or not represented by a Global Registered Note.

Cancellation

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note or its presentation to or to the order of the Fiscal Agent for endorsement in the relevant schedule of such permanent Global Note or in the case of a Global Registered Note, by reduction in the aggregate principal amount of the Notes in the Register, whereupon the principal amount thereof shall be reduced for all purposes by the amount so cancelled and endorsed.

Purchase

Notes represented by a permanent Global Note may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

Issuer's Option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, the CMU or any other clearing system (as the case may be).

Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Fiscal Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent) within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent), for notation.

Notices

So long as any Notes are represented by a Global Note or a Global Registered Note and such Global Note or Global Registered Note is held on behalf of (i) Euroclear and/or Clearstream or any other clearing system (except as provided in (ii) below), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or (ii) the CMU, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the persons shown in a CMU Issue Position Report issued by the CMU on the second business day preceding the date of despatch of such notice as holding interests in the relevant Global Note or Global Registered Note.

Partly Paid Notes

The provisions relating to Partly Paid Notes are not set out in this Offering Circular, but will be contained in the relevant Pricing Supplement and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holders in respect of them.

CAPITALISATION

Capitalisation and Indebtedness of the Guarantor

At 30 June 2025, the issued share capital of the Guarantor was HK$52,345 million consisting of 4,841,387,003 ordinary shares in issue. In accordance with section 135 of the Hong Kong Companies Ordinance (Cap. 622), the shares of the Guarantor do not have a par value.

The following table sets out the consolidated capitalisation (represented by the shareholders' funds of the Guarantor) and indebtedness (for the purpose of the table below, comprising the Group's bank loans and guaranteed notes only) of the Guarantor at 30 June 2025 which has been extracted from the 2025 Unaudited Interim Financial Statements. The table should be read in conjunction with the 2025 Unaudited Interim Financial Statements and the notes thereto included elsewhere in this Offering Circular.

	At 30 June 2025
	HK$ million
	(unaudited)
Bank loans:	
Short-term bank loans (due within one year and included in current liabilities)	8,672
Long-term bank loans (due after one year and included in non-current liabilities)	61,292
	69,964
Guaranteed notes:	
Guaranteed notes (due within one year and included in current liabilities)	2,692
Guaranteed notes (due after one year and included in non-current liabilities)	7,820
	10,512
Shareholders' funds:	
Share capital	52,345
Other reserves	267,793
Shareholders' funds	320,138
Total Capitalisation and Indebtedness	400,614

Issuance of a convertible bond after 30 June 2025

In July 2025, the Group issued HK$8,000 million 0.5% guaranteed unsecured convertible bonds due 2030.

Save as disclosed above, there has been no material change in the capitalisation and indebtedness of the Guarantor since 30 June 2025.

Capitalisation and Indebtedness of the Issuer

At 30 June 2025, the Issuer was authorised to issue a maximum of 50,000 no par value shares of a single class and series, of which one issued share was held by a wholly-owned subsidiary of the Guarantor.

Under British Virgin Islands law, the Issuer is not required to publish interim or annual financial statements. While the Issuer has not published, and does not propose to publish in the future, any financial statements, the Issuer has prepared audited financial statements for each financial year ended 31 December up to and including the year ended 31 December 2024. Effective from 1 January 2023, the Issuer is also required to file a financial annual return with its registered agent within nine months after the end of each year to which the financial annual return relates.

During the period from 1 July 2025 up to and including the date of this Offering Circular, the Issuer issued a guarantee note in the amount of HK$290,000,000. The Issuer did not repay any guaranteed note during this period.

DESCRIPTION OF THE ISSUER

History

The Issuer was incorporated with limited liability under the laws of the British Virgin Islands on 4 August 2011 with company number 1664503. The registered office of the Issuer is Morgan & Morgan Building, Pasea Estate, Road Town, Tortola, British Virgin Islands. The Issuer is an indirect wholly-owned subsidiary of the Guarantor and has no subsidiaries.

Business Activity

The Issuer was established for the sole purpose of issuing Notes under the Programme and on-lending the proceeds to the Guarantor and/or its subsidiaries. The Issuer has not engaged, since its incorporation, in any material activities other than those relating to the issue of Notes under the Programme and the on-lending of the proceeds thereof to the Guarantor and/or its subsidiaries, and the authorisation of documents and agreements referred to in this Offering Circular to which it is or will be a party.

Directors and Officers

The directors of the Issuer at the date of this Offering Circular are Fung Lee Woon King, Lee King Yue, Lee Ka Shing and Kwok Ping Ho, each of whom (with the exception of Lee King Yue) is also a director of the Guarantor. The business address of the directors is "c/o Henderson Land Development Company Limited at 72-76/F., Two International Finance Centre, 8 Finance Street, Central, Hong Kong". The Issuer has no employees.

DESCRIPTION OF THE GROUP

INTRODUCTION

Henderson Land Development Company Limited is a company incorporated in Hong Kong (business registration number: 04719568) under the Hong Kong Companies Ordinance. It was incorporated on 16 January 1976 and is one of the largest property development and investment companies in Hong Kong by turnover and market capitalisation. As at 30 June 2025, the market capitalisation of the Company was approximately HK$132.9 billion. Its registered office is at 72-76/F., Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

The Company's core business comprises "three pillars", namely property sales, rental business and listed subsidiaries and associates, which include an interest in The Hong Kong and China Gas Company Limited ("**HKCG**"). Rental income and property sales revenue have been, and are expected to continue to be, the most significant sources of the Company's income. The Company is also involved in department stores, household specialty stores and supermarket-cum-stores operations, hotel and serviced apartment operation and management, construction, investment holding, project management, property management, agency services, cleaning and security guard services, as well as travel and food and beverage operations and the trading of building materials and disposal of leasehold land.

As at 30 June 2025, the Company had two listed subsidiaries, Henderson Investment Limited ("**HIL**") and Miramar Hotel and Investment Company, Limited ("**Miramar**"), and had three listed associates, HKCG, Hong Kong Ferry (Holdings) Company Limited ("**Hong Kong Ferry**") and Sunlight Real Estate Investment Trust ("**Sunlight REIT**"). The Company also had one listed associate through its shareholding in HKCG, Towngas Smart Energy Company Limited ("**Towngas Smart Energy**"). Each of these companies is listed on the Hong Kong Stock Exchange. The current value of these investments is substantial and the total market capitalisation of the Company, its two listed subsidiaries and its four listed associates amounted to approximately HK$282.1 billion as at 30 June 2025.

As at 30 June 2025, the issued share capital of the Guarantor was HK$52,345 million consisting of 4,841,387,003 ordinary shares. The Company is listed on the Hong Kong Stock Exchange (stock code: 12). The shares of each of the Company and HKCG are currently constituent stocks of the Hang Seng Index. Shares of the Company represented by depositary receipts are also traded in the United States through an American Depositary Receipt Level 1 Programme.

The Company is controlled by family interests of Dr the Hon. Lee Ka Kit and Dr Lee Ka Shing, through approximately 72.50% direct and indirect aggregate interests (excluding the late Dr. Lee Shau Kee's personal interests). At the date of this Offering Circular, no other shareholder holds an interest of above 10% of the issued share capital of the Company.

HISTORY

The Company was incorporated on 16 January 1976 under its present name as the property manager and sales agent for various property developments undertaken by its holding company, Henderson Development Limited ("**Henderson Development**"), which was founded by the late Dr the Hon. Lee Shau Kee. The Company was first listed on the then Hong Kong Stock Exchange in July 1981. In connection with the listing, the Company acquired from the late Dr the Hon. Lee Shau Kee and Henderson Development various property developments and interests in HKCG and Hong Kong Ferry (formerly known as The Hongkong and Yaumati Ferry Company, Limited).

In 1985, the Company acquired a 70.8% interest in a publicly listed property company, Wing Tai Development Company, Limited, which had its name changed in 1988 to the present name of HIL. The Company also underwent a group reorganisation in 1988 and sold HK$776 million worth of properties to HIL to strengthen the investment property portfolio of the latter. After the reorganisation, the Company became a major local property developer specialising in developing projects of small to medium size residential units as well as merging and redeveloping older properties. HIL concentrated on property investment and investment holding, with an initial 19.7% interest in Hong Kong Ferry and an initial 25.9% stake in HKCG and an initial 34.78% of the shares and 34.39% of the warrants in the publicly listed Miramar.

Through its subsidiaries and associates, the Company began to engage actively in various property development and investment projects in the PRC in 1990.

In 1996, the Company spun-off its PRC property business by launching an initial public offering of the shares of, and obtaining a separate public listing for, Henderson China Holdings Limited ("**Henderson China**"), raising new equity funds of approximately HK$1,500 million and in July 2000, the Company spun off its e-business by launching an initial public offering of the shares of, and obtaining a separate listing for Henderson Cyber Limited ("**Henderson Cyber**"), raising HK$900 million. Henderson China was subsequently privatised in August 2005 and Henderson Cyber was privatised in December 2005. The Company now directly focuses on expanding its property development and investment business in the PRC.

In 2005, the Company completed the International Financial Centre ("**ifc**") project above the Hong Kong MTR Station and Airport Express Station in Central, Hong Kong. As at 30 June 2025, both the tenancy rate of the shopping mall and office towers of the ifc complex and the occupancy rate of the project's hotel complex (comprising The Four Seasons Hotel and serviced apartments) remained high. The ifc complex, which is owned by a joint venture of the Group, provides an attributable gross floor area of approximately 1.25 million square feet ("**sq. ft.**"). For the six months ended 30 June 2025, the gross rental income attributable to the Group was HK$803 million.

In 2007, the Company and HIL entered into an agreement pursuant to which the Company acquired from HIL and its subsidiaries (the "**HIL Group**") their entire interests in Hong Kong Ferry, Miramar, all the subsidiaries of HIL (other than those companies which directly or indirectly held shares in HKCG and engaged in the infrastructure business) and effectively their entire property portfolio. In the same year, the Company also acquired HIL's entire stake in HKCG. The Company subsequently increased its effective interest from 21.31% to 33.41% in Hong Kong Ferry, from 30.04% to 49.91% in Miramar and from 26.54% to 41.53% in HKCG (each such increased effective interest presented as of 31 December 2020). On 14 April 2021, the Company further increased its effective interest in Miramar to 50.002% and Miramar became an indirect non-wholly-owned subsidiary of the Company.

In July 2013, the Hong Kong government announced the result of the "North East New Territories New Development Areas Planning and Engineering Study", of which Kwu Tung North and Fanling North would be treated as the extension of Fanling/Sheung Shui New Town. The Hong Kong government has also decided to adopt an enhanced Conventional New Town Approach and, subject to specified criteria, private land owners are allowed to apply for in-situ land exchange for private developments. Outline Zoning Plans for both Kwu Tung North and Fanling North were already approved by the Chief Executive-in-Council. For further details of the Group's application for in-situ land exchange, please refer to "New Territories Land" below.

In the beginning of 2017, the Group transferred the equity interests in the companies holding two hotel properties, namely, "Newton Place Hotel" in Kwun Tong and "Newton Inn" in North Point, for the respective consideration of approximately HK$2,248 million and HK$1,000 million. An agreement was entered into to transfer equity interest in the company holding a residential development project at Kwun Chui Road, Tuen

Mun, which was planned for a total developable gross floor area of about 785,000 sq. ft., for a consideration of approximately HK$6,600 million.

In May 2017, a prestigious commercial site at Murray Road, Central was acquired through public tender for a consideration of HK$23,280 million. The site has easy access to MTR stations and sprawling open views of the adjacent Chater Garden, The Court of Final Appeal and Statue Square. A Grade-A office development (namely, "**The Henderson**") was completed in January 2024, providing a total gross floor area of about 465,000 sq. ft.

In November 2021, the Group acquired the prestigious Site 3 of New Central Harbourfront (Inland Lot No. 9088) in Hong Kong at a consideration of HK$50,800 million. The site will be developed in two phases into a 1,600,000-square-foot mixed-use development. In addition, over 300,000 sq. ft. of landscaped open space will be created for public use. With the scheduled completion in 2026 and 2032 respectively for its two-phased development, this project is poised to feature as another iconic world-class landmark in the Central Business District of Hong Kong akin to the "International Finance Centre" and "The Henderson".

STRATEGY

The Group's business objective is to build on its leading position in developing large-scale mixed-use projects in Hong Kong and the Chinese mainland. In addition, the Group aims to increase its recurrent income through the diversification of its business. The Group is dedicated to maximising value for shareholders over the long term by executing the following strategies:

Building for a sustainable future with reasonable land costs

The Group actively participates in public tenders. In addition, the Group also replenishes its land bank by acquiring old tenement buildings for redevelopment and applying for land-use conversion for its portfolio of New Territories land. Such dual approach to land banking has proven to be a reliable source of land supply with a reasonable acquisition cost, which is beneficial to the Group's development returns in the long term.

As a sustainable property developer, the Group is highly proactive in its commitment to environmental stewardship during the process of its development activities, and carefully anticipates the needs and concerns of society.

Locating prime sites for property investment with a stable income stream

The Group's property investment portfolio is well diversified with commercial properties situated in prime locations, generating a recurring and steady income stream. Furthermore, Citistore's (as defined below) department store business operated by HIL, mainly at the Group's properties, serve to maximise the value and occupancy rate of the Group's investment properties, which is beneficial to, and in the interest of the Group.

Participating in the Chinese mainland market

Property development and property investment on the Chinese mainland provide the Group with a focus for long-term growth. The Group will prudently to look for development projects in the first-tier cities, as well as those second-tier cities with high growth potential, so as to replenish its land bank. In addition, in the central locations of major cities, the Group will cautiously seek to acquire prime sites for commercial/office developments for long-term investment holding. The Group will concentrate on the development of Grade-A office buildings with retail malls comprising a smaller percentage of the overall rental portfolio.

Strategic investment for constant return

The listed subsidiaries and associates provide another steady recurrent income stream to the Group. The distinctive business nature of HKCG, in particular, is a supplement to the Group's core businesses of property development and property investment and allows the Company to smooth out the cyclicality of the Group's property development business.

Conservative financial strategy

The Group employs a conservative funding and treasury strategy. It consistently keeps low to moderate financial gearing ratio, prudent debt maturity profile, abundant unutilised committed banking facilities of medium term in tenor, reasonable funding cost, as well as appropriate proportion of fixed rate debt. The Group maintains an excellent ongoing relationship with commercial banks while endeavouring to diversify its funding sources through debt issuance.

COMPETITIVE STRENGTHS

Diversified business mix supported by "three pillars"

The Company has a well-diversified business operation. The Company's core business comprises "three pillars" in property investment, strategic investments and property development in both Hong Kong and the Chinese mainland. The property investment business and strategic investments provide a reliable and growing income source to the Group, while the property development business is a development driver. Rental income and property sales revenue have been, and are expected to continue to be, the most significant source of the Company's income. Stable contribution from property investments and significant stable dividend cash flows provide the Company with a solid foundation in addition to the profitable property development sector. The Company's property development business has a track record of generating profits in each of the 23 years leading up to 2021 (with the exception of 2003 and 2010, when it recorded a loss). For the years ended 31 December 2023, 31 December 2024 and for the six months ended 30 June 2025, the Company's property development segment recorded a profit contribution from operations (before taking into account the attributable contribution from associates and joint ventures, and before deduction of non-controlling interests' attributable share) of HK$2,459 million, HK$4,795 million and HK$344 million, respectively (before finance costs and tax).

Stable and recurrent income base from property rentals and consistent dividends

The Company has maintained strong cash flows despite economic events such as the Asian financial crisis, SARS outbreak, the global credit and financial crisis which commenced in 2008, the prior socio-political events in Hong Kong and the outbreak of COVID-19. The Group usually has approximately one-third of its tenancy agreements up for renewal each year and this has helped the Group to avoid the concentration of rent renewal dates during any one particular period of a financial year whilst also providing the Group with opportunities to adjust rentals to reflect prevailing market rates. Furthermore, Citistore's department store business operated by the Group's listed subsidiary, HIL, mainly at the Group's properties, serves to maximise the value and occupancy rate of the Group's investment properties. As a result, property rentals have shown resilience through downturns and the contribution from HKCG has been consistent and stable. Recurring cash flow streams from net rental income and dividends from listed associates show stable growth.

The Company's shareholding in HKCG provides a further quality recurrent income base and strengthens the Company's firm commitment to the utilities business in Hong Kong and the Chinese mainland. HKCG's leading marketing positioning and strong reputation in the utilities sector in Hong Kong, high and stable project returns and consistent business strategy will further enhance the Company's financial performance. The availability of a consistent and diversified cashflow stream allows the Company to weather the cyclicality of the property development business.

Conservative capital structure and diversified sources of funding

The Company adopts a balanced approach to financing with a view to optimising the mix of equity and debt. The Company has prudent leverage with net debt to shareholders' funds of approximately 21.1% and 21.1% as at 31 December 2024 and 30 June 2025, respectively. The Company maintains a reasonable dividend payout policy throughout the economic cycles (89.1% and 79.4% of underlying earnings per share for the year ended

31 December 2024 and for the six months ended 30 June 2025, respectively). In addition, the Company has access to diversified sources of funds for its operations. The Company has access to both domestic and international capital markets in addition to local loan markets. In addition, the Company's strong financial and credit profile allows it to achieve pricing on loan financing in-line with peers which are "A" rated. The Company's ability to obtain funding from a variety of sources allows it to maintain a competitive advantage over its competitors, which may have funding difficulties in the current volatile markets. These factors enable the Company to maintain a strong balance sheet with a high and increasing level of liquidity.

Experienced management team

The Company has dedicated and experienced senior management who have achieved a strong track record of success in the real estate sector in Hong Kong and the Chinese mainland. The management team has a detailed understanding of the real estate markets in both Hong Kong and the Chinese mainland. Their in-depth knowledge of the markets means that the Company is able to identify market trends and formulate strategies which are in the interests of the Company. In addition, the Company's vertically integrated approach to property development allows it to appropriately manage costs, quality and risks.

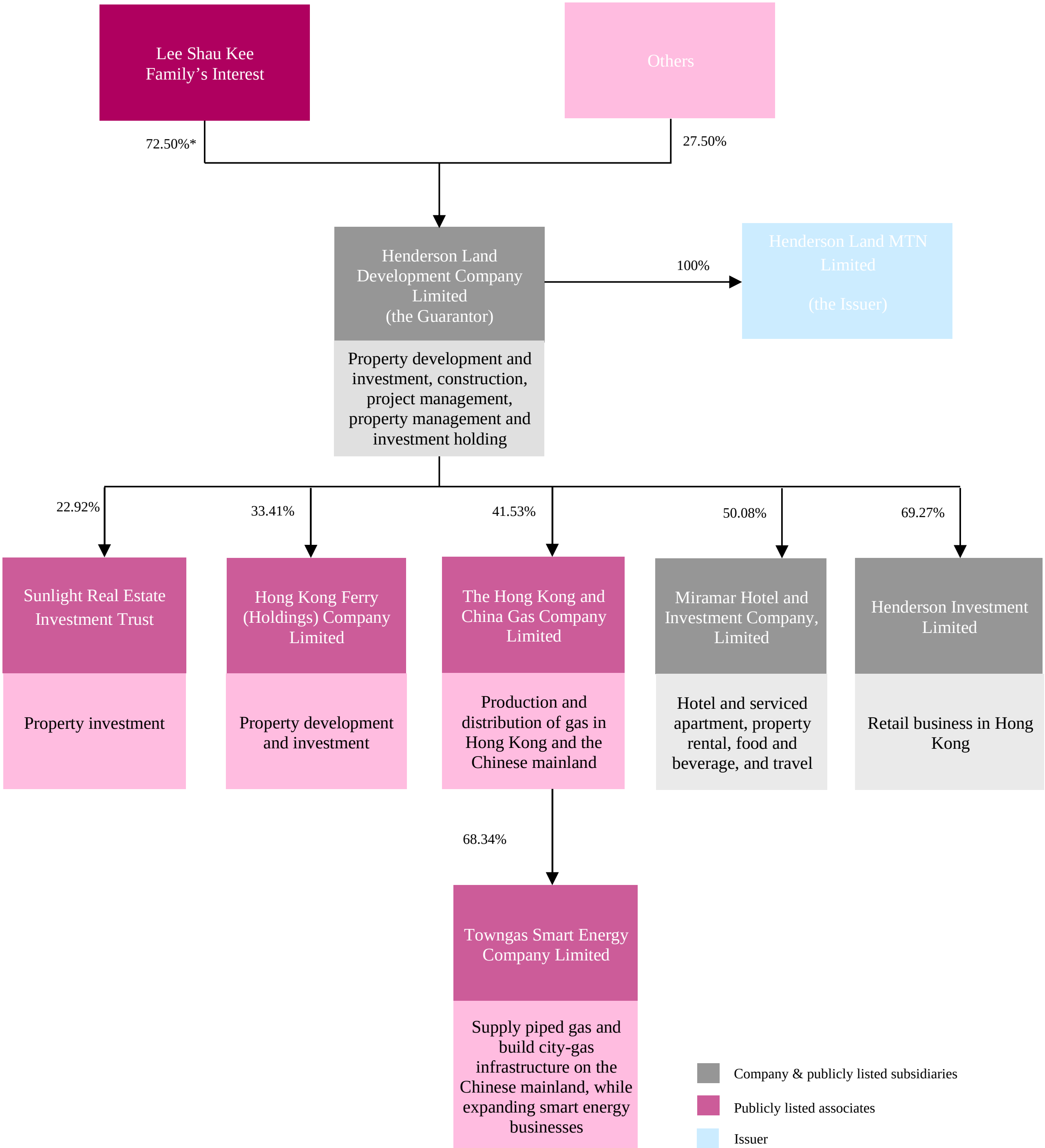
Conservative and strategic approach to the Chinese mainland business

The Company has a successful and well-proven approach to investing in the property market on the Chinese mainland. In the early 1990s, the Company adopted a "Prime City Prime Site" strategy under which it maintains a number of landmark retail and office investment properties in key locations in Beijing, Shanghai and Guangzhou. Quality developments in the prime cities, where the infrastructure and supplementary facilities are well developed, have attracted strong interest from both foreign tenants and investors. Since 2006, this strategy has been complemented by the Company's "Second Tier and/or Provincial-Capital City Site" focus. The Group focused on the development of Grade-A office buildings. In Guangzhou, the twin Grade-A office towers at "Lumina Guangzhou" in Yuexiu District were completed in 2020 with a total gross floor area of about 970,000 sq. ft. They became new landmarks in the district and tenants have moved in progressively. The 900,000-square-foot shopping podium (including basement areas) was completed in January 2022. In Shanghai, the 3,000,000-square-foot "Lumina Shanghai" at the Xuhui Riverside Development Area was also completed in 2022.

In addition, the Company was among one of the first Hong Kong developers to enter into the property market on the Chinese mainland. Its first investment on the Chinese mainland was in the 1980s through investment in the China Hotel in Guangzhou. Over the years, the Company has accumulated valuable expertise and local knowledge in different stages of economic cycles on the Chinese mainland which the Company believes will allow it to better manage its projects.

CORPORATE STRUCTURE

The following sets forth an overview of the Group's organisation, showing principal functions and shareholding interests in its publicly listed subsidiaries and associates as at 30 June 2025.



*excluding the late Dr. Lee Shau Kee's personal interests.

BUSINESS OVERVIEW

The Company is an investment holding company and the principal activities of its subsidiaries for the six months ended 30 June 2025 were property development and investment, construction, project management, property management, hotel operation, department store operation and investment holding. For the years ended 31 December 2023, 31 December 2024 and for the six months ended 30 June 2025, 89.0%, 86.7% and 77.7%, respectively, of the Group's revenue from external customers was generated in Hong Kong, with the remaining amount generated from the Chinese mainland. The property development business is vertically integrated and incorporates project planning, construction and management of the completed properties.

The principal activity of its listed associate, HKCG, is the production, distribution and marketing of gas, water supply and emerging environmentally-friendly energy businesses in Hong Kong and the Chinese mainland and the principal activity of HKCG's listed subsidiary, Towngas Smart Energy, is the sale and distribution of piped gas on the Chinese mainland.

The Group and its associates currently have seven entities that are listed on the Main Board of the Hong Kong Stock Exchange: the Company, HIL, Miramar, HKCG, Hong Kong Ferry, Sunlight REIT and Towngas Smart Energy. Two out of these seven companies, namely the Company and HKCG, are constituent stocks in the Hang Seng Index.

As at 30 June 2025, the Company had equity stakes of 41.53% in HKCG (the sole supplier of piped gas in Hong Kong), 33.41% in Hong Kong Ferry (which is now engaged in property development and investment, having divested most of its ferry business), 50.08% in Miramar (which owns and manages The Mira Hong Kong and manages Mira Moon, and investment properties of approximately 1.2 million sq. ft. in Tsim Sha Tsui), 69.27% in HIL and 22.92% in Sunlight REIT. Apart from the above equity holdings, the Group also has diversified interests in property development and investment in Hong Kong and the Chinese mainland as well as retail trade businesses in Hong Kong.

The revenue and segment results from operations of the principal activities of the Group for the years ended 31 December 2024 and 31 December 2023 and for the six months ended 30 June 2025 and 30 June 2024, are set out below:

	Revenue	
	Year ended 31 December	
	2024	**2023**
	(HK$ million) *(audited)*	
Property development	12,506	15,210
Property leasing	6,994	6,876
Department stores and supermarket-cum-stores operations	1,548	1,566
Hotel room operation	331	333
Other businesses	3,877	3,585
Total	25,256	27,570

	Segment Results	
	Year ended 31 December	
	2024	2023
	(HK$ million) (audited)	
Property development	4,795	2,459
Property leasing	5,072	4,924
Department stores and supermarket-cum-stores operations	63	100
Hotel room operation	91	102
Other businesses	42	35
Total	10,063	7,620

	Revenue	
	Six months ended 30 June	
	2025	2024
	(HK$ million) (unaudited)	
Property development	4,008	4,943
Property leasing	3,363	3,459
Department stores and supermarket-cum-stores operations	745	778
Hotel room operation	156	165
Other businesses	1,280	2,417
Total	9,552	11,762

	Segment Results	
	Six months ended 30 June	
	2025	2024
	(HK$ million) (unaudited)	
Property development	344	1,475
Property leasing	2,427	2,544
Department stores and supermarket-cum-stores operations	29	24
Hotel room operation	36	45
Other businesses	(30)	19
Total	2,806	4,107

PROPERTY BUSINESSES IN HONG KONG

Development of the Group's properties in Hong Kong usually entails four phases: land acquisition, land development (which may include land use conversion), project construction and marketing. The typical development cycle for vacant land in the New Territories, after land use conversion, is approximately three to four years, whereas the development cycle for urban property projects can be longer, particularly for such project sites that are not vacant at the time of acquisition or involving multiple sites or separate units within a site which must be combined before development can begin.

The Group is vertically integrated, incorporating all the four phases of the development process in order to control the costs, schedule and quality of its projects. Through its subsidiaries and associates, the Company oversees and largely performs all aspects of its development operations, including the selection and purchase of sites, the preparation of feasibility studies, the obtaining of government approvals for zoning and modifications, the design and construction of development projects, and the marketing, leasing and management of completed projects.

Property Sales

Hong Kong

The attributable revenue from the Group's property development in Hong Kong amounted to approximately HK$12,323 million and HK$3,812 million for the year ended 31 December 2024 and for the six months ended 30 June 2025, respectively, representing a decrease of 16 per cent. compared with the previous year and a period-on-period decrease of 22 per cent. For the year ended 31 December 2024, the corresponding pre-tax profit contribution amounted to approximately HK$4,647 million, which included a profit of approximately HK$3,320 million from the Hong Kong government's resumption of certain land lots including those located in Fanling North and Kwu Tung North New Development Areas, as well as Hung Shui Kiu / Ha Tsuen New Development Area and for the six months ended 30 June 2025, the profit before taxation from property development in Hong Kong amounted to approximately HK$310 million (2024: HK$1,499 million). The decrease in profit was mainly due to an attributable gain before taxation of approximately HK$1,055 million, recognised in the same period last year, from the Hong Kong government's resumption of certain land lots in New Development Areas.

During the six months ended 30 June 2025, the Group launched a number of urban residential developments for sale, including Belgravia Place (Phase 2) in Cheung Sha Wan, Eight Southpark in Ma Tau Kok and Miami Quay (Phase 2) in Kai Tak. Eight Southpark in Ma Tau Kok, in particular, was well received and all 181 residential units available in the first round of sale were sold on the first day of launch. Other launched projects have also achieved satisfactory sales results. Caine Hill in Mid-Levels was almost sold out. As regards the first five phases of Square Mile series in Mong Kok, about 95% of the residential units were sold by the end of June 2025. Together with the sale of other properties (including car parks), contracted sales attributable to the Group in Hong Kong amounted to approximately HK$6,298 million for the six months ended 30 June 2025. At the 30 June 2025, attributable contracted sales of approximately HK$10,424 million are yet to be recognised as revenue, of which approximately HK$7,756 million is expected to be recognised in the second half of 2025 upon completion of the relevant developments and handover of the completed units to buyers.

Property Development

The in-situ land exchange for the following land lot (of which the Group has a 50% interest) in Hung Shui Kiu/Ha Tsuen New Development Area was recently completed:

Location	Type of Development	Site area (sq. ft.)	Interest of the Group (%)	Estimated gross floor area attributable to the Group (sq. ft.)	Land premium attributable to the Group (HK$ million)
Area 34B					
Hung Shui Kiu/Ha Tsuen New Development Area ...	Commercial/ Residential	178,718	50.00	580,828	931.36

As regards the Group's urban redevelopment projects, a total gross floor area of approximately 1.2 million square feet attributable to the Group has been earmarked for sales launch in the second half of 2025. In addition, urban redevelopment projects which the Group has acquired 100% ownership interest or met the relevant compulsory sale application threshold are expected to provide a gross floor area of approximately 1.7 million square feet attributable to the Group and become available for sale or lease in 2026 or beyond.

The Group will continue to replenish its land bank in Hong Kong through a variety of channels. Other than those earmarked for rental purposes, the Group's land reserves will be sufficient to meet its development needs in the next few years.

The following table shows development projects in Hong Kong that were completed by the Group for the six months ended 30 June 2025:

Project name and location	Site area	Gross floor area	Type of development	Interest of the Group	Gross floor area attributable to the Group
	(sq. ft.)	(sq. ft.)		(%)	(sq. ft.)
1. Belgravia Place (Phase 1) 1 Berwick Street Cheung Sha Wan	36,167	293,566	Commercial/ Residential	100.00	293,566
2. The Paddington 456 Sai Yeung Choi Street North Cheung Sha Wan	22,889	171,664	Residential	100.00	171,664
3. Gateway • Square Mile 1 Ka Shin Street Mong Kok...	9,642	88,367	Commercial/ Residential	100.00	88,367
4. Parkwood 3 Mei Sun Lane Tai Po	7,976	49,077	Commercial/ Residential	100.00	49,077
Total					**602,674**

The following table shows major development projects in Hong Kong for which the Group had unsold units as at 30 June 2025:

			As at 30 June 2025			
Project name and location	**Gross floor area**	**Type of development**	**No. of unsold residential units**	**Saleable area of unsold units**	**Interest of the Group**	**Saleable area of unsold units attributable to the Group**
	(sq. ft.)			**(sq. ft.)**	**(%)**	**(sq. ft.)**
1. The Henley 7 Muk Tai Street Kai Tak	654,602	Commercial/ Residential	424	233,791	100.00	233,791
2. Henley Park 8 Muk Tai Street Kai Tak	397,967	Residential	293	161,923	100.00	161,923
3. Miami Quay (Phases 1 and 2) 23 Shing Fung Road Kai Tak	574,614	Residential	1,073	434,041	29.30	127,174
4. Eden Manor 88 Castle Peak Road Kwu Tung	555,399	Residential	82	95,123	100.00	95,123
5. The Haddon 1 Whampoa Street Hung Hom	186,539	Commercial/ Residential	317	94,760	100.00	94,760
6. The Paddington 456 Sai Yeung Choi Street North Cheung Sha Wan	171,664	Residential	251	75,652	100.00	75,652
7. Belgravia Place (Phases 1 and 2) 1 Berwick Street Cheung Sha Wan	416,317	Commercial/ Residential	250	70,990	100.00	70,990
8. The Knightsbridge 22 Shing Fung Road Kai Tak	641,165	Commercial/ Residential	405	338,845	18.00	60,992
9. Baker Circle One (Phases 1-3) 38 Gillies Avenue South 33 Whampoa Street and 18 Bulkeley Street Hung Hom	339,993	Commercial/ Residential	210	53,655	100.00	53,655
10. One Innovale 8 Ma Sik Road Fanling	612,685	Residential	60	31,670	100.00	31,670
11. Double Coast (Phase 1) 19 Shing Fung Road Kai Tak	181,664	Residential	197	80,638	30.00	24,191
12. Gateway • Square Mile 1 Ka Shin Street Mong Kok	88,367	Commercial/ Residential	77	21,473	100.00	21,473
13. The Harmonie 233 Castle Peak Road Cheung Sha Wan	159,748	Commercial/ Residential	61(1)	21,170(1)	100.00	21,170(1)
14. Wellesley 23 Robinson Road Mid-Levels West	156,900(2)	Residential	21	37,194	50.00(2)	18,597
15. Eight Southpark 8 Nam Kok Road Ma Tau Kok	117,994	Commercial/ Residential	50	13,764	76.468	10,525

Project name and location	Gross floor area	Type of development	As at 30 June 2025 No. of unsold residential units	Saleable area of unsold units	Interest of the Group	Saleable area of unsold units attributable to the Group
	(sq. ft.)			(sq. ft.)	(%)	(sq. ft.)
16. The Upper South 71 Main Street Ap Lei Chau	40,318	Commercial/ Residential	47	9,509	100.00	9,509
17. The Quinn • Square Mile 5 Sham Mong Road Mong Kok	242,509	Commercial/ Residential	32	8,234	100.00	8,234
18. The Hampstead Reach 8 Ping Kin Lane Yuen Long	27,868	Residential	3	5,427	100.00	5,427
19. The Royale 8 Castle Peak Road – Castle Peak Bay Tuen Mun	663,062	Residential	34	24,271	16.705	4,054
20. South Walk • Aura 12 Tin Wan Street Aberdeen	37,550	Commercial/ Residential	14	3,443	100.00	3,443
21. Aquila • Square Mile 38 Fuk Chak Street Mong Kok	180,427	Commercial/ Residential	9	2,708	100.00	2,708
22. The Addition 350 Un Chau Street Cheung Sha Wan	79,903	Commercial/ Residential	7	2,536	100.00	2,536
23. Cetus • Square Mile 18 Ka Shin Street Mong Kok	176,256	Commercial/ Residential	7	2,419	100.00	2,419
24. Global Gateway Tower 61A-61E and 63 Wing Hong Street Cheung Sha Wan	336,052	Industrial	Not applicable	75,693(3)	100.00	75,693(3)
25. E-Trade Plaza 24 Lee Chung Street Chai Wan	173,850	Office	Not applicable	58,935(3)	100.00	58,935(3)
26. Mega Cube 8 Wang Kwong Road Kowloon Bay	171,194	Office	Not applicable	48,622(3)	100.00	48,622(3)
Total			**3,924**	**2,006,486**		**1,323,266**

Notes:

(1) Representing the Group's entitlement for this Urban Renewal Authority project.

(2) The Group has a 25.07% interest in the development project. Some of the residential units were allocated to and held by the Group and another developer on a 50:50 basis.

(3) Representing the saleable area of the office, industrial or shop area.

Land Bank

As at 30 June 2025, the development land bank of the Group in Hong Kong amounted to approximately 22.9 million sq. ft. in total attributable gross floor area, which includes the Group's interests in development sites, investment properties, hotel properties, as well as the property interests held by its associates. As at 30 June 2025, the Group's land bank was made up of 10.6 million sq. ft. of properties held for or under development, 1.3 million sq. ft. of stock of unsold property units, and 11.0 million sq. ft. of completed investment properties (including hotels). In addition, the Group's attributable land reserves in the New Territories amounted to approximately 41.9 million sq. ft. as at 30 June 2025.

Land in Urban Areas

The Group replenishes its land bank by acquiring old tenement buildings in urban areas.

As at 30 June 2025, in addition to projects scheduled for sales launch in the second half of 2025, urban redevelopment projects in which the Group has acquired 100% ownership interest or met the relevant compulsory sale application threshold are expected to provide a total gross floor area of approximately 1.7 million sq. ft. attributable to the Group and become available for sale or lease in 2026 and beyond.

In January 2025, a wholly-owned subsidiary of the Group entered into an agreement for the sale of the land lot at No. 16 Kimberley Road, Kowloon, Hong Kong (the "**Property**") and for a new hotel to be built and erected thereon by the Group to a wholly-owned subsidiary of Miramar. As the conditions precedent to the completion of the transaction were not fulfilled, the relevant transaction was cancelled. The Group intends to redevelop the Property into a new hotel based on the approved general building plans. As for Site 3 of New Central Harbourfront (Inland Lot No. 9088), which was acquired by the Group in 2021, main contract works are in progress. This mixed-use project includes 700,000 sq. ft. of premium Grade-A office and ancillary space that offers the largest office floor plates in Central, 900,000 sq. ft. of retail space and the first Broadway-style theatre in Hong Kong. This development also provides over 300,000 sq. ft. of green recreational space, including a rooftop garden for public enjoyment. With the scheduled completion of Phase 1 in the fourth quarter of 2026 and the remaining phase in the fourth quarter of 2032, this project is poised to become another landmark in the Central Business District of Hong Kong. This project has been awarded the highest standard industry certifications for its sustainability-focused architectural design, including awards and accreditations from Leadership in Energy and Environmental Design (LEED), BEAM Plus, WiredScore, Construction Industry Council, Green Business Certification Inc., The Hong Kong Institute of Surveyors and Hong Kong Green Building Council. The Yau Tong Bay mixed-use development project, in which the Group has a 22.8% interest, shifted to a phased development approach. The Hong Kong government has issued the provisional basic terms offer for Phase 1 of the project but the amount of land premium payable is currently under appeal. Phase 1 will move forward only when an agreement is reached with the Hong Kong government on the premium. This harbourfront development is expected to provide a total gross floor area of approximately 910,000 sq. ft. attributable to the Group.

New Territories Land

During the six months ended 30 June 2025, the Group acquired further New Territories land lots with a total land area of approximately 230,000 sq. ft. However, certain land lots with a total land area of approximately 340,000 sq. ft. in Yuen Long South and Kam Tin were resumed by the Hong Kong government for public use by payment of cash compensation in the total amount of approximately HK$359 million. As at 30 June 2025, the Group held land reserves in the New Territories amounting to approximately 41.9 million sq. ft. in land area, which is still the largest holding among all property developers in Hong Kong.

In Hung Shui Kiu/Ha Tsuen New Development Area, apart from the in-situ land exchange applications disclosed in "Property Businesses in Hong Kong - Property Development", the Group, in conjunction with another landlord, have applied for in-situ land exchange for four land lots. These lots are planned for commercial development and will provide an attributable gross floor area of about 2.8 million sq. ft. in aggregate upon completion of the land exchange. Apart from the land lots designated for exchange as mentioned above, the Group currently owns land with a total land area of approximately 2.34 million sq. ft. in Hung Shui Kiu/Ha Tsuen.

The Hong Kong government announced specific criteria in respect of the implementation framework for its Land Sharing Pilot Scheme in 2020. To work in line with the Hong Kong government's policy to satisfy the keen housing demand, the Group, after reviewing its land holding in the New Territories, submitted an application to the relevant authority under this scheme in conjunction with another developer. The project concerned is located in Lam Tsuen, Tai Po, covering a site area of about 2 million sq. ft. or 19.3 hectares, which is slightly larger than Victoria Park in Hong Kong. The project aims to offer 30% of its housing units (3,636 units) for private housing development for sale, while the remaining 70% (8,484 units) will be for the Hong Kong government's public housing development. In November 2022, the project was supported by an advisory group and agreed in principle by the Executive Council. The project is currently going through the rezoning process. The Group hopes that by participating in this scheme, it can use the relevant land resources more efficiently and expedite the unlocking of their potential value.

In October 2021, the Hong Kong government promulgated the Northern Metropolis Development Strategy putting forward the proposal of developing the Northern Metropolis into an international innovation and technology hub. It will include the comprehensive San Tin Technopole, comprising the Hong Kong-Shenzhen Innovation and Technology Park at the Loop and the area around San Tin/Lok Ma Chau. The Hong Kong government further promulgated the North Metropolis Action Agenda 2023 in October 2023 to include the San Tin Technopole as part of the Innovation and Technology Zone. According to the draft San Tin Technopole Outline Zoning Plan, approved by the Chief Executive in Council in September 2024, the Hong Kong government will resume land from developers for innovation and technology use. In addition, the Hong Kong government released its development proposal of Ngau Tam Mei, which is adjacent to San Tin, in November 2024. The related public engagement activities were completed in January 2025. In July 2025, the Hong Kong government announced the resumption of land for the development of San Tin Technopole (Phase 1) (First Batch) and Sam Po Shue Wetland Conservation Park (First Phase). The Group holds an attributable land area of approximately 6.1 million sq. ft. in San Tin of Northern Metropolis, of which a total area of approximately 334,000 square feet will be resumed by the Hong Kong government. The Hong Kong government also announced the resumption of land for the construction of the Northern Link Main Line in July 2025, meaning that additional land lots with a total area of approximately 187,000 sq. ft. will be resumed from the Group. Based on the cash compensation of HK$1,032 per sq. ft. published in the Gazette, the Group expects to receive a total cash compensation of approximately HK$540 million from the Hong Kong government.

Investment Properties

For the six months ended 30 June 2025, the gross rental income in Hong Kong attributable to the Group (including gross rental income attributable to subsidiaries, associates and joint ventures) increased slightly to HK$3,411 million. The corresponding net rental income before taxation attributable to the Group decreased by 1% period-on-period to HK$2,483 million. For the ifc project, in which the Group has a 40.77% interest, the gross rental income attributable to the Group was HK$803 million, representing a period-on-period decrease of 2%.

As at 30 June 2025, the average leasing rate for the Group's major investment properties was 93%.

With the successive completion of Parkwood, which is to be rented as an off-campus accommodation for university students, and the podium malls of two developments (namely, Phase 1 of Belgravia Place and Gateway • Square Mile), as at 30 June 2025, the Group's completed investment property portfolio in Hong Kong has increased to approximately 10.5 million sq. ft.

Retail portfolio

In the first half of 2025, the uncertain economic outlook and changing consumption habits continued to pose challenges to the local retail market. However, the overall occupancy rate for the Group's retail portfolio remained consistently high. Such satisfactory results were mainly due to the Group employing diverse strategies to enhance the appeal of its malls.

The Group has refined the tenant mix of its malls and introduced a number of specialty restaurants, grocery retailers and youth-oriented beauty brands to satisfy the needs of different customers. The Group, by launching various marketing campaigns, such as "MOSTown x LEGO New Year Fortune Garden" and "Disney Princess Summer Blossom Gardens", not only succeeded in attracting substantial family crowds but also demonstrated its innovative concept of transforming shopping malls into dynamic, experience-driven destinations. In addition, live performances, autograph signing events, star-studded movie promotions, family workshops and busking were held periodically to drive visitors' traffic and stimulate consumer spending at the malls. The Group also participated in the Well-Being • Start-Up 2.0 Programme initiated by the Hong Kong Housing Authority to promote innovative development of Hong Kong's retail industry. By offering certain shops and booths in its malls to young entrepreneurs at preferential rates, the Group encouraged the next generation to unleash their creativity and cultivate their entrepreneurial spirit through practical experiences, enabling them to pursue their entrepreneurial aspirations.

MCP in Tseung Kwan O and MOSTown in Ma On Shan were awarded Mall Initiative of the Year – Hong Kong and Regional Mall of the Year – Hong Kong respectively at the Retail Asia Awards 2025.

Two large-scale urban redevelopment projects in Tai Kok Tsui and Hung Hom are being completed in phases. Leasing responses for the podium malls of these two developments have been satisfactory and an array of lifestyle brands and distinctive food and beverage establishments will be added to their list of tenants. Upon completion of these projects, the Group's rental income is poised to increase further.

Office portfolio

The demand for office space remains weak, and the substantial supply in the future pipeline continues to exert downward pressure on office rents. Despite this, a notable trend among tenants is their increasing preference for quality buildings, which positions the Group's premium office portfolio favourably and enhances its competitiveness in the market. During the six months ended 30 June 2025, the Group's office developments continued to deliver resilient performance driven by effective tenant engagement. ifc in Central, AIA Tower in North Point, as well as the Group's portfolio of office and industrial/office premises in Kowloon East, including Manulife Financial Centre, AIA Financial Centre, 78 Hung To Road and 52 Hung To Road, maintained an occupancy rate of around 90% or above due to their superior building quality.

The Henderson, which was completed in January 2024, is a new landmark in Hong Kong. Designed by the world-leading architectural firm Zaha Hadid Architects (ZHA), this 465,000-square-foot Grade-A commercial development offers an exceptional, smart office experience to its tenants by blending service excellence, art, innovation and sustainability. The office lobby features the Balloon Swan (Red) sculpture by renowned contemporary artist Jeff Koons, whilst Cloud 39, which is the highest all-glass rooftop ballroom in Hong Kong, offers a magnificent 270-degree view of Hong Kong's vibrant cityscape. An outdoor space adjacent to The Henderson has been transformed as the first sculpture park by ZHA in Asia and is open for public enjoyment. In addition, The Henderson has become the first commercial building in the Asia-Pacific region to achieve "In Partnership with Forbes Travel Guide" accreditation for its service pledge to elevate tenants' workplace experience to 5-star hospitality standards. The Henderson is home to many distinguished tenants including Christie's, which has established its new Asia Pacific headquarters in the building, along with Audemars Piguet, Carlyle, CPP Investments and Point72, a multi-strategy asset management firm. The Henderson has currently achieved a committed leasing rate of around 80%, further strengthening the Group's recurring income base.

As regards the 1,600,000-square-foot New Central Harbourfront flagship development project, its Phase 1 development is under construction and leasing demand has been strong. Jane Street Asia Limited, a quantitative trading firm, has signed an agreement for lease and will become the first anchor tenant, occupying over 223,000 sq. ft. across six floors, which accounts for more than 70% of the development's Phase 1 office and ancillary space. This transaction sets a record for the largest single office leasing transaction for the Central Business District in decades, reflecting Hong Kong's solid position as an international financial centre.

The following table shows the Group's attributable holdings of investment properties by use in Hong Kong as at 30 June 2025:

	Gross floor area attributable to the Group	Percentage
	(*million sq. ft.*)	(*%*)
By type:		
Shopping arcade or retail	5.7	54
Office	4.2	40
Industrial	0.2	2
Residential and hotel apartment	0.4	4
Total	10.5	100
By geographical area:		
Hong Kong Island	2.9	28
Kowloon	3.5	33
New Territories	4.1	39
Total	10.5	100

The following table shows the Group's attributable holdings of major investment properties in Hong Kong as at 31 December 2024:

		Gross floor area attributable to the Group (sq. ft.)							
Project name	**Location**	**Lease expiry**	**Interest of the Group (%)**	**Residential/ Hotel Serviced Suite**	**Commercial**	**Office**	**Industrial/ Office**	**Total**	**No. of carparks attributable to the Group**
Hong Kong Island									
One International Finance Centre	1 Harbour View Street, Central	2047	40.77	—	53,465	319,833	—	373,298	33
Two International Finance Centre (excluding levels of 33 to 52, 55, 56 and 77 to 88)	8 Finance Street, Central	2047	40.77	—	207,474	451,857	—	659,331	251
Four Seasons Place	8 Finance Street, Central	2047	40.77	216,103	—	—	—	216,103	17
The Henderson	2 Murray Road, Central	2067	100	—	—	465,005	—	465,005	288
H Code	45 Pottinger Street, Central	2842	19.10	—	25,975	—	—	25,975	—
Eva Court	36 MacDonnell	2895	100.00	108,214	—	—	—	108,214	53

Project name	Location	Lease expiry	Interest of the Group (%)	Gross floor area attributable to the Group (sq. ft.) Residential/ Hotel Serviced Suite	Commercial	Office	Industrial/ Office	Total	No. of carparks attributable to the Group
	Road, Mid-Levels								
308 Central Des Voeux	308-320 Des Voeux Road Central, Sheung Wan	2865	100.00	—	31,987	182,373	—	214,360	—
AIA Tower	183 Electric Road, North Point	2047	100.00	—	22,338	490,072	—	512,410	208
208 JOHNSTON	206-212 Johnston Road, Wanchai	2858	100.00	—	26,905	38,015	—	64,920	—
Mira Moon	388-390 Jaffe Road, Wanchai	2125	100.00	66,128	—	—	—	66,128	—
NOVUM EAST	856 King's Road, Quarry Bay	2893	100.00	—	28,365	—	—	28,365	—
Kowloon									
Manulife Financial Centre	223-231 Wai Yip Street, Kwun Tong	2050	88.50	—	47,860	919,004	—	966,864	394
52 Hung To Road	52 Hung To Road, Kwun Tong	2047	100.00	—	—	—	125,114	125,114	—
78 Hung To Road	78 Hung To Road, Kwun Tong	2047	100.00	—	—	—	119,976	119, 976	21
H Zentre	15 Middle Road, Tsim Sha Tsui	2064	100.00	—	339,711	—	—	339,711	427
Nathan Hill	38 Hillwood Road, Tsim Sha Tsui	2043	100.00	—	55,031	—	—	55,031	—
Mira Place	118-132 Nathan Road and 1 Kimberley Road, Tsim Sha Tsui	2039	50.08	—	248,716	348,593	—	597,309	138
AIA Financial Centre	712 Prince Edward Road East, San Po Kong	2047	100.00	—	—	216,593	—	216,593	77
One Portside	29 Tai Yau Street, San Po Kong	2047	100.00	—	5,144	136,369	—	141,513	7
Two Portside	9 Pat Tat Street, San Po Kong	2047	100.00	—	—	161,998	—	161,998	41
Square Mile	11 Li Tak Street, 18 Ka Shin Street, 38 Fuk Chak Street and 5 Sham Mong Road, Mong Kok	2870/2041	100.00	—	135,302	—	—	135,302	—
Cité 33	33 Lai Chi Kok Road, Mong Kok	2101	100.00	—	11,612	—	—	11,612	—

				Gross floor area attributable to the Group (sq. ft.)					
Project name	Location	Lease expiry	Interest of the Group (%)	Residential/ Hotel Serviced Suite	Commercial	Office	Industrial/ Office	Total	No. of carparks attributable to the Group
Hollywood Plaza	610 Nathan Road, Mong Kok	2047	33.33	—	33,511	64,422	—	97,933	—
The Sparkle	500 Tung Chau Street, Cheung Sha Wan	2055	100.00	—	53,443	—	—	53,443	—
Baker Circle	38 Gillies Avenue South, 33 Whampoa Street and 18 Bulkeley Street, Hung Hom	2886	100.00	—	51,047	—	—	51,047	40
The Vantage	63 Ma Tau Wai Road, Hung Hom	2050	100.00	—	36,574	—	—	36,574	—
The Zutten	50 Ma Tau Kok Road	2050	100.00	—	16,788	—	—	16,788	—
New Territories									
KOLOUR • Tsuen Wan I	68 Chung On Street, Tsuen Wan	2047	74.96	—	138,555	156,981	—	295,536	100
KOLOUR • Tsuen Wan II	145-165 Castle Peak Road, Tsuen Wan	2047	100.00	—	155,022	—	—	155,022	0
Skyline Plaza	88 Tai Ho Road, Tsuen Wan	2047	100.00	—	154,259	—	—	154,259	104
Shatin Plaza	21-27 Shatin Centre Street, Sha Tin	2047	77.55	—	114,730	—	—	114,730	67
Shatin Centre	2-16 Wang Pok Street, Sha Tin	2047	100.00	—	100,029	—	—	100,029	407
MOSTown	18 On Luk Street and 628 Sai Sha Road, Ma On Shan	2047	100.00	—	612,279	—	—	612,279	1,053
MOSTown Street	8, 18 and 22 On Shing Street, Ma On Shan	2047	100.00	—	78,422	—	—	78,422	186
Double Cove	8 Wu Kai Sha Road, Ma On Shan	2060	91.00	—	97,920	—	—	97,920	217
MCP Central	8 Yan King Road, Tseung Kwan O	2047	100.00	—	956,849	—	—	956,849	669
MCP Discovery	8 Mau Yip Road, Tseung Kwan O	2047	100.00	—	266,954	—	—	266,954	140
La Cité Noble Shopping Arcade	1 Ngan O Road, Tseung Kwan O	2047	100.00	—	35,186	—	—	35,186	—

Project name	Location	Lease expiry	Interest of the Group (%)	Gross floor area attributable to the Group (sq. ft.) Residential/ Hotel Serviced Suite	Commercial	Office	Industrial/ Office	Total	No. of carparks attributable to the Group
KOLOUR • Yuen Long..................	1 Kau Yuk Road, Yuen Long	2047	100.00	—	140,341	—	—	140,341	51
Fanling Centre	33 San Wan Road, Fanling	2047	100.00	—	151,513	—	—	151,513	318
Flora Plaza....................................	88 Pak Wo Road, Fanling	2047	60.00	—	94,657	—	—	94,657	130
Dawning Views Plaza	23 Yat Ming Road, Fanling	2047	100.00	—	87,766	—	—	87,766	—
One Citygate, Citygate Outlets and Tung Chung Crescent....................	Tung Chung Town Lots No. 1, 2 and 11, Lantau Island	2047/2063	20.00	—	227,048	32,104	—	259,152	267
The Trend Plaza	Tuen Mun Heung Sze Wui Road	2047	100.00	—	195,280	—	—	195,280	78
The Sherwood...............................	8 Fuk Hang Tsuen Road, Tuen Mun	2052	100.00	—	30,139	—	—	30,139	214
Marina Cove	Lot No. 526 in D.D. No. 210, Sai Kung	2047	40.00	—	9,566(1)	—	—	9,566	—
Total..				**390,445**	**5,077,763**	**3,983,219**	**245,090**	**9,696,517**	**5,996**

Note:

(1) In addition there are 121 pontoons and 30 hardstand spaces attributable to the Group.

Construction

The Group generally relies on its own architectural, engineering and construction efforts for the design and construction of its projects. However, most of the actual construction work is out-sourced to non-affiliated sub-contractors, with the Group acting as the main contractor. These operations are conducted through four wholly owned subsidiaries, namely E Man Construction Company Limited, Heng Tat Construction Company Limited, Heng Shung Construction Company Limited and Heng Lai Construction Company Limited. The Group generally has been able to obtain a sufficient supply of labour and building materials for its construction activities. The Group believes that its position as one of the largest property developers in Hong Kong enables it to develop good relationships with and obtain reliable services from its sub-contractors. The Group seldom provides construction services to unrelated third parties except for its joint venture developments held by the Group's associates and joint ventures.

The Group has always been committed building excellence and innovation in all its property development projects. During the first half of 2025, the Group was awarded the top honour of Developer of the Year – Hong Kong and the project at 8 Castle Road in Mid-Levels was also named Luxury Residential Development of the Year – Hong Kong at the Real Estate Asia Awards 2025. Meanwhile, Baker Circle • Dover in Hung Hom and The Quinn • Square Mile in Mong Kok were both accredited as 5-Star Residencies by Hong Kong Professional Building Inspection Academy. As for non-residential developments, The Henderson in Central was named 5-

Star winner in the categories of Best Commercial High Rise Development Hong Kong and Best Mixed Use Interior Hong Kong at the Asia Pacific Property Awards 2025-2026.

In the 2024 Policy Address, the Hong Kong government proposed several improvement measures, including reviewing the building design standards, and facilitating local application of cost-effective construction materials and technologies from the Chinese mainland and overseas. Hence, overall construction costs are expected to be lowered. Meanwhile, the Group will continue to develop and increase the use of innovative building products to further enhance the quality of various projects.

Property Management

The Group's property management companies consist of Hang Yick Properties Management Limited ("**Hang Yick**"), Well Born Real Estate Management Limited ("**Well Born**"), H-Privilege Limited (which provides services for the Group's prestigious housing projects - The H Collection), Goodwill Management Limited and H Commerce Management Limited. These companies, collectively managing over 85,000 apartments and industrial/commercial units, 10 million sq. ft. of shopping and office space, as well as 20,000 car parking spaces in Hong Kong, maintain leading positions within the industry.

The property management companies follow the Group's commitment to continuously enhancing its service quality and maintaining an eco-conscious approach. They have implemented an Integrated Management System, which complies with the requirements of ISO 9001 (Quality Management System), ISO 10002 (Complaints Handling Management System), ISO 14001 (Environmental Management System) and ISO 45001 (Occupational Health and Safety Management System). These property management companies have received numerous accolades, including Hong Kong Top Service Brand and Q-Mark Service Certification for their outstanding performance.

The property management companies are committed to upholding their integrity and professionalism, thereby creating a better living environment for people in Hong Kong. During the six months ended 30 June 2025, the companies launched the Year of Vitality to raise public awareness of physical and mental health. In addition, they collaborated with a charitable institution to organise a number of sports, music and environmental protection activities, injecting more vitality into the community.

PROPERTY BUSINESSES ON THE CHINESE MAINLAND

The Group was one of the earliest entrants to the real estate market in the PRC with its participation in the development of and investment in China Hotel in Guangzhou in the early 1980s, which was its first investment project in the PRC market.

During the late 1980s and early 1990s, the Group adopted a "Prime-City, Prime-Site" strategy under which it maintained a number of retail and office properties in key locations in Beijing, Shanghai and Guangzhou. This involved investing in quality developments in prime cities which have developed supplementary facilities, good infrastructure and have attracted foreign investment and foreign tenants.

Since 2006, the Group has adopted a two-pronged strategy in the PRC covering both "Prime Cities" and "Second-Tier Cities". Second-Tier Cities comprise mostly provincial capitals or municipalities and the Group has focused on developing large-scale residential developments with community facilities so as to achieve an efficient use of land as well as long-term appreciation in property value.

During the first half of 2025, Chinese local governments have implemented various measures to promote home buying and relax financing restrictions so as to stabilise the property market. These policies effectively stimulated demand and lowered the cost of home ownership for buyers, which helped boost market confidence. In addition, the Central People's Government implemented new housing regulations, injecting new momentum into the property sector. During the six months ended 30 June 2025, the overall real estate market remained stable. First-tier cities, in particular, recorded resilient performance, whilst the destocking pressure in second-tier cities has gradually eased after undergoing significant consolidation. As for the land market, supply was concentrated on prime sites in the core cities, leading to a significant increase in land sale revenue. The Group's strategy on the Chinese mainland is as follows:

- **Property Investment**: during the six months ended 30 June 2025, the Group strategically directed its resources toward the leasing of two large-scale projects completed in recent years, namely, Lumina Guangzhou in Yuexiu District, Guangzhou and Lumina Shanghai in the Xuhui Riverside Area, Shanghai. This effort yielded remarkable results and the leasing rates for the 970,000-square-foot Grade-A office twin towers at Lumina Guangzhou and the 1,000,000-square-foot Lumina Shanghai II were both over 80% as at 30 June 2025. The Group was also actively developing two joint venture commercial composite developments. The 830,000-square-foot The Pier in Pudong, Shanghai, was newly completed, whilst the 420,000-square-foot Yunhui Tower in Nanshan, Shenzhen, is approaching completion. With the successive completion of new projects, the Group's rental income is expected to grow, establishing a growth trajectory for its recurring income in future.

- **Property Development**: The Group continues to focus on new development opportunities in first-tier and leading second-tier cities, as well as the Greater Bay Area strategic plan.

The following table shows development projects on the Chinese mainland that were completed by the Group for the six months ended 30 June 2025:

Project name and location	**Usage**	**Interest of the Group**	**Gross floor area attributable to the Group**
		(%)	(*million sq. ft.*)
1. The Pier, Shanghai	Office and Commercial	51	0.42
2. Xindu Project, Chengdu (Phase 2)	Residential	50	0.28
3. Yubei Project, Chongqing (Phase 2)	Residential	50	0.08
4. Dongli Project, Tianjin (Phase 2)	Residential and Commercial	50	0.26
Total			**1.04**

Land Bank

As at 30 June 2025, in addition to holding approximately 2.3 million sq. ft. in attributable gross floor area of completed property stock, the Group held a development land bank in 14 cities with a total attributable gross floor area of about 9.54 million sq. ft., with approximately 65% designated for the development of residential development.

The following table shows the Group's attributable holdings of properties under development or held for future development in on the Chinese mainland as at 30 June 2025:

	Estimated developable gross floor area attributable to the Group(1)
	(*million sq. ft.*)
First-tier cities	
Beijing	0.05
Guangzhou	0.92
Shenzhen	0.21
Sub-total	**1.18**
Second-tier cities	
Changsha	0.05
Chengdu	3.50
Chongqing	0.57
Dongguan	0.15
Foshan	0.24
Shijiazhuang	2.38
Suzhou	0.03
Tianjin	0.38
Wuhan	0.45
Xian	0.55
Xuzhou	0.06
Sub-total	**8.36**
Total	**9.54**

The following table shows the Group's attributable holdings of development land bank in on the Chinese mainland by use as at 30 June 2025:

	Estimated developable gross floor area attributable to the Group(1)	Percentage
	(*million sq. ft.*)	(*%*)
Residential	6.19	65
Office	1.68	18
Commercial	1.37	14
Others (including clubhouses, schools and community facilities)	0.30	3

	Estimated developable gross floor area attributable to the Group[(1)]	Percentage
	(million sq. ft.)	*(%)*
Total	**9.54**	**100**

Note:

(1) Excluding the developable gross floor area attributable to basement areas and car parks.

The following are the major projects of the Group which were under development in on the Chinese mainland as at 30 June 2025:

Beijing

Lakeside Mansion (24.5%-owned)

"Lakeside Mansion" is a mixed-use development located in the central villa area of Houshayu town, Shunyi District. The country-yard townhouses and high-rise apartments were completed and delivered in 2021, providing a total gross floor area of about 1,060,000 sq. ft. The remaining 230,000-square-foot commercial portion is scheduled for completion in 2025.

Changsha

The Landscape (50%-owned)

Located in Kaifu District, the 5,490,000-square-foot land lot will be built in phases, offering luxury villas, high-rise apartments and commercial facilities with a total gross floor area of around 9,650,000 sq. ft. for 6,443 households. A total gross floor area of about 9,550,000 sq. ft. has already been completed, whilst certain residential portion is scheduled for completion in 2025.

Chengdu

Chengdu ICC (30%-owned)

Chengdu ICC, a large-scale integrated development atop a subway interchange with its close proximity to the Chengdu East Railway Station, comprises about eight million sq. ft. of residential accommodation, four million sq. ft. of office space, close to two million sq. ft. of retail space and a hotel. Phases 1 and 2, with a combined gross floor area of about 3.3 million sq. ft. of residences, were virtually sold out and handed over to buyers. A retail street and a shopping mall at Phase 3, covering approximately 1.4 million sq. ft., was opened in 2022. Twin office towers are situated atop the shopping mall. The 1,000,000-square-foot One ICC in Phase 4A was completed with tenants moving in progressively. Two ICC in Phase 4B, which is a 280-metre-tall skyscraper covering about 1.3 million sq. ft., was also completed and a leasing campaign is under preparation.

CIFI Centre (50%-owned)

Adjacent to the Wansheng Transit-oriented Development ("**TOD**") hub in Wenjiang District, the site is planned to be developed into a large-scale integrated community, comprising a commercial complex, quality residences and ecological park. The land lot with a site area of approximately 2,000,000 sq. ft. will be developed in five phases. Retail shops at Phase 4, covering a total gross floor area of about 190,000 sq. ft., were completed in 2023. Residences at Phase 1, as well as the office, complemented by large-scale commercial facilities at Phase 4, were both in 2024, providing a total gross floor area of about 2,700,000 sq. ft. The remaining Phases 2, 3 and 5 are planned to be completed in batches during the period from 2025 to 2027.

Xinjin Project (50%-owned)

Adjacent to the upcoming TOD hub in Xinjin District, this project is just a 30-minute drive from the city centre. The land lot with a site area of approximately 680,000 sq. ft. will be developed in two phases, providing an aggregate gross floor area of about 1,030,000 sq. ft. for 798 households upon completion. Phase 1 was completed in 2024, providing a total gross floor area of about 750,000 sq. ft. With anticipated completion beyond 2025, the remaining Phase 2 is expected to provide a total gross floor area of about 280,000 sq. ft.

Chongqing

Yubei Project (50%-owned)

Located in Lianglu Airport precinct at Yubei District, the 1,100,000 sq. ft. land parcel is planned to be developed into an integrated community. Comprising low-rise residential buildings, townhouses and villas, this project will provide about 1,550 residential units with a total residential/commercial gross floor area of about 1,660,000 sq. ft. The project will be developed in four phases. Phase 1 was completed in 2023, providing a total gross floor area of about 360,000 sq. ft. The first batch of Phase 2 development was completed in 2025.

Dongguan

Shijie Project (50%-owned)

The 280,000 sq. ft. land lot in Shijie Town is planned to be developed into high-rise apartments, complemented by commercial, office and community facilities. Construction works are in progress. A total gross floor area of about 560,000 sq. ft. was completed in 2024. The remaining portion is expected to be completed in 2025, providing another 300,000 sq. ft.

Foshan

Chancheng Project (50%-owned)

Located in Zhangcha town, Chancheng District, this project is surrounded by a vibrant neighbourhood with various schools, shopping arcades and lush green parks. The land lot with a site area of about 500,000 sq. ft. will be built in three phases, offering 1,191 residential units with a total residential gross floor area of about 1,320,000 sq. ft. The project is under construction and first two phases were both completed in 2024. Phase 3 development is expected to be completed in 2025, providing a total gross floor area of about 480,000 sq. ft.

Guangzhou

Panyu Project (50%-owned)

Located in Panyu District, this project commands panoramic views of the Pearl River with Guangzhou Higher Education Mega Centre on its opposite shore. A commercial-cum-residential land lot, with a site area of about 1,090,000 sq. ft., will be developed into high-rise apartments, complemented by commercial and community facilities, providing a total gross floor area of about 3,280,000 sq. ft. The project is under construction and the first batch of residences was completed in 2024, providing a total gross floor area of about 1,460,000 sq. ft. The second batch of residences is expected to be completed in 2025, providing a total gross floor area of about 100,000 sq. ft.

Shenzhen

Yunhui Tower (50%-owned)

Located in Nanyou section of Nanshan District, with the subway stations of Nanyou West and Nanyou in its proximity, this 70,000 sq. ft. land lot will be developed into an integrated complex with industrial R&D office space, dormitory, and commercial facilities. Construction works have already commenced and the project is planned for completion in 2025, providing a total gross floor area of about 420,000 sq. ft.

Shijiazhuang

Changan Project (100% owned)

The project, which is conveniently located at the Second Ring Road North in the city's core Changan District, will be developed into a large-scale community. This project will comprise about 1,560,000 sq. ft. or 1,238 residential units, 600,000 sq. ft. or 1,393 apartments, 100,000 sq. ft. of commercial space and 16,000 sq. ft. of kindergarten and other community facilities.

Suzhou

Xiangcheng Project (11%-owned)

Located in Xiangcheng District, this project will be developed into a community with residences, apartments and supporting commercial spaces, providing a total floor area of approximately 3,180,000 sq. ft. for approximately 2,200 households. The entire development will be completed in phases. A total gross floor area of about 3,010,000 sq. ft. has already been completed. The remaining portion will be completed from 2025 onwards, providing a total gross floor area of about 170,000 sq. ft.

Tianjin

Dongli Project (50%-owned)

Adjacent to subway line No.2, this project is conveniently located at the Outer Ring Road East of Dongli District. The land lot with a site area of about 1,000,000 sq. ft. will be developed in three phases, offering 1,618 residential units with a total residential gross floor area of about 1,750,000 sq. ft.. Phase 1, covering a gross floor area of about 580,000 sq. ft., was completed in 2023. Phase 2 was completed in 2025. The remaining Phase 3 is scheduled for completion in 2027.

Wuhan

Dongxiwu Project (50%-owned)

Located in Dongxiwu District, with Third Ring Road and an interchange station of two subway lines in its vicinity, this project is characterised by its blending of transportation convenience with the magnificent views of its surrounding scenic Wuhan Expo Garden and international golf course. The land lot with a site area of about 480,000 sq. ft. is planned to be developed into a high-end residential development, offering 919 units with a total residential gross floor area of over 1,300,000 sq. ft. The project is under construction and the first batch of residences was completed in 2024, providing a total gross floor area of about 500,000 sq. ft.

Xian

La Botanica (50%-owned)

La Botanica is located within the scenic Chan Ba Ecological District with a subway line connecting it to the city centre. This community development will have a total gross floor area of about 32,850,000 sq. ft., providing homes for over 27,500 households upon full completion. A total gross floor area of about 31,750,000 sq. ft. has already been completed. The remaining portion is scheduled to be completed in 2025, providing a total gross floor area of about 1,100,000 sq. ft.

Xuzhou

Grand Paradise (100%-owned)

In addition to a total residential gross floor area of about 4,500,000 sq. ft., which was handed over to buyers, Grand Paradise also boasts a commercial area of over 600,000 sq. ft. The completion certificate was obtained in the first quarter of 2022 for its 560,000 sq. ft. of commercial space.

Property Sales

During the six months ended 30 June 2025, the volume of pre-sold residential units completed and delivered to buyers experienced a decline compared to the first half of 2024. Revenue attributable to the Group's property development on the Chinese mainland as recognised in the financial statements for the period under review amounted to RMB2,177 million (equivalent to approximately HK$2,361 million), representing a period-on-period decrease of 16% in Renminbi terms. The loss before taxation amounted to RMB100 million (2024: RMB25 million), which was equivalent to approximately HK$108 million.

During the first half of 2025, contracted sales attributable to the Group decreased by 38% period-on-period to approximately RMB1,135 million (equivalent to approximately HK$1,235 million) or 21% to approximately 0.9 million square feet in attributable gross floor area. Major sales projects included Changan project in Shijiazhuang, La Botanica in Xian, as well as Xindu project and CIFI Centre in Chengdu.

As at 30 June 2025, attributable contracted sales of approximately HK$2,275 million remain unrecognised in the accounts. It is anticipated that approximately HK$621 million of this amount will be recognised in the second half of 2025 upon the completion of the relevant developments and handover of the completed units to buyers.

Investment Properties

With the completion of The Pier in Shanghai, as at 30 June 2025, the completed investment property portfolio attributable to the Group on the Chinese mainland has increased to approximately 13.4 million sq. ft.

Corporate tenants, who were affected by the uncertain economic environment, continued to adopt a prudent approach to their leases with the aim of controlling costs and enhancing efficiency. Increased supply and intense competition also dampened the Chinese mainland leasing market. During the period ended 30 June 2025, the Group's gross rental income decreased by 10% period-on-period in Renminbi terms. After taking into account the approximately 2% period-on-period depreciation of the Renminbi against the Hong Kong Dollar, gross rental income attributable to the Group decreased by 12% period-on-period to HK$922 million. Net rental income before taxation attributable to the Group also decreased by 13% period-on-period to HK$661 million during the first half of 2025.The following table shows the Group's attributable holdings of major completed investment properties on the Chinese mainland as at 31 December 2024:

				Gross floor area attributable to the Group (sq. ft.)*			
Project name	**Location**	**Lease expiry**	**Interest of the Group (%)**	**Commercial**	**Office**	**Total**	**No. of carparks attributable to the Group**
Beijing							
World Financial Centre	No. 1 East Third Ring Middle Road, Chaoyang District	2034/2044	100.00	212,644	1,999,947	**2,212,591**	1,163

Project name	Location	Lease expiry	Interest of the Group (%)	Gross floor area attributable to the Group (sq. ft.)* Commercial	Office	Total	No. of carparks attributable to the Group
Shanghai							
Lumina Shanghai	No. 175 Longyao Road, Xuhui District	2055/2065	100.00	276,009	1,839,585	**2,115,594**	1,187
Lumina II Shanghai	No. 317-318 Longwen Road, Xuhui District	2058/2068	100.00	153,786	866,862	**1,020,648**	744
Henderson Metropolitan	No. 300 Nanjing Road East, Huangpu District	2053	100.00	406,618	427,980	**834,598**	272
Henderson 688.........................	No. 688 Nanjing Road West, Jingan District	2044	100.00	49,807	660,829	**710,636**	404
2 Grand Gateway	No. 3 Hong Qiao Road, Xuhui District	2043	100.00	—	687,981	**687,981**	—
Skycity.....................................	No. 547 Tian Mu Road West, Jingan District	2042	100.00	293,448	143,401	**436,849**	272
Centro......................................	No. 568 Heng Feng Road, Jingan District	2042	100.00	65,467	368,658	**434,125**	186
Greentech Tower	No. 436 Heng Feng Road, Jingan District	2042	100.00	52,922	355,882	**408,804**	163
The Roof	No. 1-36, Lane 458, Madang Road, Huangpu District	2054/2064	50.00	53,020	128,177	**181,197**	80
Guangzhou							
Lumina Guangzhou	No. 11 and 13 Qiaoguangxi Road and No. 181 Yanjiangxi Road, Yuexiu District	2033/2036/ 2056	100.00	951,848	985,563	**1,937,411**	901
Heng Bao Plaza	No. 133 Bao Hua Road, Liwan District	2040	100.00	609,550	—	**609,550**	326
Chengdu							
Chengdu ICC...........................	No. 577 Dongda Road, Jinjiang District	2048	30.00	425,921	682,058	**1,107,979**	889
Xian							
La Botanica	No. 299, Northern Section of East Chanhe Road, Chanba Ecological Zone	2078	50.00	302,264	—	**302,264**	250

Project name	Location	Lease expiry	Interest of the Group (%)	Gross floor area attributable to the Group (sq. ft.)* Commercial	Office	Total	No. of carparks attributable to the Group
Total..				**3,853,304**	**9,146,923**	**13,000,227**	**6,837**

***Including lettable areas at basement.

In Beijing, foreign companies expressed concerns about the economic outlook, while some large-scale Chinese mainland enterprises also downsized in order to contain costs. The leasing rate of World Financial Centre in Chaoyang Central Business District fell to 60% at the end of June 2025. The Group will maintain flexibility to adapt to changing market conditions. Due to its reputable building quality, it is expected that this international Grade-A office complex will attract leasing interests from corporations that prioritise quality.

In Shanghai, as at 30 June 2025, Henderson Metropolitan near the Bund achieved a leasing rate of 97% for its office and 93% for its shopping mall. The leasing rates for Henderson 688 in Nanjing Road West business hub and the joint-venture project in the Middle Huaihai Road business hub were both 91%. The leasing rate for the office developments at Grand Gateway II atop the Xujiahui subway station was over 70%. The leasing rates of Greentech Tower and Centro adjacent to the Shanghai Railway Station were 80% and 70%, respectively. Market response for the recently-completed Lumina Shanghai in the Xuhui Riverside Area was satisfactory. Xuhui Riverside is one of the key riverside development projects under the Shanghai 14th Five-year Plan, and currently is a hub for culture, media and digital technology development in the city. The 61-storey iconic office tower of Phase 1 development at Lumina Shanghai, which boasts direct connection to Longyao Subway Station, provides approximately 1,800,000 sq. ft. of Grade-A office space. During the six months ended 30 June 2025, ARM (a leading semiconductor company) and BENOY (a renowned design firm specialising in Architecture) were secured as tenants, which boosted the leasing rate of this development to more than 60%. There are many food and beverage outlets at its 200,000-square-foot shopping mall, offering diverse dining options to customers. The neighbouring 1,000,000-square-foot Phase 2 development, namely, Lumina Shanghai II, is home to many renowned automotive corporations. The leasing rate of this development exceeded 80% by the end of June 2025. The joint venture commercial composite development in Pudong, namely, The Pier, was completed during the six months ended 30 June 2025. Located in Xinminyang area, which is positioned as a world-class waterfront mixed-functional belt with its close proximity to Lujiazui business hub, The Pier consists of two 11-storey office buildings, one 12-storey office building and five commercial buildings, providing a total gross floor area of about 830,000 sq. ft. Leasing activities have commenced and active negotiations are underway with a number of financial institutions and multinational corporations.

In Guangzhou, Lumina Guangzhou, an integrated development atop the Haizhu Square interchange station of two subway lines, is strategically located in this core city of the Guangdong-Hong Kong-Macao Greater Bay Area. Commanding panoramic views of the Pearl River, its 970,000-square-foot Grade-A office twin towers attract many multinational corporations and international organisations as tenants and the leasing rate was over 80% at the end of June 2025. At its 900,000-square-foot shopping podium and underground commercial area, a wide variety of specialty eateries and movie theatres have opened. Hengbao Plaza, atop the Changshou Road subway station, continued to optimise its tenant mix to enhance its attractiveness and the leasing rate was over 70% at the end of June 2025.

Property Management

During the six months ended 30 June 2025, Shanghai Starplus Property Management Co., Ltd. ("**Starplus**") took over the management of the newly completed The Pier in Shanghai. Together with the other existing properties under its management (including Lumina Shanghai I and II, Henderson 688, Henderson Metropolitan, Greentech Tower and Centro in Shanghai, World Financial Centre in Beijing, as well as Lumina Guangzhou in Guangzhou), Starplus manages a total floor area of about 14,000,000 sq. ft., including 5,600 car parking spaces on the Chinese mainland.

In order to ensure that the best service is provided to all properties under its management, Starplus has adopted management practices and professional accreditation principles complying with the requirements of ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System), ISO 45001 (Occupational Health and Safety Management System), ISO 10002 (Complaints Handling Management System) and ISO 50001 (Energy Management System). Its commitment to professionalism has also been extended to cover all properties under its management.

During the first half of 2025, Starplus was honoured with the Health and Safety Leadership Award by the International WELL Building Institute and was recognised by CRIC Property Management as one of the Top 10 Office Property Service Providers in China 2025 and Leading China Real Estate Enterprises in ESG and Sustainability Development 2025. The properties under its management also received the Gold Seal for Contribution to Sustainable Property – Promote Environmental Protection (Mainland) and Gold Seal for Contribution to Carbon Disclosure (Mainland) from the Hong Kong Quality Assurance Agency. Among them, Lumina Shanghai and Henderson 688 were further awarded WELL Core v2 Platinum Certification. In addition, Lumina Shanghai was recognised as 2025 Office Project Showcase for Service Excellence and received the BESTi Smart Building Certification, which was jointly launched by TÜV Rheinland, Germany and the Building Research Establishment of the United Kingdom, in recognition of its outstanding achievement across the overall performance and individual assessments. All these achievements demonstrated that the Group's unwavering commitment to sustainable development and professional management for its Chinese mainland properties are well recognised both locally and internationally.

LISTED SUBSIDIARIES

Henderson Investment Limited

As at 30 June 2025, the Company owned 69.27% of HIL. HIL is listed on the Hong Kong Stock Exchange (stock code: 97).

HIL's loss attributable to equity shareholders for the six months ended 30 June 2025 amounted to HK$41 million, as compared with the loss of HK$69 million recorded in the corresponding period in 2024. In late 2024, the PRC Government resumed and expanded the multiple-entry Individual Visit Scheme for Shenzhen residents to visit Hong Kong. In addition, after the opening of the Kai Tak Sports Park in March 2025, Hong Kong has hosted an increasing number of international events and large-scale activities, attracting both Chinese mainland and foreign tourists to Hong Kong for consumption. However, Hong Kong residents were keen to "go north" for shopping and entertainment, which continued to weigh on the local retail sector. According to the Census and Statistics Department, the value of total retail sales in Hong Kong for the first half of 2025 decreased by 3.3% compared with the same period last year. Whereas, sales of commodities in supermarkets (including sales in supermarket sections of department stores) increased slightly by 0.6% in value period-on-period.

HIL's business activities are principally carried out by two wholly-owned subsidiaries: (i) Citistore (Hong Kong) Limited, which operates five department stores under the name of "Citistore" and one household specialty store under the name of "Citilife" (hereinafter collectively referred to as "**Citistore**"); and (ii) Unicorn Stores (HK) Limited, which operates two department stores-cum-supermarkets under the name of "APITA" or "UNY" and two supermarkets under the name of "UNY" (hereinafter collectively referred to as "**Unicorn**").

Over the years, continuous efforts have been made to integrate the businesses of Citistore and Unicorn so as to enhance their operational synergies and efficiency. In late 2024, their common membership loyalty programme

CU APP was further integrated with H • COINS, the membership loyalty programme of the Company, thereby providing greater shopping convenience to their 860,000 members.

Citistore

Citistore recorded a period-on-period decrease of 13% in the aggregate sales proceeds from the sales of own goods, consignment sales and concessionaire sales for the six months ended 30 June 2025.

During the first half of 2025, Citistore's sales of own goods decreased by 12% period-on-period to HK$128 million with a gross margin of 32%.

During the six months ended 30 June 2025, due to the decrease in the aggregate sales proceeds from consignment and concessionaire sales, the total commission income from such sales decreased by 11% period-on-period to HK$138 million.

After deducting its operating expenses, Citistore recorded a loss after taxation of HK$7 million for the six months ended 30 June 2025, as compared with a loss after taxation of HK$11 million for the same period in 2024.

Unicorn

Unicorn's sales of own goods and consignment sales for the six months ended 30 June 2025 decreased by merely 1% period-on-period to HK$582 million.

After deducting its operating expenses, Unicorn recorded a loss after taxation of HK$30 million for the six months ended 30 June 2025 (2024: HK$53 million).

Miramar Hotel and Investment Company, Limited

The main business activities of Miramar include property rental, hotels and serviced apartments, food and beverage operation and travel operation.

In 1986 Miramar embarked upon the first stage of its local property investment business by redeveloping a portion of the then 1,200-room Hotel Miramar located at the junction of Nathan Road and Kimberley Road in Tsim Sha Tsui into a commercial complex and down-sizing its hotel accommodation capacity to the current 482-room flagship hotel, The Mira Hong Kong ("**The Mira**"). The scale of the hotel business of Miramar has gradually reduced, with its core business shifted more to local property investment.

For the six months ended 30 June 2025, Miramar's revenue amounted to HK$1,295 million, a decrease of 7.6% against the corresponding period in 2024. Profit attributable to shareholders for the six months ended 30 June 2025 decreased by 13.7% to HK$322.1 million. Excluding the net decrease in fair value of investment properties (after deducting non-controlling interests and related tax effects), the underlying profit attributable to shareholders decreased by 14.1% to HK$341.8 million.

Hotels and Serviced Apartments Business

For the six months ended 30 June 2025, the overall revenue from Miramar's hotel and serviced apartment business amounted to HK$280.0 million, representing a decrease of 5.7% compared with the six months ended 30 June 2024. Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to HK$53.5 million, representing a decrease of 29.0% compared with the six months ended 30 June 2024. Despite a large-scale smart Internet of Things (IoT) facility upgrade project launched in June 2025, which impacted approximately 10% of rooms available for rental purpose each month (with completion expected by June 2026), The Mira Hong Kong achieved an average occupancy rate of 90.3% during the period, a marginal decline of 1.3% against the six months ended 30 June 2024, while Mira Moon recorded an average occupancy rate of 92.9%, down by 1.7% as compared with the six months ended 30 June 2024.

Property Rental Business

The revenue from the property rental business amounted to HK$385.5 million during the six months ended 30 June 2025, while EBITDA amounted to HK$322.8 million, reflecting declines of 3.9% and 5.2%, respectively. The fair value of its total investment properties decreased by HK$14.7 million during the six months ended 30 June 2025. The book value of the overall investment properties as at 30 June 2025 was HK$15 billion.

Miramar continued to optimise its asset management strategy, significantly adjusting its tenant mix to increase the proportion of semi-retail tenants in office buildings to nearly 60%. During the six months ended 30 June 2025, the average occupancy rate of Miramar's office building and shopping mall remained stable at above 90%. Flagship tenants expanded their operating areas. Despite some rental and management fee losses in the first half of 2025 due to tenant turnover and renovation during the transition periods, Miramar expects to gradually recover the rental income in the second half of 2025 through precise leasing strategies.

Food and Beverage Business

For the six months ended 30 June 2025, the overall revenue from the food and beverage business was HK$139.4 million, a decrease of approximately 2.4% compared with the six months ended 30 June 2024. The EBITDA loss was HK$2.8 million, including a one-off impairment loss, reinstatement and other costs of HK$6.6 million related to the closure of two restaurants. Excluding the one-off impairment loss and other expenses related to the closure of the restaurants, EBITDA loss turned to a profit of HK$3.8 million. Miramar's refined Chinese restaurant, Chinesology, became the first fine-dining Chinese restaurant in Hong Kong to receive the "Muslim-friendly" certification. It has also been awarded "One Diamond" from the Black Pearl Restaurant Guide 2025.

Travel Business

For the six months ended 30 June 2025, the sluggish economy in Hong Kong, coupled with factors of exchange rate fluctuations and geopolitical concerns, further dampened travel sentiment, particularly for long-haul and high-end travel products. During the six months ended 30 June 2025, travel business recorded revenue of HK$490.5 million, representing a decrease of 12.4% compared with the six months ended 30 June 2024; EBITDA was HK$15.4 million, representing a decrease of 61.6% compared with the six months ended 30 June 2024.

LISTED ASSOCIATES

The Hong Kong and China Gas Company Limited

HKCG is a leading clean energy supplier in Hong Kong and the Chinese mainland. HKCG and its subsidiaries are engaged in diverse businesses whose principal activities include the production, distribution and marketing of gas, water supply and emerging environmentally-friendly energy businesses in Hong Kong and the Chinese mainland. HKCG, founded in 1862 and listed in Hong Kong since 1960, had a market capitalisation of approximately HK$123.0 billion as at 30 June 2025. HKCG's city gas distribution business in Hong Kong served about 2.04 million customers as at 30 June 2025, an increase of over 5,000 compared to 31 December 2024.

In the first half of 2025, HKCG recorded revenues of HK$27,514 million, with after-tax operating profit growing 3% to HK$3,996 million. Taking into account non-operating gains and losses, profit attributable to shareholders decreased by 3% to HK$2,964 million. Excluding foreign exchange gains and losses on borrowings, core operating profit decreased by 3%. Towngas Smart Energy recorded growth in its core operating profit to HK$719 million, up 2%.

Utility Business

Hong Kong Utility

The gas industry can be broadly categorised into three segments: upstream production, midstream transportation and downstream piped city-gas distribution. HKCG's core businesses in Hong Kong comprise gas production and distribution, the marketing and sale of gas appliances and the provision of after-sales services, with a growing downstream piped city-gas business on the Chinese mainland. The Chinese mainland also presents midstream and upstream growth opportunities.

HKCG has provided downstream piped city-gas services to Hong Kong customers. HKCG's services, which are provided in Hong Kong under the Towngas brand, include gas for cooking and water heating. Lower temperatures at the beginning of 2025 compared to the same period in 2024 led to an increase in residential gas sales. As at 30 June 2025, the local gas sales volume reached 14,935 million TJ. This figure remains essentially stable year-on-year. The number of customers was approximately 2.04 million, an increase of over 5,000 compared to the end of 2024.

HKCG has been actively promoting the application of its gas dehumidification systems. This service helps commercial buildings to significantly reduce the proportion of cooling energy needed while also furthering low-carbon operations. HKCG's combined heat and power ("**CHP**") systems, which utilise gas generators to simultaneously produce heat and electricity, have achieved significant results in healthcare applications. Following the Alice Ho Miu Ling Nethersole Hospital in Tai Po becoming the first medical institution in Hong Kong to use this system, the North District Hospital expansion project will also use a "tri-generation" system for cooling, heating, and power. By generating electricity through biogas combustion, the heat and steam produced in the process can be used by the hospital for medical sterilisation, laundry and patient bathing services. This system is expected to save the user a significant amount in energy costs annually while reducing carbon emissions.

In the commercial and industrial sector, HKCG continues to seek to improve its market position by developing the commercial and industrial use of gas and gas-related products in the competitive energy market.

Mainland Utilities

HKCG's business on the Chinese mainland began in 1994 and HKCG's strategy is to expand on the Chinese mainland, which is an important aspect of its growth and diversification strategy.

During the six months ended 30 June 2025, HKCG secured 75 new large-scale industrial and commercial customers, adding annual gas consumption of 240 million cubic metres to its business. In areas such as Jiangsu Province and Zhejiang Province, HKCG promoted direct-fired heat exchange retrofits for dyeing vats in the textile industry, achieving energy savings of over 20%. In electricity-to-gas conversion, HKCG has forged strong partnerships with equipment manufacturers to implement technical upgrades across various applications, including industrial hot-air drying and commercial dishwashers. By fully capitalising on the combined advantages of gas in terms of efficiency, cost-effectiveness and environmental benefits, HKCG has successfully expanded its market.

In the "Gas+" business, HKCG focused on expanding business sectors that involve energy efficiency upgrades for industrial and commercial customers, energy trusteeship for public institutions, as well as integrated energy solutions for industrial parks. Capitalising on the safety and technical expertise of its city-gas enterprises, HKCG has developed its industrial and commercial gas maintenance services business.

The mainland utility businesses delivered a solid overall performance. Profits from the city-gas business remained broadly flat year-on-year. While the midstream business experienced some profit decline due to macroeconomic volatility, HKCG actively mitigated this impact through refined operational management and cost controls. The water and environmental businesses benefitted from increased water sales volumes and cost optimisation, resulting in improved profitability.

Gas Resources Business

HKCG's gas resources segment played a significant role in ensuring supply security while reducing costs for over 300 of HKCG's city-gas businesses. Through a "centralised negotiations and individual contracts" approach, HKCG negotiates directly with upstream suppliers on gas supply and pricing to maximise the interests of its city-gas enterprises.

HKCG has secured long-term international liquefied natural gas ("**LNG**") import agreements totalling 1.5 million tonnes annually. Set to commence in 2027, the first batch will amount to approximately 500,000 tonnes. This will effectively reduce procurement costs for downstream joint ventures. Concurrently, the segment is accelerating the development of proprietary gas resources.

HKCG's Jintan gas storage facility in Changzhou, Jiangsu Province, entered a new phase of multi-reservoir synchronised operations during the six months ended 30 June 2025. As a market-oriented emergency peak-shaving facility, the Jintan storage facility offers high flexibility. The gas resources segment actively collaborates with upstream companies to fully leverage the facility's flexible dispatch capabilities, enhancing overall emergency supply assurance and market peak-shaving efficiency.

<u>Growth Businesses</u>

Renewable Energy Business

Building on the advantage of having over 400,000 industrial customers on the Chinese mainland, HKCG actively promotes the widespread application of renewable energy in line with national policies. In particular, HKCG is vigorously deploying energy storage business development. Through storing surplus photovoltaic electricity and providing integrated energy services encompassing "photovoltaics, storage, sales, and operation and maintenance", HKCG fully unlocks the value of photovoltaic assets, bringing profit potential. HKCG has been developing its "Energy as a Service" (EaaS) offering and building an integrated "photovoltaic + energy storage + electricity sales" carbon-reducing business model to address the challenges posed by market-driven fluctuations in renewable energy electricity pricing.

As at 30 June 2025, HKCG and its subsidiary Towngas Smart Energy had developed 128 zero-carbon smart industrial parks across 24 provincial regions. The installed capacity of commercial and industrial distributed photovoltaics (PV) reached 2.6 GW, showing steady growth from the end of 2024 with new grid connections of 0.3 GW. The contracted capacity for commercial and industrial energy storage reached 775 MWh, with a cumulative grid-connected capacity of 260 MWh. During the six months ended 30 June 2025, HKCG's photovoltaic electricity sales reached 1.18 billion kWh, up 44% year-on-year, with a power transaction settlement scale of 3.64 billion kWh, up 14%.

HKCG continued to deepen its Assets under Management strategy, actively introducing strategic investors to diversify investment risks and reduce pressures in expenditure. To this end, HKCG successfully issued the "Zero Carbon Smart Phase 2" asset-backed securities programme product in the first half of 2025, raising approximately RMB470 million to enhance cash flow.

In terms of technological innovation, HKCG increased the investment in its energy technology platform, comprehensively upgrading its smart energy ecosystems and optimising trading algorithms with cutting-edge technology. HKCG is also leveraging artificial intelligence ("**AI**") to develop refined asset management and scientific trading strategies to improve project investment returns.

Sustainable Aviation Fuel

During the six months ended 30 June 2025, EcoCeres, Inc., incubated by HKCG and in which HKCG holds a strategic stake, reached a multi-year sustainable aviation fuel ("**SAF**") supply agreement with British Airways. This collaboration is expected to help the counterparty reduce approximately 400,000 tonnes of carbon emissions. A new EcoCeres plant located in Malaysia was commissioned in late 2025, with a total annual production capacity exceeding 400,000 tonnes.

Green Methanol

After two years of market cultivation, HKCG's green methanol products have been successfully certified and have won widespread market recognition, marking the beginning of a "boom period" as the business achieves substantial growth. Significant orders have been secured, some of which have already begun shipping in the first half of 2025.

During the six months ending 30 June 2025, HKCG established a new investment platform, VENEX, with Foran Energy Group Company Limited, with each party holding a 50% stake. HKCG will inject its green methanol plant in Ordos, Inner Mongolia (Inner Mongolia ECO Coal Chemical Technology Company Limited) into VENEX to expand production capacities. The new plant in Foshan in the Greater Bay Area is expected to go into production in 2027 with a Phase 1 production capacity of 200,000 tonnes.

Meanwhile, HKCG has been collaborating with Singapore's Global Energy Trading Pte Ltd, the Singapore-based marine fuel supplier Golden Island Pte Ltd, Pacific Basin Shipping Limited, Royal Vopak of the Netherlands, the Hong Kong government and others, to develop supply chains and distribution networks.

Hydrogen Energy

The hydrogen energy business developed by HKCG in Hong Kong includes hydrogen power generation, as well as integrated new energy power generation solutions for construction sites and other scenarios. Currently, the first public electric vehicle automatic hydrogen energy charging system in Hong Kong, a collaboration between HKCG and the Hong Kong Science and Technology Parks Corporation, has been launched. Additionally, HKCG will also be responsible for providing hydrogen power generation for the golf venue of the 15th National Games to be held in Hong Kong. HKCG's first green hydrogen project in Hong Kong, located at the landfill extension in Tseung Kwan O, is expected to be completed and operational in 2026. It is expected to produce 330 kg of green hydrogen daily by converting biogas collected from the landfill.

Extended Businesses

HKCG's subsidiary, Towngas Lifestyle, following the integration of its Chinese mainland and Hong Kong operations in 2024, completed its first round of strategic financing of US$45 million in the first half of 2025. The raised funds will enable Towngas Lifestyle to grow in scale nationwide, enhance its product and service capabilities, while also upgrading its digital platform capabilities in both its AI and IoT platforms. HKCG's extended businesses are also committed to providing quality services to 45 million household gas users.

The smart kitchen business capitalised on opportunities arising from the "trade-in" market, with sales growing 25% year-on-year in the first half of 2025. In the insurance business, household comprehensive insurance increased to account for 50% of total insurance sales. In Hong Kong, HKCG also curated top-quality "white goods" to offer consumers a one-stop solution for a premium "home living" experience.

Looking ahead, overall gas sales in Hong Kong are expected to remain broadly flat year-on-year. On the Chinese mainland, HKCG's city-gas pipeline network has matured, allowing for reduced capital investment. Overall, HKCG will continue to pursue an asset-light development model. Going forward, HKCG's strategies and goals are to maintain steady growth in the utility businesses while positioning its growth businesses as new drivers for its future expansion.

Hong Kong Ferry (Holdings) Company Limited

After running a passenger ferry operation for 80 years, Hong Kong Ferry terminated its passenger ferry services as a result of the expiry of its ferry franchise on 31 March 1999 and changed its principal business emphasis to property development and investment. To date, Hong Kong Ferry still maintains vessels to provide harbour cruise services and dangerous goods carrier charter services.

Hong Kong Ferry's underlying profit for the six months ended 30 June 2025 amounted to HK$69 million, representing a decrease of approximately 19% from the six months ended 30 June 2024. Taking into account fair value change of the investment properties, Hong Kong Ferry's profit attributable to shareholders for the six months ended 30 June 2025 was HK$122 million, representing an increase of approximately 36% from the same period in 2024.

Property Development and Investment Operations

For the six months ended 30 June 2025, the gross rental income arising from its shops and commercial arcades amounted to approximately HK$60 million, representing a decrease of 5% as compared to the six months ended 30 June 2024. As at 30 June 2025, the commercial arcades of Metro6 were fully let. The occupancy rates of the commercial arcades of Shining Heights and The Spectacle were 95% and 91% respectively, and the occupancy rates of the commercial arcades of Green Code Plaza and Metro Harbour Plaza were 87% and 80% respectively. As regards "The Royale", Hong Kong Ferry has already delivered to buyers the 1,748 residential units sold. Some of the residential units are arranged for lease to increase its recurrent revenue. Hong Kong Ferry has been approved by the Urban Renewal Authority to convert the residential portion of "The Symphonie" for use as a youth hostel. This two-tower youth hostel will be operated by Tung Wah Group of Hospitals and named as "TN Residence". Hong Kong Ferry began receiving rental income at the agreed market level starting from the end of June 2025. On 19 August 2025, Hong Kong Ferry (through a wholly-owned subsidiary) entered into a provisional agreement with an independent third party vendor to acquire the property comprising various shops at Portion A of Ground Floor (with a gross floor area of approximately 12,720 sq. ft.) and Signage Areas of "Tai Hung Fai (Tsuen Wan) Centre" at No. 55 Chung On Street, Tsuen Wan, New Territories, Hong Kong, which is a commercial development, at the consideration of HK$260 million. The property is sold subject to various existing tenancies and licenses. The monthly rental and license fee income in August 2025 was approximately HK$1.22 million, representing an annualised gross rental yield of approximately 5.6% based on the purchase price. Hong Kong Ferry currently intends to hold the property for investment purpose.

Ferry, Shipyard and Related Operations

During the six months ended 30 June 2025, the Ferry, Shipyard and Related Operations recorded a deficit of HK$12.5 million, an increase of HK$9.5 million as compared to the deficit for the six months ended 30 June 2024. This was mainly due to the replacement of a damaged engine in one vessel during the first half of 2025. Hong Kong Ferry has successfully obtained approval from the Transport Department for a fare increase on the "North Point – Kwun Tong" dangerous goods vehicular ferry service. The new fares took effect on 12 April 2025, and the deficit is expected to be reduced in the second half of 2025.

Medical, Healthcare and Beauty Services

Hong Kong Ferry is currently providing specialised services in cardiology, surgery, orthopedics, plastic surgery and urology at H Zentre through its brand "Total HealthCare" in Tsim Sha Tsui. The performance has been steadily on the rise and net profits have continued to be recorded during the six months ended 30 June 2025. Hong Kong Ferry's spine and pain centres established under the brand "Total HealthCare" at Mira Place, Tsim Sha Tsui and Metro Harbour Plaza, Tai Kok Tsui respectively are gradually getting on track. Hong Kong Ferry has also partnered with a professional fitness centre with over 20 years of experience in Hong Kong to establish a physiotherapy center at H Zentre. The center will provide customised training and rehabilitation programs tailored to individual patients, and is expected to commence operations in the third quarter in 2025. The number of customers of the “AMOUR” medical aesthetic centre located at Mira Place, Tsim Sha Tsui, with a floor area of about 12,000 sq. ft., has increased continuously since its opening. The turnover for the six months ended 30 June 2025 was HK$22 million, an increase of 26% compared with the same period in 2024. As at 30 June 2025, HK$15 million was recorded as payments received for prepaid packages, which in accordance with standard accounting practices had not been included in the income statement of the period under review. The “AMOUR” medical aesthetic centre has expanded its leased space at Mira Place to leverage existing infrastructure and create operational synergies. During the six months ended 30 June 2025, although Hong Kong Ferry’s healthcare and beauty businesses did not record a net profit, it achieved overall positive EBITDA.

Sunlight Real Estate Investment Trust

Sunlight REIT is a collective investment scheme authorised under Section 104 of the Securities and Futures Ordinance (the "**SFO**") and has been a listed associate of the Company since 30 June 2023. For the six months ended 30 June 2025, Sunlight REIT’s revenue declined by 4.8% year on year to HK$391.2 million, mainly attributable to lower income contributions from Dah Sing Financial Centre, Metro City Phase I Property and West 9 Zone Kids (“**W9Z**”). Property operating expenses eased 2.7% to HK$83.8 million, bringing net property income to HK$307.4 million, down 5.4%. The cost-to-income ratio for the six months ended 30 June 2025 was 21.4%.

Taking into account a decrease in fair value of investment properties of HK$314.3 million, Sunlight REIT reported a loss after taxation of HK$172.2 million for the six months ended 30 June 2025, compared to a profit after taxation of HK$79.5 million for the six months ended 30 June 2024.

Distributable income for the six months ended 30 June 2025 was relatively sturdy with a mild drop of 1.8% to HK$168.6 million, reflecting the positive impact from an approximately 14% savings in cash interest expense to HK$91.5 million.

At 30 June 2025, the overall occupancy rate was 89.2%, compared to 91.3% as at 31 December 2024, of which the office occupancy rate dropped to 90.0% (31 December 2024: 92.0%), while the retail occupancy rate came in at 87.6% (31 December 2024: 90.1%).

Reflecting the challenging operating environment, the office and retail portfolios registered negative rental reversions of 8.5% and 7.1% respectively, giving rise to an overall negative rental reversion of 7.7%. As at 30 June 2025, the passing rent of the office portfolio declined mildly by 1.2% as compared to 31 December 2024 to HK$31.7 per square feet, while that of the retail portfolio was stable at HK$65.5 per square feet. For the six months ended 30 June 2025, the retention rates of the office and retail portfolios were 66% and 70% respectively.

COMPETITION

The Group competes with other property developers in Hong Kong and the Chinese mainland for the acquisition of suitable development sites and available investment properties. The Company believes that the extensive cumulative experience of its senior management in property investment, development, leasing and management enable it to compete effectively. Furthermore, the Company believes that its strategy of site acquisition at a reasonable cost, its continuous focus on the development of quality properties and the provision of premium customer service will continue to enable it to maintain its reputation as a developer and landlord of quality properties.

INSURANCE

The Group is covered by insurance policies arranged with reputable insurance agents which cover loss of rental, fire, flood, riot, strike, malicious damage, other material damage to property and development sites, business interruption and public liability.

GOVERNMENT REGULATIONS IN HONG KONG AND THE CHINESE MAINLAND

The Company believes that the Group is in compliance in all material respects with Hong Kong and the Chinese mainland safety regulations currently in effect. The Group has not experienced significant problems with Hong Kong and the Chinese mainland regulations with regard to these issues and is not aware of any pending Hong Kong and the Chinese mainland legislation that might have a material adverse effect on its properties.

ENVIRONMENTAL MATTERS

The Company believes that the Group is in compliance in all material respects with applicable environmental regulations in Hong Kong and the Chinese mainland. The Company is not aware of any environmental proceedings or investigations to which it is or might become a party.

LEGAL PROCEEDINGS

Neither the Group nor any of its subsidiaries are involved in any litigation which would have a material adverse effect on the business or financial position of the Group.

EMPLOYEES

As at 30 June 2025, the Group had 9,997 full-time employees, compared to 9,970 full-time employees as at 31 December 2024. The remuneration of the employees is in line with the market and commensurate with the level of pay in the industry. Discretionary year-end bonuses are payable to the employees based on individual performance. Other benefits to the employees include medical insurance, retirement scheme, training programmes and education subsidies.

Total staff costs for the six months ended 30 June 2025 amounted to HK$1,594 million, compared to HK$1,533 million for the six months ended 30 June 2024.

FINANCE COSTS

Finance costs (comprising interest expense and other borrowing costs) before interest capitalisation for the six months ended 30 June 2025 amounted to HK$2,833 million (2024: HK$3,433 million). Finance costs after interest capitalisation for the six months ended 30 June 2025 amounted to HK$1,205 million (2024: HK$820 million), and after set-off against the Group’s bank interest income of HK$272 million for the six months ended 30 June 2025 (2024: HK$241 million), the Group recognised net finance costs in the Group’s consolidated statement of profit or loss for the six months ended 30 June 2025 in the amount of HK$933 million (2024: HK$579 million).

The Group’s overall effective borrowing rate for the six months ended 30 June 2025 was approximately 3.67% per annum (2024: approximately 4.50% per annum).

REVALUATION OF INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES UNDER DEVELOPMENT

The Group recognised a decrease in fair value on its investment properties and investment properties under development (before deferred taxation and non-controlling interests) of HK$427 million in the consolidated statement of profit or loss for the six months ended 30 June 2025 (2024: a decrease in fair value of HK$146 million).

FINANCIAL RESOURCES AND LIQUIDITY

Medium Term Note Programme

At 30 June 2025, the aggregate carrying amount of notes guaranteed by the Company and issued under the Group's Medium Term Note Programme established on 30 August 2011 (the "**MTN Programme**") and under which the Company had on 6 May 2022 increased the maximum aggregate principal amount of notes outstanding at any one time from U.S.$5,000 million to U.S.$7,000 million, was HK$10,512 million (31 December 2024: HK$19,609 million) with tenors of between two years and twenty years (31 December 2024: between two years and twenty years).

During the six months ended 30 June 2025, under the MTN Programme, the Group issued two guaranteed notes denominated HKD in the amount of HK$400 million (2024: a guaranteed note denominated in HKD in the amount of HK$300 million) with tenors of two years and three years (2024: tenor of two years). Such guaranteed notes issued by the Group serve to finance the Group's capital expenditure requirements. These notes are included in the Group's bank and other borrowings at 30 June 2025 and 31 December 2024 as referred to in the paragraph headed "Maturity Profile and Interest Cover" below. During the six months ended 30 June 2025, the Group repaid certain guaranteed notes in the aggregate principal amount of HK$9,619 million (2024: HK$4,468 million) under the MTN Programme.

Maturity Profile and Interest Cover

The maturity profile of the total debt, the cash and bank balances, the net debt and the gearing ratio of the Group were as follows:

	At 30 June 2025	**At 31 December 2024**
	(HK$ million)	
Bank and other borrowings repayable:		
Within one year	11,364	17,586
After one year but within two years	14,456	20,081
After two years but within five years	38,382	22,824
After five years	16,274	21,745
Amounts due to related companies	3,539	3,672
Total debt	84,015	85,908
Less: Cash and bank balances	(16,600)	(17,919)
Net debt	67,415	67,989
Shareholders' funds	320,138	322,147

	At 30 June 2025	At 31 December 2024
	(HK$ million)	
Gearing ratio (%)	21.1%	21.1%

At 30 June 2025, the Group's total debt comprised (i) bank and other borrowings in Hong Kong, being bank loans of HK$67,056 million (31 December 2024: HK$59,824 million) and guaranteed notes of HK$10,512 million (31 December 2024: HK$19,609 million); (ii) bank borrowings on the Chinese mainland of HK$2,908 million (31 December 2024: HK$2,803 million); and (iii) amounts due to related companies of HK$3,539 million (31 December 2024: HK$3,672 million), which in aggregate amounted to HK$84,015 million (31 December 2024: HK$85,908 million). The bank and other borrowings in Hong Kong are unsecured and have a weighted average debt maturity profile of approximately 3.57 years (31 December 2024: approximately 3.36 years). The bank borrowings on the Chinese mainland are unsecured and have a weighted average debt maturity profile of approximately 2.91 years (31 December 2024 (restated to conform with the current period's calculation basis): approximately 3.17 years). The amounts due to related companies are unsecured and have a weighted average debt maturity profile of approximately three years (31 December 2024: approximately three years).

In addition, at 30 June 2025, there was an amount due from the Group to a fellow subsidiary (being a wholly-owned subsidiary of the ultimate controlling party of the Group) of HK$73,923 million (31 December 2024: HK$66,215 million) which is unsecured, interest-bearing and has no fixed repayment terms.

At 30 June 2025, after taking into account the effect of swap contracts, 32% (31 December 2024: 37%) of the Group's total debt carried fixed interest rates.

DIRECTORS AND MANAGEMENT

The officers and members of the board of directors of the Company at the date of this Offering Circular are as follows:

Executive Directors

Dr the Hon. Lee Ka Kit (Chairman and Managing Director)

Dr Lee Ka Shing (Chairman and Managing Director)

Dr Lam Ko Yin, Colin (Vice Chairman)

Yip Ying Chee, John

Fung Lee Woon King

Kwok Ping Ho

Suen Kwok Lam

Wong Ho Ming, Augustine

Professor Fung Hau Chung, Andrew

Non-executive Director

Lee Pui Ling, Angelina

Independent Non-executive Directors

Kwong Che Keung, Gordon

Professor Ko Ping Keung

Wu King Cheong

Woo Ka Biu, Jackson

Professor the Hon. Poon Chung Kwong

Au Siu Kee, Alexander

The biographies of the Executive Directors, Non-executive Director, Independent Non-executive Directors and senior management as at 20 August 2025 were as follows:

Executive Directors

Dr the Hon. LEE Ka Kit, *GBM, GBS, JP, DBA (Hon),* aged 62, a Member of the Standing Committee of the 14th National Committee of the Chinese People's Political Consultative Conference, has been an Executive Director of the Company since 1985 and was the Vice Chairman of the Company from 1993 to May 2019. On 28 May 2019, he was appointed as Chairman and Managing Director, and a member of the Remuneration Committee and the Nomination Committee of the Company. He was educated in the United Kingdom and has been primarily responsible for the development of the business of Henderson Land Group in the People's Republic of China since he joined the Company in 1985. He is the chairman of Henderson Development. He is also the vice chairman of HIL as well as the chairman of HKCG and Towngas Smart Energy, all of which are listed companies. He is a member as well as the chairman of the Board of Directors of One Country Two Systems Research Institute. He was awarded an Honorary University Fellowship by The University of Hong Kong in 2009 and an Honorary Degree of Doctor of Business Administration by Edinburgh Napier University in 2014. He is a director of Rimmer (Cayman) Limited, Riddick (Cayman) Limited, Hopkins (Cayman) Limited and Henderson Development which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. He is the son of the late Dr Lee Shau Kee, the brother of Ms Lee Pui Man, Margaret and Dr Lee Ka Shing, the brother-in-law of Mr Li Ning and the relative of Madam Fung Lee Woon King and Ms Li Keng Yan, Kristine.

Dr LEE Ka Shing, *GBS, JP, DSSc (Hon),* aged 54, a Member of the 14th Beijing Municipal Committee of the Chinese People's Political Consultative Conference, has been an Executive Director of the Company since 1993 and was the Vice Chairman of the Company from 2005 to May 2019. On 28 May 2019, he was appointed as Chairman and Managing Director, and a member of the Remuneration Committee and the Nomination Committee of the Company. He was educated in Canada. He is the chairman of Henderson Development. He is also the chairman and managing director of HIL, the chairman and chief executive officer of Miramar as well as the chairman of HKCG, all of which are listed companies. He is a member of the Court of The University of Hong Kong, the Court of The Hong Kong Polytechnic University and the Court of City University of Hong Kong. He was awarded an Honorary Fellowship by University College London in 2021 and an Honorary Degree of Doctor of Social Science by The Hang Seng University of Hong Kong in 2022. He is a director of Rimmer (Cayman) Limited, Riddick (Cayman) Limited, Hopkins (Cayman) Limited, Henderson Development, Believegood Limited, Cameron Enterprise Inc. and Richbond Investment Limited which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. He is the son of the late Dr Lee Shau Kee, the brother of Ms Lee Pui Man, Margaret and Dr Lee Ka Kit, the brother-in-law of Mr Li Ning and the relative of Madam Fung Lee Woon King and Ms Li Keng Yan, Kristine.

Dr LAM Ko Yin, Colin, *GBS, SBS, FCILT, FHKIoD, DB (Hon), DBA (Hon), DSocSc (Hon),* aged 74, joined the Company in 1982 and has been an Executive Director since 1985 and the Vice Chairman since 1993. He is also the chairman of the Whistleblowing Committee, and a member of the Remuneration Committee and the Nomination Committee of the Company. Dr Lam was awarded the Gold Bauhinia Star (GBS) by the Hong Kong government in 2025. Dr Lam holds a B.Sc. (Honours) degree from The University of Hong Kong and has over 51 years' experience in banking and property development. He is the chairman of Hong Kong Ferry, the vice chairman of HIL, a non-executive director of HKCG and an executive director of Miramar, all of which are listed companies. He is the deputy chairman of The University of Hong Kong Foundation for Educational Development and Research, a director of Fudan University Education Development Foundation, an honorary Court member of Hong Kong Baptist University, a member of the Court of The Hong Kong University of Science and Technology and a member of the Court of City University of Hong Kong. Dr Lam was awarded an Honorary University Fellowship by The University of Hong Kong in 2008 and an Honorary Fellowship by The Chinese University of Hong Kong in 2019. He was also conferred a degree of Doctor of Business (Honoris Causa) by Macquarie University in 2015, a degree of Doctor of Business Administration (Honoris Causa) by The Hong Kong University of Science and Technology in 2021 and a degree of Doctor of Social Sciences (Honoris Causa) by The University of Hong Kong in 2023. He is a Fellow of The Chartered Institute of Logistics and Transport in Hong Kong and a Fellow of The Hong Kong Institute of Directors. Dr Lam is a director of Rimmer (Cayman) Limited, Riddick (Cayman) Limited, Hopkins (Cayman) Limited, Henderson Development and Believegood Limited which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

YIP Ying Chee, John, *LLB, FCG, FCA,* aged 76, has been an Executive Director of the Company since 1997. He graduated from The University of Hong Kong and the London School of Economics and is a solicitor, a certified public accountant and a chartered surveyor. He has over 45 years' experience in corporate finance, and corporate and investment management.

FUNG LEE Woon King, aged 86, has been an Executive Director of the Company since 1976. She joined Henderson Development, the parent company of the Company as treasurer in 1974 and has been an executive director of Henderson Development since 1979. She is also the Chief Treasurer of Henderson Development Group, Henderson Land Group and HIL Group. Madam Fung is a director of Rimmer (Cayman) Limited, Riddick (Cayman) Limited, Hopkins (Cayman) Limited, Henderson Development, Yamina Investment Limited, Believegood Limited, Cameron Enterprise Inc., South Base Limited and Richbond Investment Limited which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. She is the sister of the late Dr Lee Shau Kee and the relative of Dr Lee Ka Kit, Dr Lee Ka Shing, Ms Lee Pui Man, Margaret, Mr Li Ning and Ms Li Keng Yan, Kristine.

KWOK Ping Ho, *BSc, MSc, Post-Graduate Diploma in Surveying, FRICS, ACIB,* aged 72, joined the Company in 1987 and has been an Executive Director since 1993. Mr Kwok holds a Bachelor of Science (Engineering) (Civil Engineering Group) Honours degree from the University of London and a Master of Science degree in Administrative Sciences from Cass Business School, City, University of London. He is also the holder of a Post-Graduate Diploma in Surveying (Real Estate Development) from The University of Hong Kong. Mr Kwok is a Fellow of the Royal Institution of Chartered Surveyors and he is also an Associate member of The Chartered Institute of Bankers (A.C.I.B.) of the United Kingdom. Mr Kwok had previously been a Part-time Lecturer for the MBA programme of The University of Hong Kong. He is currently an Adjunct Professor of the Department of Real Estate and Construction, Faculty of Architecture of The University of Hong Kong and the Department of Economics and Finance, School of Business of The Hang Seng University of Hong Kong. He had worked in the international banking field for more than 11 years with postings in London, Chicago, Kuala Lumpur, Singapore as well as in Hong Kong before joining the Company and has over 40 years of experience in the finance and business management areas which include responsibilities in the corporate investment, finance and treasury and project management activities of Henderson Land Group since 1987, including group re-organisation, privatisation proposals and corporate acquisitions. He is also a non-executive director of Henderson Sunlight Asset Management Limited, the manager of the publicly-listed Sunlight Real Estate Investment Trust. Mr Kwok is a director of Believegood Limited which has discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

SUEN Kwok Lam, *SBS, BBS, MH, JP, FHIREA*, aged 78, joined the Company in 1997 and has been an Executive Director of the Company since 2002. Mr Suen was an individual Member of The Real Estate Developers Association of Hong Kong from 1999 to 2022, the president of The Hong Kong Association of Property Management Companies from 2003 to 2007 and the vice president of Hong Kong Institute of Real Estate Administrators from 2006 to 2018. He has over 50 years' experience in property management.

WONG Ho Ming, Augustine, *JP, MSc, MEcon, FHKIS, MRICS, MCIArb, RPS (GP),* aged 64, joined the Company in 1996 and has been an Executive Director of the Company since 2010. He is presently the General Manager of Property Development Department as well. He is a registered professional surveyor and has over 40 years' experience in property appraisal, dealing and development. He is the deputy chairman and member of the Council of Lingnan University, a member of the Consumer Council and a member of the Commission on Poverty.

Professor FUNG Hau Chung, Andrew, *SBS, BBS, JP, BA, CMA (Australia), FIPA (Australia),* aged 68, has been the Chief Financial Officer of the Company since 2017 and an Executive Director of the Company since 2020. He is also a non-executive director of HKCG, a listed company. He holds the Bachelor of Arts Degree from The University of Hong Kong and the Honorary Fellowship awarded by Lingnan University. Professor Fung served as an executive director and the Head of Global Banking and Markets of Hang Seng Bank Limited, a listed company, before he stepped down from such positions in July 2017. He has been engaged in the banking industry since graduation, serving at Societe Generale, The Hongkong and Shanghai Banking Corporation Limited, Commonwealth Bank of Australia, Hong Kong Branch and DBS Bank (Hong Kong) Limited. He has

43 years of experience in banking, capital markets and asset management. He is the Professor of Practice (Finance) in the School of Accounting and Finance of The Hong Kong Polytechnic University, the Adjunct Professor of The Hang Seng University of Hong Kong and a member of the school management committee of Buddhist Tai Hung College. Professor Fung is currently a trustee of The D.H. Chen Foundation, a member of the Cantonese Opera Advisory Committee and the Cantonese Opera Development Fund Advisory Committee, a member of the Banking Review Tribunal, a board member of The Committee Chest of Hong Kong, a non-executive director of the Accounting and Financial Reporting Council, a member of the Working Group on Promoting Gold Market Development and a non-executive director of Insurance Authority.

Non-Executive Director

LEE Pui Ling, Angelina, *SBS, JP, LLB, FCA,* aged 76, has been a Director of the Company since 1996 and was re-designated as Non-executive Director in 2004. Mrs Lee is a solicitor and a Fellow of the Institute of Chartered Accountants in England and Wales. She holds a Bachelor of Laws degree from and was awarded an Honorary Fellowship by University College London, University of London. Amongst her public appointments, Mrs Lee was a Member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority and a Non-executive Director of the Securities and Futures Commission. Mrs Lee is a Non-executive Director of CK Infrastructure Holdings Limited and TOM Group Limited and an Independent Non-executive Director of Great Eagle Holdings Limited, all of which are listed companies.

Independent Non-Executive Directors

KWONG Che Keung, Gordon, *FCA,* aged 75, has been an Independent Non-executive Director of the Company since 2004. He is also the chairman of the Audit Committee and the Corporate Governance Committee and a member of the Remuneration Committee and the Nomination Committee of the Company. He graduated from The University of Hong Kong with a bachelor's degree in social sciences in 1972 and qualified as a chartered accountant in England in 1977. He was a partner of Pricewaterhouse from 1984 to 1998 and an independent member of the Council of The Stock Exchange of Hong Kong from 1992 to 1997. He is an independent non-executive director of HIL, Agile Group Holdings Limited, Chow Tai Fook Jewellery Group Limited, COSCO SHIPPING International (Hong Kong) Co., Ltd., FSE Lifestyle Services Limited and Piraeus Port Authority S.A. (listed in Greece), all of which are listed companies. Mr Kwong previously served as an independent non-executive director of CTF Services Limited until 21 November 2022.

Professor KO Ping Keung, *PhD, FIEEE, JP,* aged 74, has been an Independent Non-executive Director of the Company since 2004. He is also a member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Whistleblowing Committee of the Company. Professor Ko holds a Bachelor of Science (Honours) degree from The University of Hong Kong, a Doctor of Philosophy degree and a Master of Science degree from the University of California at Berkeley. He is an Adjunct Professor of Peking University and Tsinghua University and Emeritus Professor of Electronic and Computer Engineering and the former Dean of the School of Engineering of The Hong Kong University of Science and Technology. He was the vice chairman of Electrical Engineering and Computer Science Department of the University of California at Berkeley in 1991 – 1993 and a member of Technical staff, Bell Labs, Holmdel, in 1982 – 1984. Professor Ko is an independent non-executive director of HIL, Q Technology (Group) Company Limited and VTech Holdings Limited, all of which are listed companies.

WU King Cheong, *BBS, JP,* aged 74, has been an Independent Non-executive Director of the Company since 2005. He is also the chairman of the Remuneration Committee and the Nomination Committee of the Company, and a member of the Audit Committee and the Whistleblowing Committee of the Company. Mr Wu is the Life Honorary Chairman of The Chinese General Chamber of Commerce, and the Permanent Honorary President of the Chinese Gold & Silver Exchange Society and the Hong Kong Securities Association Limited. He is an independent non-executive director of HIL, Hong Kong Ferry, Miramar and Yau Lee Holdings Limited, all of which are listed companies.

WOO Ka Biu, Jackson, *MA (Oxon),* aged 62, has been an Independent Non-executive Director of the Company since 2012. He holds an MA degree in Jurisprudence from the Oxford University and is a qualified solicitor in England and Wales, Hong Kong Special Administrative Region and Australia. He is an honorary director of Tsinghua University, a China-Appointed Attesting Officer appointed by the Ministry of Justice, People's Republic of China and a Deputy Tribunal Convenor of the Solicitors Disciplinary Tribunal Panel in The Hong Kong Special Administrative Region. He is a member of the Takeovers and Mergers Panel and the Takeovers Appeal Committee of the Securities and Futures Commission, and a member of the Honorary Advisory Panel and the Policy, Registration and Oversight Committee of Accounting and Financial Reporting Council as well as a Panel Member of the Resolution Compensation Tribunal under the Financial Institutions (Resolution) Ordinance (Cap. 628) appointed by the Chief Executive. Mr Woo was a partner of Ashurst Hong Kong and a director of N M Rothschild & Sons (Hong Kong) Limited ("**Rothschild**"). Prior to joining Rothschild, Mr Woo was a partner in the corporate finance department of Woo Kwan Lee & Lo. Mr Woo was an alternate to Sir Po-shing Woo, in Sir Po-shing Woo's capacity as a non-executive director of the Company. He is a director of Kailey Group of Companies, a steward of the Hong Kong Jockey Club and a consultant of Guantao & Chow Solicitors and Notaries. He also previously served as an independent non-executive director of China Pacific Insurance (Group) Co., Ltd. until 17 July 2023 and a member of the Listing Review Committee of The Stock Exchange of Hong Kong Limited. He is the son of Sir Po-shing Woo.

Professor the Hon. POON Chung Kwong, *GBM, GBS, JP, OBE, PhD, DSc,* aged 85, has been an Independent Non-executive Director and a member of the Corporate Governance Committee of the Company since 2012. Professor Poon obtained a Bachelor of Science (honours) degree from the University of Hong Kong, a Doctor of Philosophy degree and a Higher Doctor of Science degree from the University of London. He was a postdoctoral fellow at the California Institute of Technology, University of Southern California and University of Toronto. He also held the Honorary Degree of Doctor of Humanities from The Hong Kong Polytechnic University in 2009. Professor Poon is currently the chairman of Virya Foundation Limited (a registered non-profit charitable organisation) and he is the President Emeritus and Emeritus Professor of The Hong Kong Polytechnic University and had devoted 40 years of his life to advancing university education in Hong Kong before he retired in January 2009 from his 18-year presidency at The Hong Kong Polytechnic University. Professor Poon received the "Leader of the Year Awards 2008 (Education)". In addition, Professor Poon was appointed a member of the Legislative Council (1985 – 1991) and a member of the National Committee of the Chinese People's Political Consultative Conference (1998 – 2013). Professor Poon is an independent non-executive director of HKCG and Chevalier International Holdings Limited, both of which are listed companies. He previously served as a non-executive director of Lee & Man Paper Manufacturing Limited until 9 May 2023.

AU Siu Kee, Alexander, *OBE, FCA, FCCA, FCPA, FCIB, FHKIB,* aged 78, rejoined the Company as an Independent Non-executive Director in December 2018. He is also a member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee of the Company. Mr Au was an Executive Director and the Chief Financial Officer of the Company from December 2005 to June 2011. He stepped down from the position of Chief Financial Officer and was re-designated as a Non-executive Director of the Company on 1 July 2011. On 18 December 2012, Mr Au was re-designated as an Independent Non-executive Director of the Company until his retirement on 2 June 2015. A banker by profession, Mr Au was the chief executive officer of Hang Seng Bank Limited from October 1993 to March 1998 and of Oversea-Chinese Banking Corporation Limited in Singapore from September 1998 to April 2002. He was formerly a non-executive director of a number of leading companies including The Hongkong and Shanghai Banking Corporation Limited, MTR Corporation Limited and Hang Lung Group Limited. Currently, Mr Au is an independent non-executive director of HIL, Wharf Real Estate Investment Company Limited and Miramar, and a non-executive director of Hong Kong Ferry, all of which are listed companies. He is also the chairman and a non-executive director of Henderson Sunlight Asset Management Limited, a wholly-owned subsidiary of the Company, which is the manager of the publicly-listed Sunlight Real Estate Investment Trust. An accountant by training, Mr Au is a Fellow of The Institute of Chartered Accountants in England and Wales, The Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. As a professional accountant, he is a staunch advocate as well as a practitioner of enterprise risk management, with extensive experience particularly in financial risk management in both the financial services sector and the property sector.

Senior Management

YU Wai Wai, *JP, BA (AS), B Arch, FHKIA, HonFHKIPM, Authorised Person (Architect), Registered Architect (HK),* aged 65, joined the Company in 2013 and is presently the General Manager of Project Management (1) Department. He is a Fellow member of the Hong Kong Institute of Architects, an Honorary Fellow of the Hong Kong Institute of Project Management and an Authorised Person (Architect). Mr Yu has over 35 years of experience in property planning and design, project management, quality management, cost management, land acquisition and customer services. He also has experience in art and cultures, green building innovations, heritage and conservation developments.

KWOK Man Cheung, Victor, *BA (AS), B Arch (Dist), MSc (Con P Mgt), EMBA, FHKIA, MAPM, RIBA, Authorised Person (Architect), Registered Architect (HK),* aged 71, joined the Company in 2005 and is presently the General Manager of Project Management (2) Department. He possesses professional qualifications of both a project manager and an architect. He holds a Bachelor of Architecture (Distinction) degree and a Master of Science in Construction Project Management degree from The University of Hong Kong, and an Executive Master of Business Administration degree from Tsinghua University. He is a Fellow Member of The Hong Kong Institute of Architects and a Member of Association of Project Management. He has over 46 years of professional experience in the property and construction industry of Hong Kong and the Chinese mainland.

LEUNG Kam Leung, *MSc, PGDMS, FHKIS, RPS (GP),* aged 72, joined the Company in 1997 and is presently the General Manager of Property Planning Department. He has over 48 years' experience in land and property development. He joined the former Public Works Department in 1976 and qualified as a Chartered Surveyor in 1980. He was assigned to an international property consultancy firm in London in 1982 receiving professional training in valuation, town planning and property development. He was promoted to Senior Estate Surveyor and Chief Estate Surveyor of the Lands Department in 1986 and 1994 respectively. He holds an Associateship in General Practice Surveying, a Postgraduate Diploma in Management Studies and a Master of Science degree in International Real Estate. He was sponsored by the Hong Kong government in 1992 to complete a one-year programme of studies at the Graduate School of Public Policy of the University of California, Berkeley. Mr Leung is a Fellow Member of The Hong Kong Institute of Surveyors and a Registered Professional Surveyor. He was a non-official member of the Business Facilitation Advisory Committee, the convenor of the Former Pre-construction Task Force, a member of the Review Panel under the Land (Miscellaneous Provisions) Ordinance, a member of the Real Estate Services Training Board of Vocational Training Council and an external examiner of Master of Science in Real Estate Programme of the Faculty of Architecture of The University of Hong Kong. He is now a member of the Land Sub-committee of the Land and Development Advisory Committee and the convenor of the Planning, Environment and Lands Sub-committee of The Real Estate Developers Association of Hong Kong.

WONG Wing Hoo, Billy, *BBS, JP, BSc, FICE, FHKIE, FIHT, FHKIHT, RPE,* aged 67, joined the Company in 2006 and is presently the General Manager of Construction Department. He is a fellow member of the Institution of Civil Engineers, Hong Kong Institution of Engineers, Institution of Highways and Transportation and Hong

Kong Institution of Highways and Transportation. He is also a Registered Professional Engineer under the Engineers Registration Ordinance (Chapter 409). He previously served as president of Hong Kong Construction Association, chairman of Construction Industry Training Authority, chairman of Construction Industry Training Board, director of Hong Kong Science and Technology Parks Corporation and board member of the Airport Authority Hong Kong. Mr Wong is currently director of Hong Kong-Shenzhen Innovation and Technology Park Ltd., board member of the Hospital Authority, member of the Council of The Hong Kong University of Science and Technology and permanent supervisor of Hong Kong Construction Association.

CHAN Chu Fai, Edmond, *MBA, MSc(Eng), BSc(Eng), FHKIE, CEng, MIStructE, MICE, RPE (Civil, Structural), RSE, RI(E),* aged 70, joined the Company in 2016 and is presently the General Manager of Engineering Department. He holds a Bachelor and a Master degree in Civil Engineering from The University of Hong Kong, and a Master of Business Administration degree from Heriot-Watt University. He is a fellow member of the Hong Kong Institution of Engineers, and a member of the Institution of Civil Engineers and the Institution of Structural Engineers. He has over 40 years of professional experience in structural, civil, and geotechnical engineering.

Dr WONG Man Wa, Raymond, *DFinTech, MSc (Real Estate), LLB, PCLL, Solicitor,* aged 59, joined the Company in 2012 and is presently the Senior General Manager of Sales Department. He possesses professional qualification as a solicitor in Hong Kong and is presently sitting on a number of professional, government consultative and advisory committees. He was an individual member of The Real Estate Developers Association of Hong Kong. He holds a Doctor of FinTech degree from The Hong Kong Polytechnic University, and a Master of Science in Real Estate degree with distinction, a Bachelor of Laws (LL.B) degree and a Postgraduate Certificate in Laws (PCLL) all from The University of Hong Kong. Dr Wong had over 30 years' practical experience in land and property development related works. Prior to joining the Company, Dr Wong was a partner of one of the largest international law firms in Hong Kong.

LAM Tat Man, Thomas, *MEM (UTS), DMS, MHIREA,* aged 66, joined the Company in 1983 and is presently the General Manager of Sales (1) Department. He holds a Master Degree in Engineering Management from the University of Technology, Sydney, Australia and a Diploma in Management Studies from The Hong Kong Polytechnic University. He is an Ordinary Member of Hong Kong Institute of Real Estate Administrators. He has over 41 years' experience in property sales and marketing.

HAHN Ka Fai, Mark, *BSc, MRICS, MHKIS, RPS (GP),* aged 61, joined the company in 2013 and is presently the General Manager of Sales (2) Department. He is a member of both the Royal Institution of Chartered Surveyors and The Hong Kong Institute of Surveyors. He has over 38 years' experience in property acquisitions, developments, sales and marketing as well as fund raising involving projects in Hong Kong, the Chinese mainland, Taiwan and Japan. Prior to joining the Company, he held various senior posts with several leading international property consultancies, associate director at Sino Land and executive director, Asia/managing director, development at Grosvenor.

LEE Pui Man, Margaret, *BHum (Hons),* aged 64, joined the Company in 1984 and is presently the Senior General Manager of Portfolio Leasing Department. She holds a B Hum (Honours) degree from the University of London and has over 40 years' experience in marketing development. She is the eldest daughter of the late Dr Lee Shau Kee, the spouse of Mr Li Ning, the mother of Ms Li Keng Yan, Kristine, the sister of Dr Lee Ka Kit and Dr Lee Ka Shing and the relative of Madam Fung Lee Woon King.

LI Keng Yan, Kristine, *BA, MSc (Real Estate),* aged 37, joined the Company in 2012 and is presently the General Manager of Portfolio Leasing (1) Department. Ms Li holds a Master of Science in Real Estate from The University of Hong Kong and a Bachelor of Arts degree from Stanford University, USA. Prior to joining Henderson Land, she worked in the investment banking industry. Ms Li has over 12 years of experience in property leasing, marketing and asset management field. She currently serves as a global governing trustee of

Urban Land Institute, and a committee member of Hong Kong Pei Hua Education Foundation and the Union Hospital Charity Program. Ms Li is the granddaughter of the late Dr Lee Shau Kee, the daughter of Mr Li Ning and Ms Lee Pui Man, Margaret and the relative of Dr Lee Ka Kit, Dr Lee Ka Shing and Madam Fung Lee Woon King.

CHAN Tak Ming, Terence, *MBA (Dist), MHousMan, BSc (Surv), FHKIS, RPS (BS), RPS (PD), RPHM,* aged 51, joined the Company in 2012 and is presently the General Manager of Portfolio Leasing (2) Department. He is a registered professional surveyor and has over 27 years' experience in property development, appraisal and planning for asset portfolios, asset branding, marketing, leasing and asset management. He holds a Master of Business Administration degree with distinction from The Hong Kong Polytechnic University, and a Master of Housing Management degree and a Bachelor of Science (Surveying) degree both from The University of Hong Kong. Mr Chan also holds certain public offices, namely panel member of the Administrative Appeals Board and member of the Appeal Tribunal Panel (Buildings).

LI Ning, *BSc, MBA,* aged 68, has been appointed an executive director of HIL since 2014 and is also an executive director of Hong Kong Ferry. He holds a B.Sc. degree from Babson College and an M.B.A. degree from the University of Southern California. Mr Li set up the business of Citistore Stores in 1989 and has been managing the business since then in the capacity as a director, being a veteran with 35 years' experience in the department store business. Mr Li is the son-in-law of the late Dr Lee Shau Kee, the spouse of Ms Lee Pui Man, Margaret, the father of Ms Li Keng Yan, Kristine, the brother-in-law of Dr Lee Ka Kit and Dr Lee Ka Shing and the relative of Madam Fung Lee Woon King.

Dr WONG Kim Wing, Ball, *BA (AS), B. Arch, PhD (Finance), FHKIA, Registered Architect (HK), Authorised Person (List 1, HK),* aged 63, joined the Company in 2011 as the group consultant and serves to advise Henderson Land Group in his expert areas of sales and marketing, leasing, and project management. He is also presently acting as the General Manager of Asset Development Department and Comm. & Ind. Properties Department and advises Henderson Land Group on its asset development and asset branding of investment portfolio. Dr Wong is a Registered Architect and Authorised Person in Hong Kong and holds a PhD Degree in Finance from the Shanghai University of Finance and Economics. Prior to joining Henderson Land Group, he was an executive director of CC Land Holdings Ltd., and was the director (Project and Planning) of The Link Management Limited (as Manager of The Link Real Estate Investment Trust). He had also served Sun Hung Kai Properties Group for over 10 years. Since 2017, Dr Wong has served as a manager of the School Management Committee at Hong Kong Institute of Contemporary Culture Lee Shau Kee School of Creativity; and in 2023, he was appointed vice chairman of Real Estate & Infrastructure Committee in The Hong Kong General Chamber of Commerce.

YU Ching Yan, Johnny, *BSc, MBA, ACA, CFA,* aged 54, is presently the Advisor to the Chairman and the Head of Sustainability Department at the Company. He joined the Company in 2020, bringing with him 30 years of extensive experience across multiple disciplines, including sales and marketing, investment advisory, accounting, tax, and risk management and control. Prior to joining the Company, Mr Yu held various senior positions at UBS, Credit Suisse and Price Waterhouse in both Hong Kong and London. He successfully led the Company to achieve the prestigious Business Leadership in Sustainability Award at the Asia Pacific Leadership in Green Building Awards 2022, organised by the World Green Building Council. Additionally, Mr Yu won the Sustainability Leader of the Year as well as the Distinguished Sustainability Leadership Award in Hong Kong Sustainability Award 2024, organised by the Hong Kong Management Association. Mr Yu graduated from The London School of Economics and Political Science, University of London with a bachelor's degree in Management Science and attained his MBA degree in Finance with City University of London. He is a member of The Institute of Chartered Accountants in England & Wales and Chartered Financial Analyst Institute.

LIU Cheung Yuen, Timon, *BEc, FCPA, CA ANZ, FCG, HKFCG,* aged 67, joined the Henderson Land Group in 2005 and is presently the Company Secretary of the Group. Mr Liu graduated from Monash University, Australia with a bachelor's degree in Economics. He is a fellow of both the Hong Kong Institute of Certified Public Accountants and The Hong Kong Chartered Governance Institute, and a member of the Chartered Accountants Australia and New Zealand. He has many years' experience in accounting, auditing, corporate finance, corporate investment and development, and company secretarial practice.

WONG Wing Kee, Christopher, *BSc (Econ), FCA*, aged 62, joined the Company in 2007 and is presently the General Manager of Accounts Department. Mr Wong graduated from The London School of Economics and Political Science, University of London and is a fellow of The Institute of Chartered Accountants in England & Wales. He has over 40 years of experience in accounting, auditing, investment banking and corporate finance in the United Kingdom and in Hong Kong. Prior to joining the Company, Mr Wong was the chief financial officer of Kerry Properties Limited between December 2004 and May 2007.

LEUNG Mei Po, Cynthia, *BA*, *MA*, aged 55, joined the Company in 2023 and is presently the General Manager of Corporate Communications Department. She has extensive experience in corporate affairs, branding, global communications and customer experience management. Prior to joining the Company, she held a senior management position at the Hong Kong Tourism Board. She holds a Bachelor of Arts degree from The University of Hong Kong and a Master of Arts degree from The Hong Kong University of Science and Technology. She is currently a Community Sports Committee Member of the Culture, Sports and Tourism Bureau, a Committee Member of the Hong Kong Housing Authority, a Board Member of the Hong Kong Philharmonic Orchestra and an Executive Committee Member of Make-A-Wish Hong Kong.

DISCLOSURE OF INTERESTS

Substantial Shareholders' and Others' Interests

As at 30 June 2025, the interests and short positions of every person, other than Directors of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long Positions

	No. of shares in which interested	% Interest
Substantial Shareholders		
Rimmer (Cayman) Limited[(1)]	3,509,782,778	72.50
Riddick (Cayman) Limited[(1)]	3,509,782,778	72.50
Hopkins (Cayman) Limited[(1)]	3,509,782,778	72.50
Henderson Development[(1)]	3,506,860,733	72.44
Yamina Investment Limited[(1)]	1,580,269,966	32.64
Believegood Limited[(1)]	797,887,933	16.48
South Base Limited[(1)]	797,887,933	16.48
Persons other than Substantial Shareholders		
Cameron Enterprise Inc.[(1)]	371,145,414	7.67
Richbond Investment Limited[(1)]	475,801,899	9.83

Directors' Interests in Shares

As at 30 June 2025, the interests and short positions of each Director of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Ordinary Shares (unless otherwise specified)

Long Positions

Name of Company	Name of Director	Note	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% Interest
Henderson Land Development Company Limited	Lee Ka Kit	1				3,509,782,778	3,509,782,778	72.50
	Lee Ka Shing	1				3,509,782,778	3,509,782,778	72.50
	Lee Pui Ling, Angelina	2	64,554				64,554	0.00
	Fung Lee Woon King	3	2,493,138				2,493,138	0.05
	Woo Ka Biu, Jackson	4		3,896			3,896	0.00
Henderson Investment Limited	Lee Ka Kit	5				2,110,868,943	2,110,868,943	69.27
	Lee Ka Shing	5				2,110,868,943	2,110,868,943	69.27
The Hong Kong and China Gas Company Limited	Lee Ka Kit	6				7,748,692,715	7,748,692,715	41.53
	Lee Ka Shing	6				7,748,692,715	7,748,692,715	41.53
	Poon Chung Kwong	7				243,085	243,085	0.00
Hong Kong Ferry (Holdings) Company Limited	Lee Ka Kit	8				119,017,090	119,017,090	33.41
	Lee Ka Shing	8				119,017,090	119,017,090	33.41
	Lam Ko Yin, Colin	9	150,000				150,000	0.04
	Fung Lee Woon King	3	465,100				465,100	0.13
Miramar Hotel and Investment Company, Limited	Lee Ka Kit	10				345,999,980	345,999,980	50.08
	Lee Ka Shing	10				345,999,980	345,999,980	50.08

Ordinary Shares (unless otherwise specified) (continued)

Long Positions

Name of Company	Name of Director	Note	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% Interest
Towngas Smart Energy Company Limited	Lee Ka Kit	11				2,511,142,069	2,511,142,069	72.11
	Lee Ka Shing	11				2,511,142,069	2,511,142,069	72.11
Sunlight Real Estate Investment Trust*	Lee Ka Kit	12				772,452,674	772,452,674	44.43
	Lee Ka Shing	12				772,452,674	772,452,674	44.43
	Lee Pui Ling, Angelina	2	2,307				2,307	0.00
	Au Siu Kee, Alexander	13	2,300,000				2,300,000	0.13
Henderson Development Limited	Lee Ka Kit	14				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Kit	14				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Kit	15				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00
	Lee Ka Shing	14				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Shing	14				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Shing	15				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00
Feswin Investment Limited	Lee Ka Kit	16			5,000	5,000	10,000	100.00

* *Sunlight Real Estate Investment Trust is a collective investment scheme authorised under Section 104 of the SFO. All references to the term "shares" in this section shall also be construed to include units of the Sunlight Real Estate Investment Trust as the context may require.*

Ordinary Shares (unless otherwise specified) (continued)

Long Positions

Name of Company	Name of Director	Note	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% Interest
Fordley Investment Limited	Fung Lee Woon King	3	2,000				2,000	20.00
Furnline Limited	Lee Ka Kit	17				100 (A Shares)	100 (A Shares)	100.00
	Lee Ka Kit	18				1 (B Share)	1 (B Share)	100.00
	Lee Ka Shing	17				100 (A Shares)	100 (A Shares)	100.00
	Lee Ka Shing	18				1 (B Share)	1 (B Share)	100.00
Perfect Bright Properties Inc.	Lee Ka Kit	17				100 (A Shares)	100 (A Shares)	100.00
	Lee Ka Kit	18				1 (B Share)	1 (B Share)	100.00
	Lee Ka Shing	17				100 (A Shares)	100 (A Shares)	100.00
	Lee Ka Shing	18				1 (B Share)	1 (B Share)	100.00
EcoCeres, Inc.	Lee Ka Kit	19			292,717 (Series B Preferred Shares)		292,717 (Series B Preferred Shares)	6.63

Notes:

(1) Of these shares, (i) 1,450,788,868 shares were owned by Henderson Development; (ii) 475,801,899 shares were owned by Richbond Investment Limited which was a wholly-owned subsidiary of Henderson Development; (iii) 371,145,414 shares were owned by Cameron Enterprise Inc.; 797,887,933 shares were owned by Believegood Limited which was wholly-owned by South Base Limited; 152,897,653 shares were owned by Prosglass Investment Limited which was wholly-owned by Jayasia Investments Limited; 140,691,961 shares were owned by Fancy Eye Limited which was wholly-owned by Mei Yu Ltd.; 117,647,005 shares were owned by Spreadral Limited which was wholly-owned by World Crest Ltd.; and Cameron Enterprise Inc., South Base Limited, Jayasia Investments Limited, Mei Yu Ltd. and World Crest Ltd. were wholly-owned subsidiaries of Yamina Investment Limited which in turn was 100% held by HD; and (iv) 2,922,045 shares were owned by Fu Sang Company Limited ("**Fu Sang**"). Hopkins (Cayman) Limited ("**Hopkins**") as trustee of a unit trust (the "Unit Trust") owned all the issued ordinary shares of Henderson Development and Fu Sang. Rimmer (Cayman) Limited ("**Rimmer**") and Riddick (Cayman) Limited ("**Riddick**"), as trustees of respective discretionary trusts, held units in the Unit Trust. The entire issued share capital of Hopkins, Rimmer and Riddick were beneficially owned by the late Dr Lee Shau Kee, and each of his sons, Dr Lee Ka Kit and Dr Lee Ka Shing will inherit certain shares in Rimmer, Riddick and Hopkins. Rimmer and Riddick (the relevant trustees of the respective discretionary trusts) held units in the Unit Trust of which Hopkins is the trustee as described above, but each is not entitled to any interest in its trust assets which are, in the ordinary course of business, held by Hopkins as trustee of the Unit Trust independently without any reference to shareholders of Hopkins, and each of Dr Lee Ka Kit and Dr Lee Ka Shing remains to be one of the discretionary beneficiaries of such discretionary trusts. As Directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Dr Lee Ka Kit and Dr Lee Ka Shing were taken to be interested in these shares by virtue of the SFO.

(2) Mrs Lee Pui Ling, Angelina was the beneficial owner of these shares.

(3) Madam Fung Lee Woon King was the beneficial owner of these shares.

(4) These shares were owned by the wife of Mr Woo Ka Biu, Jackson.

(5) Of these shares, 843,249,284 shares, 602,398,418 shares, 363,328,900 shares, 217,250,000 shares and 84,642,341 shares were respectively owned by Banshing Investment Limited, Markshing Investment Limited, Covite Investment Limited, Gainwise Investment Limited and Darnman Investment Limited, all of which were wholly-owned subsidiaries of Kingslee S.A. which in turn was 100% held by the Company. As Directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Dr Lee Ka Kit and Dr Lee Ka Shing were taken to be interested in the Company as set out in Note 1 and these shares by virtue of the SFO.

(6) Of these shares, 4,313,717,809 shares and 1,675,475,274 shares were respectively owned by Disralei Investment Limited and Medley Investment Limited, both of which were wholly-owned subsidiaries of Timpani Investments Limited; 1,759,499,632 shares were owned by Macrostar Investment Limited, a wholly-owned subsidiary of Chelco Investment Limited; and Timpani Investments Limited and Chelco Investment Limited were wholly-owned subsidiaries of Faxson Investment Limited which in turn was 100% held by the Company. As Directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Dr Lee Ka Kit and Dr Lee Ka Shing were taken to be interested in the Company as set out in Note 1 and these shares by virtue of the SFO.

(7) These shares were owned by Professor Poon Chung Kwong and his wife jointly.

(8) Of these shares, 48,817,090 shares were held by Wiselin Investment Limited, 23,400,000 shares each were respectively owned by Graf Investment Limited, Mount Sherpa Limited and Paillard Investment Limited, all of which were wholly-owned subsidiaries of Pataca Enterprises Limited which in turn was 100% held by the Company. As Directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Dr Lee Ka Kit and Dr Lee Ka Shing were taken to be interested in the Company as set out in Note 1 and these shares by virtue of the SFO.

(9) Dr Lam Ko Yin, Colin was the beneficial owner of these shares.

(10) Of these shares, 120,735,300 shares, 128,658,680 shares and 96,606,000 shares were respectively owned by Higgins Holdings Limited, Multiglade Holdings Limited and Threadwell Limited, all of which were wholly-owned subsidiaries of Aynbury Investments Limited which in turn was 100% held by the Company. As Directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Dr Lee Ka Kit and Dr Lee Ka Shing were taken to be interested in the Company as set out in Note 1 and in these shares by virtue of the SFO.

(11) These 2,511,142,069 shares representing approximately 72.11% of the total issued shares in Towngas Smart Energy were taken to be interested by Hong Kong & China Gas (China) Limited ("**HK&CG (China)**") (as to 2,294,831,459 shares), Planwise Properties Limited ("**Planwise**") (as to 212,691,473 shares) and Superfun Enterprises Limited ("**Superfun**") (as to 3,619,137 shares), all being wholly-owned subsidiaries of HKCG, among which included the entitlement to new shares upon their submission of election forms with Towngas Smart Energy electing to receive new shares in Towngas Smart Energy in lieu of cash dividend pursuant to Towngas Smart Energy's scrip dividend scheme on 30 June 2025. Subsequent to the allotment of a total of 131,220,293 new shares to HK&CG (China), Planwise and Superfun by Towngas Smart Energy on 14 July 2025, such percentage figure of interest in Towngas Smart Energy's shares was adjusted to approximately 69.13% as at 14 July 2025. As Directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Dr Lee Ka Kit and Dr Lee Ka Shing were taken to be interested in HKCG as set out in Note 6 and these shares by virtue of the SFO.

(12) Of these units, 224,443,625 units were owned by Uplite Limited and 149,629,083 units were owned by Wintrade Limited, both were wholly-owned subsidiaries of Financial Enterprise Properties Limited, which in turn was wholly-owned by Shau Kee Financial Enterprises Limited ("**SKFE**"). SKFE was wholly-owned by Lee Financial (Cayman) Limited ("**Lee Financial**") as the trustee of a unit trust ("**SKFE Unit Trust**"), the units of which were held by Leesons (Cayman) Limited ("**Leesons**") and Leeworld (Cayman) Limited ("**Leeworld**") as the respective trustees of two discretionary trusts. Therefore, each of Lee Financial, Leesons and Leeworld was taken to be interested in the total of 374,072,708 units owned by Uplite Limited and Wintrade Limited. Apart from the aforesaid, 76,533,345 units were owned by Cobase Limited, 67,378,972 units were owned by Richful Resources Limited and 254,467,649 units were owned by Henderson Sunlight Asset Management Limited, all of which were wholly-owned subsidiaries of the Company.

All the issued shares in Lee Financial, Leesons and Leeworld were beneficially owned by the late Dr Lee Shau Kee and each of his sons, Dr Lee Ka Kit and Dr Lee Ka Shing will inherit certain shares in Lee Financial, Leesons and Leeworld. Leesons and Leeworld (the relevant trustees of the respective discretionary trusts) held units in the SKFE Unit Trust of which Lee Financial is the trustee as described above, but each is not entitled to any interest in its trust assets which are, in the ordinary course of business, held by Lee Financial as trustee of the SKFE Unit Trust independently without any reference to shareholders of Lee Financial, and each of Dr Lee Ka Kit and Dr Lee Ka Shing remains to be one of the discretionary beneficiaries of such discretionary trusts. As Directors of the Company and discretionary beneficiaries of the aforementioned discretionary trusts holding units in the Unit Trust and SKFE Unit Trust, Dr Lee Ka Kit and Dr Lee Ka Shing were taken to be interested in these units by virtue of the SFO.

(13) Mr Au Siu Kee, Alexander was the beneficial owner of these units.

(14) These shares were held by Hopkins as trustee of the Unit Trust.

(15) These shares were owned by Fu Sang.

(16) Of these shares, (i) 5,000 shares were owned by Applecross Limited which was wholly-owned by Dr Lee Ka Kit; and (ii) 5,000 shares were owned by Henderson (China) Investment Company Limited, a wholly-owned subsidiary of Andcoe Limited which was wholly-owned by Henderson China Holdings Limited, an indirect wholly-owned subsidiary of the Company.

(17) These shares were owned by Jetwin International Limited. Triton (Cayman) Limited ("**Triton**") as trustee of a unit trust owned all the issued share capital of Jetwin International Limited. Triumph (Cayman) Limited ("**Triumph**") and Victory (Cayman) Limited ("**Victory**"), as trustees of respective discretionary trusts, held units in such unit trust. The entire share capital of Triton, Triumph and Victory were beneficially owned by the late Dr Lee Shau Kee and each of his sons, Dr Lee Ka Kit and Dr Lee Ka Shing will inherit certain shares in Triton, Triumph and Victory. Triumph and Victory (the relevant trustees of the respective discretionary trusts) held units in the unit trust of which Triton is the trustee as described above, but each is not entitled to any interest in its trust assets which are, in the ordinary course of business, held by Triton as trustee of such unit trust independently without any reference to shareholders of Triton, and each of Dr Lee Ka Kit and Dr Lee Ka Shing remains to be one of the discretionary beneficiaries of such discretionary trusts. As Directors of the Company and discretionary beneficiaries of the discretionary trusts holding units in such unit trust, Dr Lee Ka Kit and Dr Lee Ka Shing were taken to be interested in such shares by virtue of the SFO.

(18) This share was owned by Sunnice Investment Limited, a wholly-owned subsidiary of Profit Best Development Limited which in turn was wholly-owned by the Company.

(19) These 292,717 Series B Preferred Shares of EcoCeres, Inc, an associated corporation of HKCG, were owned by Full Vision Molecule Investment Limited ("**FVMIL**"). Since Ultimate Beyond Limited, being indirectly controlled by Dr Lee Ka Kit through Galaxy Harmony Global Limited, was the general partner of Full Vision Molecule Strategic Fund, L.P. (with 1.96% of total capital commitment) which owned the entire share capital of FVMIL, Dr Lee Ka Kit, as director of the Company and HKCG, was taken to be interested in these shares by virtue of the SFO.

Save as disclosed above, none of the Directors or the Chief Executive of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations as defined in the SFO, other than the deemed interests of Dr Lee Ka Kit and Dr Lee Ka Shing in the shares, underlying shares and debentures of the unlisted associated corporations of the Company which are solely derived from their deemed interests in Henderson Development, HIL, Miramar and/or the Company and not from any separate personal interests of their own, in respect of which a waiver from strict compliance with the disclosure requirements as to the Company's interim report for the six months ended 30 June 2025 under paragraph 41(2) of Appendix D2 to the Listing Rules has been applied to, and granted by the Stock Exchange.

Arrangements to Purchase Shares or Debentures

At no time during six months ended 30 June 2025 was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

TAXATION

The following is a general description of certain tax considerations relating to the Notes and is based on law and relevant interpretation thereof in effect at the date of this Offering Circular all of which are subject to changes and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. It is emphasised that none of the Issuer, the Guarantor nor any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for purchase, holding or disposal of the Notes.

BRITISH VIRGIN ISLANDS

The Issuer is exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands.

Payments of principal, premium or interest in respect of the Notes to persons who are not resident in the British Virgin Islands are not subject to British Virgin Islands tax or withholding tax.

Capital gains realised with respect to the Notes by persons who are not persons resident in the British Virgin Islands are also exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to the Notes.

All instruments relating to transactions in respect of the Notes are exempt from payment of stamp duty in the British Virgin Islands. This assumes that the Issuer does not hold an interest in real estate in the British Virgin Islands.

HONG KONG

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(i) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation, other than a financial institution, carrying on a trade, profession or business in Hong Kong;

(ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

(iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap.112) of Hong Kong (the "**IRO**")) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

(iv) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of the Notes will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of the Notes will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of the Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

In addition, with effect from 1 January 2024, pursuant to various foreign-sourced income exemption legislation in Hong Kong (the "**FSIE Amendments**"), certain specified foreign-sourced income (including interest, dividend, disposal gain or intellectual property income, in each case, arising in or derived from a territory outside Hong Kong) accrued to an MNE entity (as defined in the FSIE Amendments) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The FSIE Amendments also provide for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

Stamp duty will not be payable on the issue of Bearer Notes provided that either:

(i) such Bearer Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) such Bearer Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117 of Hong Kong) (the "**SDO**")).

If stamp duty is payable it is payable by the Issuer on the issue of Bearer Notes at a rate of 3 per cent. of the market value of the Bearer Notes at the time of issue. No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes. Stamp duty may be payable on any transfer of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfer of Registered Notes provided that either:

(i) such Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) such Registered Notes constitute loan capital (as defined in the SDO).

If stamp duty is payable in respect of the transfer of Registered Notes it will be payable at the rate of 0.2 per cent. (of which 0.1 per cent. is payable by the seller and 0.1 per cent. is payable by the purchaser) normally by reference to the consideration or its value, whichever is higher. In addition, stamp duty is payable at the fixed rate of HK$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Hong Kong) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register, and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued before the date that is two years after the date on which final regulations defining "foreign passthru payments" are published. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

SUBSCRIPTION AND SALE

SUMMARY OF DEALER AGREEMENT

The Dealers have, in an amended and restated dealer agreement (the "**Dealer Agreement**") dated 10 October 2024, agreed with the Issuer and the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes. The Issuer (failing which, the Guarantor) will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer (failing which, the Guarantor) has agreed to reimburse the Arranger for certain of its expenses incurred in connection with any future update of the Programme and the Dealers for certain of their activities in connection with the Programme.

The Issuer (failing which, the Guarantor) has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically, such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time. Stabilising activities may only be carried on by the Stabilisation Manager(s) named in the applicable Pricing Supplement (or persons acting on behalf of any Stabilisation Manager(s)) and only for a limited period following the Issue Date of the relevant Tranche of Notes.

In connection with each Tranche of Notes issued under the Programme, the Dealers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. Further, the Dealers or their respective affiliates may purchase Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to such Notes and/or other securities of the Issuer, the Guarantor or their respective subsidiaries or affiliates at the same time as the offer and sale of each Tranche of Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Tranche of Notes to which a particular Pricing Supplement relates (notwithstanding that such selected counterparties may also be purchasers of such Tranche of Notes).

SELLING RESTRICTIONS

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the Securities Act. Each Dealer has represented, warranted and agreed that it has not offered or sold, and will not offer or sell, any Notes constituting part of its allotment within the United States except in accordance with

Rule 903 of Regulation S under the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Prohibition of Sales to EEA Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**"); or

(b) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II.

If the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area (each, a "**Member State**"), each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Member State except that it may make an offer of Notes to the public in that Member State:

(a) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;

(b) *Fewer than 150 offerees*: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) *Other exempt offers*: at any time in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of Notes referred to in paragraphs (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "EU Prospectus Regulation" means Regulation (EU) 2017/1129.

United Kingdom

Prohibition of Sales to UK Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

(a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or

(b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

If the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

(a) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression "an offer of Notes to the public" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes and the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other UK Regulatory restrictions

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

(a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor and would not, if it was not an authorised person, apply to the Issuer or the Guarantor; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

People's Republic of China

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that the Notes may not be offered or sold directly or indirectly in the PRC (which, for such purposes, does not include the Hong Kong or Macau Special Administrative Region or Taiwan). Neither this Offering Circular nor any material or information contained or incorporated by reference herein relating to the Notes, which have not been and will not be submitted to or approved/verified by or registered with the China Securities Regulatory Commission ("**CSRC**") or other relevant governmental and regulatory authorities in the PRC pursuant to relevant laws and regulations, may be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Notes in the PRC. The material or information contained or incorporated by reference in this Offering Circular relating to the Notes does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. The Notes may only be offered or sold to PRC investors that are authorised to engage in the purchase of the Notes of the type being offered or sold. PRC investors are responsible for obtaining all relevant government regulatory approvals/licences, verification and/or registrations themselves, including, but not limited to, any which may be required from the State Administration of Foreign Exchange, CSRC, the China Banking Regulatory Commission, the China Insurance Regulatory Commission and other relevant regulatory bodies, and complying with all relevant PRC regulations, including, but not limited to, all relevant foreign exchange regulations and/or foreign investment regulations.

Hong Kong

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme be required to represent, warrant and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") other than (a) to "professional investors" as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.”

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**FIEA**”) and accordingly, each Dealer has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or re-sale, directly or indirectly, in Japan or to any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, "resident of Japan" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular, has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

British Virgin Islands

Each Dealer has represented, warranted and agreed that it has not made and will not make any invitation to the public in the British Virgin Islands to subscribe for the Notes.

The Netherlands

Zero Coupon Notes in definitive bearer form and other Notes in definitive bearer form on which interest does not become due and payable during their term but only at maturity (savings certificates or *spaarbewijzen* as defined in The Netherlands Savings Certificates Act (*Wet inzake spaarbewijzen*, the “**SCA**”)) may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the Issuer or a member of Euronext Amsterdam N.V. with due observance of the provisions of the SCA and its implementing regulations (which include registration requirements). No such mediation is required, however, in respect of (i) the initial issue of such Notes to the first holders thereof, (ii) the transfer and acceptance by individuals who do not act in the conduct of a profession or business and (iii) the issue and trading of such Notes if they are physically issued outside The Netherlands and are not immediately thereafter distributed in The Netherlands.

As used herein “**Zero Coupon Notes**” are Notes that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

Important Notice to CMIs (including private banks) Pursuant to Paragraph 21 of the Hong Kong SFC Code of Conduct

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for the relevant CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the Guarantor, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the relevant Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer, the Guarantor or any CMI (including its group companies) and inform the relevant Dealers accordingly.

CMIs are informed that, unless otherwise notified, the marketing and investor targeting strategy for the relevant CMI Offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any EU MiFID II product governance language or any UK MiFIR product governance language set out elsewhere in this Offering Circular and/or the applicable Pricing Supplement.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the relevant Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer or the Guarantor. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the relevant Notes. CMIs are informed that a private bank rebate may be payable as stated above and in the applicable Pricing Supplement, or otherwise notified to prospective investors.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Dealers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the relevant Notes, private banks should disclose, at the same time, if such order is placed *other than* on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a "principal" basis may require the relevant affiliated Manager(s) (if any) to categorise it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order and will result in that private bank not being entitled to, and not being paid, any rebate.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any "Associations" (as used in the SFC Code);
- Whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to the Managers named in the relevant Pricing Supplement.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in the relevant CMI Offering. The relevant Dealers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Dealer with such evidence within the timeline requested.

By placing an order, prospective investors (including any underlying investors in relation to omnibus orders) are deemed to represent to the Dealers that it is not a Sanctions Restricted Person. A "Sanctions Restricted Person" means an individual or entity (a "Person"): (a) that is, or is directly or indirectly owned or controlled by a Person that is, described or designated in (i) the most current "Specially Designated Nationals and Blocked Persons" list (which as of the date hereof can be found at: http://www.treasury.gov/ofac/downloads/sdnlist.pdf) or (ii) the Foreign Sanctions Evaders List (which as of the date hereof can be found at: http://www.treasury.gov/ofac/downloads/fse/fselist.pdf) or (iii) the most current "Consolidated list of persons, groups and entities subject to EU financial sanctions" (which as of the date hereof can be found at: https://data.europa.eu/data/datasets/consolidated-list-of-persons-groups-and-entities-subject-to-eu-financial-sanctions?locale=en); or (b) that is otherwise the subject of any sanctions administered or enforced by any Sanctions Authority, other than solely by virtue of the following (i) - (vi) to the extent that it will not result in violation of any sanctions by the CMIs: (i) their inclusion in the most current "Sectoral Sanctions Identifications" list (which as of the date hereof can be found at: https://www.treasury.gov/ofac/downloads/ssi/ssilist.pdf) (the "SSI List"), (ii) their inclusion in Annexes 3, 4, 5 and 6 of Council Regulation No. 833/2014, as amended by Council Regulation No. 960/2014 (the "EU Annexes"), (iii) their inclusion in any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes, (iv) them being the subject of restrictions imposed by the U.S. Department of Commerce's Bureau of Industry and Security ("**BIS**") under which BIS has restricted exports, re-exports or transfers of certain controlled goods, technology or software to such individuals or entities; (v) them being an entity listed in the Annex to the new Executive Order of 3 June 2021 entitled "Addressing the Threat from Securities Investments that Finance Certain Companies of the People's Republic of China" (known as the Non-SDN Chinese Military- Industrial Complex Companies List), which amends the Executive Order 13959 of 12 November 2020 entitled "Addressing the threat from Securities Investments that Finance Chinese Military Companies"; or (vi) them being subject to restrictions imposed on the operation of an online service, Internet application or other information or communication services in the United States directed at preventing a foreign government from accessing the data of U.S. persons; or (c) that is located, organized or a resident in a comprehensively sanctioned country or territory, including Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine, the Donetsk's People's Republic or Luhansk People's Republic. "Sanctions Authority" means: (a) the United Nations; (b) the United States; (c) the European Union (or any of its member states); (d) the United Kingdom; (e) the People's Republic of China; (f) any other equivalent governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions; and (g) the respective governmental institutions and agencies of any of the foregoing including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury, the United States Department of State, the United States Department of Commerce and His Majesty's Treasury.

GENERAL

None of the Issuer, the Guarantor or the Dealers represent that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. These selling restrictions may be modified by the agreement of the Issuer and the relevant Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

The Dealers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Dealers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer, the Guarantor or their respective subsidiaries, jointly controlled entities or associated companies and may be paid fees in connection with such services from time to time. In the ordinary course of their various business activities, the Dealers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuer, the Guarantor or their respective subsidiaries, jointly controlled entities or associated companies, including Notes issued under the Programme, may be entered into at the same time or proximate to offers and sales of Notes or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Notes.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Dealer or its affiliate on behalf of the Issuer in such jurisdiction.

GENERAL INFORMATION

1. LISTING

Application has been made to the Hong Kong Stock Exchange for the listing of the Programme by way of debt issues to Professional Investors only, and application will be made to the Hong Kong Stock Exchange, for the listing of, and permission to deal in, the Notes to be issued under the Programme. The issue price of Notes listed on the Hong Kong Stock Exchange will be expressed as a percentage of their nominal amount.

2. AUTHORISATION

The update of the Programme and the issue of the Notes thereunder were authorised by board minutes of the directors of the Issuer dated 30 August 2011, the written resolutions of the directors of the Issuer dated 12 October 2018 and a resolution of the committee of the board of directors of the Issuer passed on 3 May 2022 and by the written resolutions of the directors of the Guarantor dated 30 August 2011, the written resolutions of the directors of the Guarantor dated 12 October 2018 and a resolution of the committee of the board of directors of the Guarantor passed on 3 May 2022. The Issuer and the Guarantor have obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes and the giving of the Guarantee relating to them.

3. LEGAL AND ARBITRATION PROCEEDINGS

None of the Issuer, the Guarantor and any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer or the Guarantor is aware), which may have, or have had during the 12 months prior to the date of this Offering Circular, a significant effect on the financial position or profitability of the Issuer, the Guarantor or the Group.

4. SIGNIFICANT/MATERIAL CHANGE

Since 30 June 2025 and save as disclosed in "Capitalisation", there has been no material adverse change in the financial position or prospects nor any significant change in the financial or trading position of the Issuer, the Guarantor and the Group.

5. AUDITOR

KPMG (Certified Public Accountants), the Guarantor's independent auditor has audited, and rendered unqualified audit reports on, the consolidated financial statements of the Guarantor at and for the years ended 31 December 2023 and 2024.

KPMG has acknowledged the issue of this document with the reproduction of the audit report dated 20 March 2025 on the consolidated financial statements of the Guarantor at and for the year ended 31 December 2024 and the review report dated 20 August 2025 on the condensed interim financial statements of the Guarantor at and for the six months ended 30 June 2025 in the form and context in which it is so incorporated or included.

6. DOCUMENTS ON DISPLAY

Copies of the following documents may be inspected during normal business hours on any weekday (Saturday's and public holidays excepted) at the registered office of the Guarantor at 72-76/F., Two International Finance Centre, 8 Finance Street, Central, Hong Kong and the specified office of the CMU Lodging and Paying Agent at Level 26, Three Pacific Place, 1 Queen's Road East, Hong Kong for so long as the Notes are capable of being issued under the Programme:

(i) the memorandum and articles of association of the Issuer and the Guarantor;

(ii) the audited consolidated financial statements of the Guarantor at and for the years ended 31 December 2023 and 2024;

(iii) the unaudited condensed interim financial statements of the Guarantor at and for the six months ended 30 June 2025;

(iv) copies of the latest annual report of the Guarantor;

(v) each Pricing Supplement (save that a Pricing Supplement relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the EU Prospectus Regulation will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Fiscal Agent as to its holding of Notes and identity);

(vi) a copy of this Offering Circular together with any supplement to this Offering Circular;

(vii) the Agency Agreement;

(viii) the Dealer Agreement;

(ix) the Deed of Guarantee;

(x) the Deed of Covenant given by the Issuer; and

(xi) the Programme Manual (which contains the forms of the Notes in global and definitive form).

7. CLEARING OF THE NOTES

The Notes may be accepted for clearance through Euroclear, Clearstream and the CMU. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Pricing Supplement. The relevant Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

The Legal Entity Identifier of the Issuer is 25490062URZHNZQBTW39.

INDEX TO FINANCIAL STATEMENTS

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS OF THE GUARANTOR AT 30 JUNE 2025 AND FOR THE SIX MONTHS ENDED 30 JUNE 2025

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GUARANTOR AT 31 DECEMBER 2024 AND FOR THE YEAR ENDED 31 DECEMBER 2024

The financial statements of the Guarantor at 30 June 2025 and for the six months ended 30 June 2025 set out herein have been reproduced from the Guarantor's unaudited condensed interim financial statements at 30 June 2025 and for the six months ended 30 June 2025, including the page numbers and page references set forth in such financial statements. The financial statements of the Guarantor at 31 December 2024 and for the year ended 31 December 2024 set out herein have been reproduced from the Guarantor's audited consolidated financial statements at 31 December 2024 and for the year ended 31 December 2024, including the page numbers and page references set forth in such financial statements.

INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF HENDERSON LAND DEVELOPMENT COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the condensed interim financial statements set out on pages 48 to 95 which comprise the consolidated statement of financial position of Henderson Land Development Company Limited as of 30 June 2025 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six months period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of condensed interim financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting,* as issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the condensed interim financial statements in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to express a conclusion, based on our review, on the condensed interim financial statements and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity,* as issued by the Hong Kong Institute of Certified Public Accountants. A review of the condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial statements as at 30 June 2025 are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

20 August 2025

Condensed Interim Financial Statements

Consolidated Statement of Profit or Loss – unaudited

	Note	For the six months ended 30 June 2025 HK$ million	2024 HK$ million
Revenue	4, 10(a)	**9,552**	11,762
Direct costs		**(5,929)**	(7,592)
		3,623	4,170
Other net income	5	**305**	1,035
Selling and marketing expenses		**(512)**	(616)
Administrative expenses		**(1,112)**	(1,071)
Profit from operations before changes in fair value of investment properties and investment properties under development		**2,304**	3,518
Decrease in fair value of investment properties and investment properties under development	11(c)	**(427)**	(146)
Profit from operations after changes in fair value of investment properties and investment properties under development		**1,877**	3,372
Finance costs	6(a)	**(1,205)**	(820)
Bank interest income		**272**	241
Net finance costs		**(933)**	(579)
Share of profits less losses of associates		**1,280**	1,322
Share of profits less losses of joint ventures		**338**	156
Profit before taxation	6	**2,562**	4,271
Income tax	7	**430**	(286)
Profit for the period		**2,992**	3,985
Attributable to:			
Equity shareholders of the Company		**2,908**	3,174
Non-controlling interests		**84**	811
Profit for the period		**2,992**	3,985
Earnings per share based on profit attributable to equity shareholders of the Company (reported earnings per share)			
Basic and diluted	*8(a)*	***HK$0.60***	*HK$0.66*
Earnings per share excluding the effects of the Group's aggregate attributable share of changes in fair value of investment properties and investment properties under development (net of deferred tax) (underlying earnings per share)			
Basic and diluted	*8(b)*	***HK$0.63***	*HK$1.12*

The notes on pages 55 to 95 form part of these condensed interim financial statements. Details of dividends payable to equity shareholders of the Company are set out in note 9.

Condensed Interim Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income – unaudited

	For the six months ended 30 June 2025 HK$ million	2024 HK$ million
Profit for the period	**2,992**	3,985
Other comprehensive income for the period-net, after tax and reclassification adjustments:		
Items that will not be reclassified to profit or loss:		
– Investments in equity securities designated as financial assets at fair value through other comprehensive income (non-recycling)	**33**	40
– Share of other comprehensive income of associates and joint ventures	**(16)**	(30)
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences	**662**	(322)
– Cash flow hedges	**(173)**	21
– Share of other comprehensive income of associates and joint ventures	**903**	(686)
Other comprehensive income for the period	**1,409**	(977)
Total comprehensive income for the period	**4,401**	3,008
Attributable to:		
Equity shareholders of the Company	**4,293**	2,192
Non-controlling interests	**108**	816
Total comprehensive income for the period	**4,401**	3,008

The notes on pages 55 to 95 form part of these condensed interim financial statements.

Condensed Interim Financial Statements

Consolidated Statement of Financial Position

	Note	**At 30 June 2025 (unaudited) HK$ million**	At 31 December 2024 (audited) HK$ million
Non-current assets			
Investment properties	11	**273,871**	271,874
Other property, plant and equipment		**6,187**	4,389
Right-of-use assets		**960**	981
Goodwill	12	**262**	262
Trademarks		**92**	94
Interest in associates		**50,669**	50,564
Interest in joint ventures		**79,088**	77,876
Derivative financial instruments	13	**312**	514
Other financial assets	14	**4,715**	4,611
Deferred tax assets		**1,761**	1,082
		417,917	412,247
Current assets			
Deposits for acquisition of properties		**366**	369
Inventories	15	**84,234**	85,608
Trade and other receivables	16	**12,478**	14,023
Cash held by stakeholders		**976**	1,074
Cash and bank balances	17	**16,600**	17,919
		114,654	118,993
Current liabilities			
Trade and other payables	18	**24,464**	26,811
Amounts due to related companies		**50**	97
Lease liabilities		**279**	262
Bank loans	19	**8,672**	8,001
Guaranteed notes	20	**2,692**	9,585
Tax payable		**1,094**	1,055
		37,251	45,811
Net current assets		**77,403**	73,182
Total assets less current liabilities		**495,320**	485,429

Condensed Interim Financial Statements

Consolidated Statement of Financial Position (continued)

	Note	At 30 June 2025 (unaudited) HK$ million	At 31 December 2024 (audited) HK$ million
Non-current liabilities			
Bank loans	19	**61,292**	54,626
Guaranteed notes	20	**7,820**	10,024
Amount due to a fellow subsidiary		**73,923**	66,215
Amounts due to related companies		**3,489**	3,575
Derivative financial instruments	13	**671**	996
Lease liabilities		**717**	757
Provision for reinstatement costs		**18**	14
Deferred tax liabilities		**8,661**	8,645
		156,591	144,852
NET ASSETS		**338,729**	340,577
CAPITAL AND RESERVES			
Share capital		**52,345**	52,345
Other reserves		**267,793**	269,802
Total equity attributable to equity shareholders of the Company		**320,138**	322,147
Non-controlling interests		**18,591**	18,430
TOTAL EQUITY		**338,729**	340,577

The notes on pages 55 to 95 form part of these condensed interim financial statements.

Condensed Interim Financial Statements

Consolidated Statement of Changes in Equity – unaudited

	Note	Attributable to equity shareholders of the Company								Non-controlling interests HK$ million	Total equity HK$ million
		Share capital HK$ million	Property revaluation reserve HK$ million	Exchange reserve HK$ million	Fair value reserve (non-recycling) HK$ million	Hedging reserve HK$ million	Other reserves HK$ million	Retained profits HK$ million	Total HK$ million		
Balance at 1 January 2024		52,345	16	(3,384)	72	137	189	277,167	326,542	17,558	344,100
Changes in equity for the six months ended 30 June 2024:											
Profit for the period		–	–	–	–	–	–	3,174	3,174	811	3,985
Other comprehensive income for the period		–	–	(1,005)	(6)	25	–	4	(982)	5	(977)
Total comprehensive income for the period		–	–	(1,005)	(6)	25	–	3,178	2,192	816	3,008
Transfer to retained profits upon disposal of equity investments		–	–	–	(2)	–	–	2	–	–	–
Dividend approved and paid in respect of the previous financial year	9(b)	–	–	–	–	–	–	(6,294)	(6,294)	–	(6,294)
Share of associates' reserves		–	–	–	–	–	–	(6)	(6)	–	(6)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	(20)	(20)
Balance at 30 June 2024		52,345	16	(4,389)	64	162	189	274,047	322,434	18,354	340,788

Condensed Interim Financial Statements

Consolidated Statement of Changes in Equity – unaudited (continued)

	Note	Attributable to equity shareholders of the Company									
		Share capital HK$ million	Property revaluation reserve HK$ million	Exchange reserve HK$ million	Fair value reserve (non-recycling) HK$ million	Hedging reserve HK$ million	Other reserves HK$ million	Retained profits HK$ million	Total HK$ million	Non-controlling interests HK$ million	Total equity HK$ million
Balance at 1 January 2025		52,345	16	(5,429)	109	94	189	274,823	322,147	18,430	340,577
Changes in equity for the six months ended 30 June 2025:											
Profit for the period		-	-	-	-	-	-	2,908	2,908	84	2,992
Other comprehensive income for the period		-	-	1,572	10	(205)	-	8	1,385	24	1,409
Total comprehensive income for the period		-	-	1,572	10	(205)	-	2,916	4,293	108	4,401
Transfer to retained profits upon disposal of equity investments		-	-	-	10	-	-	(10)	-	-	-
Dividend approved and paid in respect of the previous financial year	9(b)	-	-	-	-	-	-	(6,294)	(6,294)	-	(6,294)
Share of associates' reserves		-	-	6	-	-	-	(14)	(8)	-	(8)
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	(50)	(50)
Advance from non-controlling interests, net		-	-	-	-	-	-	-	-	103	103
Balance at 30 June 2025		52,345	16	(3,851)	129	(111)	189	271,421	320,138	18,591	338,729

The notes on pages 55 to 95 form part of these condensed interim financial statements.

Condensed Interim Financial Statements

Condensed Consolidated Cash Flow Statement – unaudited

	Note	For the six months ended 30 June 2025 HK$ million	2024 HK$ million
Operating activities			
(Decrease)/increase in forward sales deposits received and other contract liabilities		**(661)**	2,945
Decrease in inventories		**1,406**	982
Decrease in deposits for acquisition of properties		**3**	20
Other cash flows generated from operations		**3,386**	4,395
Tax paid		**(272)**	(245)
Net cash generated from operating activities		**3,862**	8,097
Investing activities			
Net proceeds from disposals of investment properties and other property, plant and equipment		**18**	323
Dividends received from associates		**1,852**	1,857
Dividends received from joint ventures		**543**	826
Increase in deposits with banks and other financial institutions over three months of maturity at acquisition		**(3,055)**	(2,682)
Payment for additions to investment properties and other property, plant and equipment		**(1,989)**	(1,953)
Net cash outflow in respect of the acquisitions of subsidiaries		**–**	(351)
Net cash inflow in respect of the transfer of a subsidiary		**–**	2,221
Repayment from/(advance to) associates, net		**34**	(60)
Advance to joint ventures, net		**(2,059)**	(1,605)
Other cash flows generated from investing activities		**727**	360
Net cash used in investing activities		**(3,929)**	(1,064)
Financing activities			
Proceeds from new bank loans	19	**38,896**	25,198
Repayment of existing bank loans	19	**(32,215)**	(29,666)
Net proceeds from issuance of guaranteed notes	20	**399**	300
Repayment of guaranteed notes	20	**(9,619)**	(4,468)
Advance from a fellow subsidiary		**7,708**	2,336
Repayment to related companies		**(187)**	(62)
Advance from non-controlling interests, net		**103**	–
Dividends paid to equity shareholders of the Company	9(b)	**(6,294)**	(6,294)
Dividends paid to non-controlling interests		**(50)**	(20)
Other cash flows used in financing activities		**(3,034)**	(3,646)
Net cash used in financing activities		**(4,293)**	(16,322)
Net decrease in cash and cash equivalents		**(4,360)**	(9,289)
Cash and cash equivalents at 1 January	17	**10,785**	18,638
Effect of foreign exchange rate changes		**31**	(5)
Cash and cash equivalents at 30 June	17	**6,456**	9,344

The notes on pages 55 to 95 form part of these condensed interim financial statements.

Notes to the Unaudited Condensed Interim Financial Statements

1 Basis of preparation

The condensed interim financial statements comprise those of Henderson Land Development Company Limited ("the Company") and its subsidiaries (collectively referred to as "the Group") and have equity accounted for the Group's interests in associates and joint ventures.

These condensed interim financial statements have been prepared in accordance with the applicable disclosure provisions of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They were authorised for issuance on 20 August 2025.

These condensed interim financial statements have been prepared in accordance with the same accounting policies adopted in the Company's consolidated financial statements for the year ended 31 December 2024 ("the 2024 financial statements"), except for the accounting policy changes that are expected to be reflected in the Company's consolidated financial statements for the year ending 31 December 2025. Details of these changes in accounting policies are set out in note 2.

These condensed interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 financial statements. The condensed interim financial statements and notes thereon do not include all of the information required for full set of financial statements in accordance with HKFRS Accounting Standards.

These condensed interim financial statements are unaudited, but have been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, as issued by the HKICPA. KPMG's independent review report to the Company's Board of Directors is set out on page 47. In addition, these condensed interim financial statements have been reviewed by the Company's Audit Committee with no disagreement.

The financial information relating to the financial year ended 31 December 2024 that is included in the condensed interim financial statements for the six months ended 30 June 2025 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to such statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

Notes to the Unaudited Condensed Interim Financial Statements

1 Basis of preparation (continued)

The Company has delivered the financial statements for the year ended 31 December 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters (including those matters described in the "Key Audit Matters" section) to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

2 Changes in accounting policies

The Group has applied the amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA to the Group's condensed interim financial statements for the current accounting period. The amendments do not have a material impact on the Group's financial results or financial position as the Group has not entered into foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 Accounting estimates and judgements

The preparation of these condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applicable to the 2024 financial statements.

Notes to the Unaudited Condensed Interim Financial Statements

4 Revenue

Revenue of the Group represents revenue from property development (including sales of properties), rental income, operation and management of department stores and supermarket-cum-stores, hotel room operation and other businesses mainly including income from hotel management (other than hotel room operation), construction, provision of finance, investment holding, project management, property management, agency services, security guard and cleaning services, food and beverage operation, travel operation, as well as the trading of building materials.

The major items are analysed as follows:

	For the six months ended 30 June	
	2025	2024
	HK$ million	HK$ million
Property development (including sales of properties)	**4,008**	4,943
Rental income	**3,363**	3,459
Department stores and supermarket-cum-stores operations *(note (i))*	**745**	778
Hotel room operation	**156**	165
Other businesses	**1,280**	2,417
Total (note 10(b))	**9,552**	11,762

Note:

(i) *Including commission income earned from consignment and concessionaire counters of the department stores operation, and the commission income earned from consignment counters of the supermarket-cum-stores operation, in the aggregate amount of HK$172 million for the six months ended 30 June 2025 (2024: HK$188 million).*

In accordance with HKFRS 15, *Revenue from contracts with customers*, (i) revenue from sale of properties and sales of goods from department stores and supermarket-cum-stores operations (including the commission income from consignment and concessionaire counters) are recognised at a point in time; and (ii) revenue from hotel room operation and promotion income from department stores and supermarket-cum-stores operations are recognised over time. Rental income recognised from HKFRS 16, *Leases* is categorically classified as revenue from other sources. In respect of the Group's other businesses, revenue from construction, property management, asset management, project management, security guard and cleaning services in the aggregate amount of HK$459 million (2024: HK$1,558 million) is recognised over time while the remaining is recognised at a point in time.

At 30 June 2025, the cumulative aggregate amount of revenue expected to be recognised in the consolidated statement of profit or loss in the future from pre-completion sales contracts entered into in relation to the Group's properties held for/under development for sale and completed properties for sale held by the Group's subsidiaries, which are pending assignment in Hong Kong and mainland China, amounted to HK$10,390 million (31 December 2024: HK$8,621 million) and which will be recognised when the pre-sold properties are assigned to the customers.

Notes to the Unaudited Condensed Interim Financial Statements

5 Other net income

	For the six months ended 30 June	
	2025	2024
	HK$ million	HK$ million
Net loss on transfer of a subsidiary regarding an investment property *(note (i))*	**–**	(2)
Net gain on disposal of investment properties	**–**	94
Aggregate net gain on sales of property interests (notes 10(a) and 11(b))	**–**	92
Provision on inventories, net (note 10(a))	**(69)**	(25)
Net fair value gain/(loss) on investments measured as financial assets at fair value through profit or loss ("FVPL")	**9**	(11)
Net fair value gain/(loss) on derivative financial instruments at FVPL:		
– Interest rate swap contracts, cross currency swap contracts, cross currency interest rate swap contracts and foreign exchange forward contracts (for which no hedge accounting was applied during the period)	**48**	(61)
Gain on land resumption (note 10(a)) *(note (ii))*	**240**	1,059
Impairment loss on trade debtors, net (note 10(c))	**(9)**	(10)
Exchange gain/(loss), net	**84**	(26)
Others	**2**	17
	305	1,035

Notes:

(i) During the corresponding six months ended 30 June 2024, the amount comprised the loss attributable to reported profit in relation to the Group's transfer to an independent third party of its interest in the entire issued share capital of a wholly-owned subsidiary which owns "Harbour East", being an investment property at No. 218 Electric Road, North Point, Hong Kong, and the related shareholder's loan pursuant to an agreement entered into between the parties on 10 December 2023. The transfer was completed on 28 January 2024. Taking into account the cumulative fair value gain on the investment property disposed of in the amount of HK$1,409 million, the Group recognised a gain on transfer attributable to underlying profit in the amount of HK$1,407 million during the corresponding six months ended 30 June 2024.

(ii) During the corresponding six months ended 30 June 2024, the amount comprised mainly the pre-tax gain attributable to reported profit of HK$1,055 million resulting from the resumption by the HKSAR Government in April 2024 of certain land lots of approximately 1.45 million square feet held by the Group in Fanling North and Kwu Tung North New Development Areas, the New Territories, Hong Kong, for an aggregate cash compensation of approximately HK$1,860 million.

Notes to the Unaudited Condensed Interim Financial Statements

6 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2025	2024
	HK$ million	HK$ million
(a) Finance costs:		
Bank loans interest	**1,252**	1,290
Interest on other loans	**1,216**	1,602
Interest on guaranteed notes	**277**	445
Finance cost on lease liabilities	**18**	20
Other borrowing costs	**70**	76
	2,833	3,433
Less: Amount capitalised *(note)*	**(1,628)**	(2,613)
Finance costs (note 10(a))	**1,205**	820

Note: *The borrowing costs have been capitalised at weighted average interest rates based on the principal amounts of the Group's bank loans, guaranteed notes and other loans during the six months ended 30 June 2025 under which interest capitalisation was applicable, ranging from 3.08% to 4.40% (2024: ranging from 3.36% to 6.01%) per annum.*

	For the six months ended 30 June	
	2025	2024
	HK$ million	HK$ million
(b) Staff costs:		
Salaries, wages and other benefits	**1,534**	1,471
Contributions to defined contribution retirement plans	**60**	62
	1,594	1,533

Notes to the Unaudited Condensed Interim Financial Statements

6 Profit before taxation (continued)

Profit before taxation is arrived at after charging/(crediting): (continued)

	For the six months ended 30 June 2025 HK$ million	2024 HK$ million
(c) Other items:		
Amortisation of trademarks	**2**	2
Depreciation		
– on other property, plant and equipment	**86**	100
– on right-of-use assets	**143**	145
	231	247
	(note 10(c))	(note 10(c))
Cost of sales		
– properties for sale	**3,299**	3,826
– trading stocks and consumable stores	**504**	511
Dividend income from investments designated as financial assets at fair value through other comprehensive income (“FVOCI”) (non-recycling) and investments measured as financial assets at FVPL		
– listed	**(6)**	(9)
– unlisted	**(4)**	(3)

Notes to the Unaudited Condensed Interim Financial Statements

7 Income tax

	For the six months ended 30 June	
	2025	2024
	HK$ million	HK$ million
Current tax		
Provision for Hong Kong Profits Tax	**208**	271
Provision for taxation outside Hong Kong	**100**	152
Provision/(over-provision) for Land Appreciation Tax	**7**	(29)
	315	394
Deferred tax		
Origination and reversal of temporary differences	**(745)**	(108)
Income tax (credit)/charge	**(430)**	286

Provision for Hong Kong Profits Tax has been made at 16.5% (2024: 16.5%) on the estimated assessable profits for the period.

Provision for taxation outside Hong Kong is provided for at the applicable rates of taxation for the period on the estimated assessable profits arising in the relevant foreign tax jurisdictions during the period.

Land Appreciation Tax is levied on properties in mainland China developed by the Group for sale, at progressive rates ranging from 30% to 60% (2024: 30% to 60%) on the appreciation of land value, which under the applicable regulations is calculated based on the revenue from sale of properties less deductible expenditure including lease charges of land use rights, borrowing costs and property development expenditure.

Notes to the Unaudited Condensed Interim Financial Statements

8 Earnings per share

(a) Reported earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to equity shareholders of the Company of HK$2,908 million (2024: HK$3,174 million) and the weighted average number of 4,841 million ordinary shares (2024: 4,841 million ordinary shares) in issue during the period.

Diluted earnings per share were the same as the basic earnings per share for the period and the corresponding six months ended 30 June 2024 as there were no dilutive potential ordinary shares in existence during both periods.

(b) Underlying earnings per share

For the purpose of assessing the underlying performance of the Group, basic and diluted earnings per share are additionally calculated based on the consolidated profit attributable to equity shareholders of the Company after excluding the effects of changes in fair value of investment properties and investment properties under development ("Underlying Profit") of HK$3,048 million (2024: HK$5,441 million). A reconciliation of profit is as follows:

	For the six months ended 30 June	
	2025	2024
	HK$ million	HK$ million
Profit attributable to equity shareholders of the Company	**2,908**	3,174
Fair value loss of investment properties and investment properties under development during the period (after deducting non-controlling interests' attributable share and deferred tax) (note 11(c))	**208**	665
Share of fair value (gain)/loss of investment properties (net of deferred tax) during the period:		
– associates (note 11(c))	**107**	87
– joint ventures (note 11(c))	**(183)**	68
The Group's attributable share of the cumulative fair value gain of investment properties disposed of during the period, net of tax:		
– subsidiaries	**8**	1,447
Underlying Profit	**3,048**	5,441
Underlying earnings per share, based on the weighted average number of ordinary shares in issue during the period (note 8(a))	**HK$0.63**	HK$1.12

Notes to the Unaudited Condensed Interim Financial Statements

9 Dividends

(a) Dividends payable to equity shareholders of the Company attributable to the interim period

	For the six months ended 30 June	
	2025	2024
	HK$ million	HK$ million
Interim dividend declared after the interim period of HK$0.50 (2024: HK$0.50) per share	**2,421**	2,421

The interim dividend declared after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the interim period

	For the six months ended 30 June	
	2025	2024
	HK$ million	HK$ million
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK$1.30 (2024: HK$1.30) per share	**6,294**	6,294

Notes to the Unaudited Condensed Interim Financial Statements

10 Segment reporting

The Group manages its businesses by a mixture of business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance, the Group has identified the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

Property development	:	Development and sale of properties
Property leasing	:	Leasing of properties
Department stores and supermarket-cum-stores operations	:	Operation and management of department stores and supermarket-cum-stores
Hotel room operation	:	The operation of hotel properties owned by the Group generating room revenue
Other businesses	:	Hotel management (other than hotel room operation), construction, provision of finance (other than interest income from mortgage loans as well as interest income from property development joint ventures which are classified under "*Property development*" segment), investment holding, project management, property management, agency services, security guard and cleaning services, food and beverage operation, travel operation, as well as the trading of building materials
Utility and energy	:	Production, distribution and marketing of gas, water supply, renewable energy businesses and emerging energy businesses

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases.

Revenue and expenses are allocated to the reportable segments with reference to revenues generated by those segments and the expenses incurred by those segments. Segment results form the basis of measurement used for assessing segment performance and represent profit or loss before provision on inventories, net, sales of property interests, fair value change on investment properties and investment properties under development, net finance costs, income tax and items not specifically attributed to individual reportable segments, such as unallocated head office and corporate expenses, net.

Notes to the Unaudited Condensed Interim Financial Statements

10 Segment reporting (continued)

(a) Results of reportable segments

Information regarding the Group's and its share of associates and joint ventures on reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2025 and 30 June 2024 is set out below.

	Company and its subsidiaries (before deducting non-controlling interests)		Associates and joint ventures				Attributable to non-controlling interests		Attributable to equity shareholders of the Company	
	Revenue *(note (i))* HK$ million	Segment results HK$ million	Share of revenue HK$ million	Share of segment results HK$ million	Combined revenue HK$ million	Consolidated segment results HK$ million	Revenue HK$ million	Segment results HK$ million	Combined revenue HK$ million	Consolidated segment results HK$ million
For the six months ended 30 June 2025										
Property development									*(note 1)*	*(note 1)*
Hong Kong	3,019	358	811	(37)	3,830	321	(18)	(11)	3,812	310
Mainland China	989	(14)	1,372	(91)	2,361	(105)	–	(3)	2,361	(108)
	4,008	344	2,183	(128)	6,191	216	(18)	(14)	6,173	202
Property leasing										
Hong Kong	2,474	1,771	1,122	866	3,596	2,637	(185)	(154)	3,411	2,483
Mainland China	889	656	44	14	933	670	(11)	(9)	922	661
	(note (ii)) 3,363	2,427	1,166	880	4,529	3,307	(196)	(163)	4,333	3,144
Department stores and supermarket-cum-stores operations										
– sale of own goods	603	(32)	–	–	603	(32)	(184)	14	419	(18)
– rental of consignment and concessionaire counters	142	61	–	–	142	61	(44)	(4)	98	57
	745	29	–	–	745	29	(228)	10	517	39
Hotel room operation	156	36	138	41	294	77	(78)	(18)	216	59
Other businesses	1,280	(30)	180	19	1,460	(11)	(398)	38	1,062	27
	9,552	2,806	3,667	812	13,219	3,618	(918)	(147)	12,301	3,471
Utility and energy	–	–	17,182	1,937	17,182	1,937	–	–	17,182	1,937
	9,552	2,806	20,849	2,749	30,401	5,555	(918)	(147)	29,483	5,408

Notes to the Unaudited Condensed Interim Financial Statements

10 Segment reporting (continued)

(a) Results of reportable segments (continued)

	Company and its subsidiaries (before deducting non-controlling interests)		Associates and joint ventures				Attributable to non-controlling interests		Attributable to equity shareholders of the Company	
	Revenue *(note (i))* HK$ million	Segment results HK$ million	Share of revenue HK$ million	Share of segment results HK$ million	Combined revenue HK$ million	Consolidated segment results HK$ million	Revenue HK$ million	Segment results HK$ million	Combined revenue HK$ million	Consolidated segment results HK$ million
For the six months ended 30 June 2025 (continued)										
Provision on inventories, net	(note 5)	(69)		(1)		(70)		-		(70)
Sales of property interests *(note 2)*	(note 5)	-		-		-		-		-
Unallocated head office and corporate expenses, net		(433)		(26)		(459)		(1)		(460)
Profit from operations		2,304		2,722		5,026		(148)		4,878
(Decrease)/increase in fair value of investment properties and investment properties under development		(427)		139		(288)		24		(264)
Finance costs	(note 6(a))	(1,205)		(697)		(1,902)		50		(1,852)
Bank interest income		272		56		328		(54)		274
Net finance costs		(933)		(641)		(1,574)		(4)		(1,578)
Profit before taxation		944		2,220		3,164		(128)		3,036
Income tax		430		(602)		(172)		44		(128)
Profit for the period		1,374		1,618		2,992		(84)		2,908

Notes:

(1) The revenue and segment results for the six months ended 30 June 2025 related to the sale of leasehold land, interest income from mortgage loans and interest income from property development joint ventures (of which revenue in the amounts of HK$2 million, HK$77 million and HK$Nil respectively and segment profit in the amounts of HK$1 million, HK$71 million and HK$Nil respectively) are classified under the "Property development" segment. The pre-tax profit contribution from the property development segment in Hong Kong for the six months ended 30 June 2025 also included the pre-tax gain attributable to reported profit in the aggregate amount of HK$240 million upon the resumption by the HKSAR Government of the Group's leasehold land during the period (note 5).

(2) The Group's attributable share of the realised cumulative fair value gain of investment properties disposed of during the six months ended 30 June 2025 amounted to HK$8 million (note 8(b)). Adding to it the Group's attributable share of net gain/loss attributable to reported profit on disposal of investment properties of HK$Nil (see above) for the six months ended 30 June 2025, the Group's attributable share of the realised gain from the sales of property interests attributable to underlying profit amounted to HK$8 million during the six months ended 30 June 2025.

Notes to the Unaudited Condensed Interim Financial Statements

10 Segment reporting (continued)

(a) Results of reportable segments (continued)

In relation to the share of profits less losses of associates and joint ventures:

	Property development HK$ million	Property leasing HK$ million	Hotel room operation HK$ million	Other businesses HK$ million	Sub-total HK$ million	Utility and energy HK$ million	Total HK$ million
For the six months ended 30 June 2025							
Share of profits less losses of associates *(note (iii))*							
– Material listed associate The Hong Kong and China Gas Company Limited	–	74	4	(427)	(349)	1,576	1,227
– Other listed associates and unlisted associates	–	(32)	–	85	53	–	53
	–	42	4	(342)	(296)	1,576	1,280
Share of profits less losses of joint ventures *(note (iv))*	(169)	631	16	(140)	338	–	338
	(169)	673	20	(482)	42	1,576	1,618

Notes to the Unaudited Condensed Interim Financial Statements

10 Segment reporting (continued)

(a) Results of reportable segments (continued)

	Company and its subsidiaries (before deducting non-controlling interests)		Associates and joint ventures				Attributable to non-controlling interests		Attributable to equity shareholders of the Company	
	Revenue (note (i)) HK$ million	Segment results HK$ million	Share of revenue HK$ million	Share of segment results HK$ million	Combined revenue HK$ million	Consolidated segment results HK$ million	Revenue HK$ million	Segment results HK$ million	Combined revenue HK$ million	Consolidated segment results HK$ million
For the six months ended 30 June 2024										
Property development									(note 1)	(note 1)
Hong Kong	4,927	1,523	11	(4)	4,938	1,519	(21)	(20)	4,917	1,499
Mainland China	16	(48)	2,835	22	2,851	(26)	–	(2)	2,851	(28)
	4,943	1,475	2,846	18	7,789	1,493	(21)	(22)	7,768	1,471
Property leasing										
Hong Kong	2,453	1,795	1,144	886	3,597	2,681	(194)	(169)	3,403	2,512
Mainland China	1,006	749	47	22	1,053	771	(10)	(7)	1,043	764
	(note (ii)) 3,459	2,544	1,191	908	4,650	3,452	(204)	(176)	4,446	3,276
Department stores and supermarket-cum-stores operations										
– sale of own goods	619	(41)	–	–	619	(41)	(188)	20	431	(21)
– rental of consignment and concessionaire counters	159	65	–	–	159	65	(49)	(1)	110	64
	778	24	–	–	778	24	(237)	19	541	43
Hotel room operation	165	45	125	31	290	76	(82)	(24)	208	52
Other businesses	2,417	19	182	149	2,599	168	(435)	21	2,164	189
	11,762	4,107	4,344	1,106	16,106	5,213	(979)	(182)	15,127	5,031
Utility and energy	–	–	17,860	1,901	17,860	1,901	–	–	17,860	1,901
	11,762	4,107	22,204	3,007	33,966	7,114	(979)	(182)	32,987	6,932

Notes to the Unaudited Condensed Interim Financial Statements

10 Segment reporting (continued)

(a) Results of reportable segments (continued)

		Company and its subsidiaries (before deducting non-controlling interests)		Associates and joint ventures				Attributable to non-controlling interests		Attributable to equity shareholders of the Company	
		Revenue (note (i)) HK$ million	Segment results HK$ million	Share of revenue HK$ million	Share of segment results HK$ million	Combined revenue HK$ million	Consolidated segment results HK$ million	Revenue HK$ million	Segment results HK$ million	Combined revenue HK$ million	Consolidated segment results HK$ million
For the six months ended 30 June 2024 (continued)											
Provision on inventories, net		(note 5)	(25)		–		(25)		–		(25)
Sales of property interests *(note 2)*		(note 5)	92		–		92		–		92
Unallocated head office and corporate expenses, net			(656)		(102)		(758)		6		(752)
Profit from operations			3,518		2,905		6,423		(176)		6,247
Decrease in fair value of investment properties and investment properties under development			(146)		(159)		(305)		(657)		(962)
Finance costs		(note 6(a))	(820)		(789)		(1,609)		46		(1,563)
Bank interest income			241		126		367		(69)		298
Net finance costs			(579)		(663)		(1,242)		(23)		(1,265)
Profit before taxation			2,793		2,083		4,876		(856)		4,020
Income tax			(286)		(605)		(891)		45		(846)
Profit for the period			2,507		1,478		3,985		(811)		3,174

Notes:

(1) The revenue and segment results for the corresponding six months ended 30 June 2024 related to the sale of leasehold land, interest income from mortgage loans and interest income from property development joint ventures (of which revenue in the amounts of HK$Nil, HK$105 million and HK$40 million respectively and segment profit in the amounts of HK$Nil, HK$96 million and HK$40 million respectively) are classified under the "Property development" segment. The pre-tax profit contribution from the property development segment in Hong Kong for the corresponding six months ended 30 June 2024 also included the pre-tax gain attributable to reported profit in the aggregate amount of HK$1,059 million upon the resumption by the HKSAR Government of the Group's leasehold land during the period (note 5).

(2) The Group's attributable share of the realised cumulative fair value gain of investment properties disposed of during the corresponding six months ended 30 June 2024 amounted to HK$1,447 million (note 8(b)). Adding to it the Group's attributable share of net gain attributable to reported profit on disposal of investment properties of HK$92 million (see above) for the corresponding six months ended 30 June 2024, the Group's attributable share of the realised gain from the sales of property interests attributable to underlying profit amounted to HK$1,539 million during the corresponding six months ended 30 June 2024.

Notes to the Unaudited Condensed Interim Financial Statements

10 Segment reporting (continued)

(a) Results of reportable segments (continued)

In relation to the share of profits less losses of associates and joint ventures:

	Property development HK$ million	Property leasing HK$ million	Hotel room operation HK$ million	Other businesses HK$ million	Sub-total HK$ million	Utility and energy HK$ million	Total HK$ million
For the six months ended 30 June 2024							
Share of profits less losses of associates *(note (iii))*							
– Material listed associate The Hong Kong and China Gas Company Limited	–	76	2	(349)	(271)	1,533	1,262
– Other listed associates and unlisted associates	3	(11)	–	68	60	–	60
	3	65	2	(281)	(211)	1,533	1,322
Share of profits less losses of joint ventures *(note (iv))*	(120)	372	6	(102)	156	–	156
	(117)	437	8	(383)	(55)	1,533	1,478

Notes:

(i) The revenue figures above are arrived at after the elimination of inter-segment revenues, in the amounts of HK$216 million (2024: HK$225 million) and HK$1,238 million (2024: HK$1,453 million) in relation to the reportable segments under "Property leasing" and "Others", respectively.

(ii) Revenue for the "Property leasing" segment comprised rental income of HK$2,890 million (2024: HK$2,993 million) and rental-related income of HK$473 million (2024: HK$466 million), which in aggregate amounted to HK$3,363 million for the six months ended 30 June 2025 (2024: HK$3,459 million) (see note 4).

(iii) The Group's share of profits less losses of associates contributed from the "Property leasing" segment during the period of HK$42 million (2024: HK$65 million) included the Group's attributable share of net decrease in fair value of investment properties (net of deferred tax) during the period of HK$107 million (2024: HK$87 million) (see note 11(c)).

The Group's share of losses less profits of associates contributed from the "Other businesses" segment during the period of HK$342 million (2024: HK$281 million) included the Group's attributable share of profit after tax from hotel management (other than hotel room operation) during the period of HK$1 million (2024: HK$1 million).

(iv) The Group's share of profits less losses of joint ventures contributed from the "Property leasing" segment during the period of HK$631 million (2024: HK$372 million) included the Group's attributable share of net increase in fair value of investment properties (net of deferred tax) during the period of HK$183 million (2024: attributable share of net decrease in fair value of investment properties (net of deferred tax) of HK$68 million) (see note 11(c)).

The Group's share of losses less profits of joint ventures contributed from the "Other businesses" segment during the period of HK$140 million (2024: HK$102 million) included the Group's attributable share of profit after tax from hotel management (other than hotel room operation) during the period of HK$4 million (2024: HK$3 million).

Notes to the Unaudited Condensed Interim Financial Statements

10 Segment reporting (continued)

(b) Geographical information

The following table sets out information about the geographical segment location of (i) the Group's revenue from external customers; and (ii) the Group's investment properties, other property, plant and equipment, right-of-use assets, goodwill, trademarks, interests in associates and joint ventures (together, the "Specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the Specified non-current assets is based on the physical location of the asset in the case of investment properties, other property, plant and equipment and right-of-use assets, the location of the operation to which the cash-generating unit(s) is(are) allocated in the case of goodwill and trademarks, and the location of operations in the case of interests in associates and joint ventures.

	Revenue from external customers		Specified non-current assets	
	For the six months ended 30 June		At 30 June	At 31 December
	2025	2024	**2025**	2024
	HK$ million	HK$ million	**HK$ million**	HK$ million
Hong Kong	**7,423**	10,502	**343,184**	338,042
Mainland China	**2,129**	1,260	**67,905**	67,962
The United Kingdom	**–**	–	**40**	36
	9,552	11,762	**411,129**	406,040
	(note 4)	(note 4)		

(c) Other segment information

	Depreciation and amortisation		Impairment loss on trade debtors, net	
	For the six months ended 30 June		For the six months ended 30 June	
	2025	2024	**2025**	2024
	HK$ million	HK$ million	**HK$ million**	HK$ million
Property development	**26**	27	**4**	8
Property leasing	**12**	14	**5**	2
Department stores and supermarket-cum-stores operations				
– sale of own goods	**65**	77	**–**	–
– rental of consignment and concessionaire counters	**3**	3	**–**	–
Hotel room operation	**37**	38	**–**	–
Other businesses	**88**	88	**–**	–
	231	247	**9**	10
	(note 6(c))	(note 6(c))	**(note 5)**	(note 5)

Notes to the Unaudited Condensed Interim Financial Statements

11 Investment properties

(a) Acquisitions

During the six months ended 30 June 2025, the Group did not acquire any investment properties.

During the corresponding six months ended 30 June 2024, the Group acquired certain investment properties and investment properties under development in Hong Kong in the aggregate carrying value of HK$295 million through acquisitions of subsidiaries.

(b) Disposals

Items of investment properties with an aggregate carrying value of HK$11 million were disposed of during the six months ended 30 June 2025 (2024: HK$2,352 million), resulting in an aggregate net gain or loss on disposal of HK$Nil for the period (2024: an aggregate net gain on disposal of HK$92 million) (see note 5).

(c) Fair value measurement of investment properties and investment properties under development

Valuation process

The Group's investment properties and investment properties under development were revalued at 30 June 2025 by Cushman & Wakefield Limited, a firm of professional surveyors who have among their staff Members of The Hong Kong Institute of Surveyors with recent experience in the location and category of properties being valued, on a market value basis.

The Group's management has reviewed the valuation results performed by the surveyors for financial reporting purposes by verifying all major inputs and assumptions, and assessing the reasonableness of property valuation. Such valuation is performed at each interim and annual reporting date and is reviewed and approved by senior management.

Valuation methodologies

The valuations of completed investment properties in Hong Kong and mainland China were primarily based on income capitalisation approach which capitalised the net income of the properties and taking into account the reversionary potential of the properties after expiry of the current lease.

For certain investment properties in Hong Kong and mainland China which are still under development, the valuations were determined on redevelopment basis and by estimating the fair value of such properties as if they were completed in accordance with the relevant development plan and then deducting from that amount the estimated costs to complete the construction, financing costs and a reasonable profit margin.

Notes to the Unaudited Condensed Interim Financial Statements

11 Investment properties (continued)

(c) Fair value measurement of investment properties and investment properties under development (continued)

Valuation

As a result, a net fair value loss on the Group's investment properties and investment properties under development in Hong Kong and mainland China (after deducting non-controlling interests' attributable share and deferred tax), excluding those held by associates and joint ventures, in the amount of HK$208 million (2024: HK$665 million) has been recognised in the consolidated statement of profit or loss for the six months ended 30 June 2025 (see note 8(b)).

In aggregate, the Group's attributable share of the net fair value losses (net of deferred tax) on investment properties and investment properties under development held by subsidiaries, associates and joint ventures for the six months ended 30 June 2025 amounted to HK$132 million (2024: HK$820 million).

A reconciliation of the abovementioned figures is as follows:

For the six months ended 30 June 2025

	Hong Kong HK$ million	Mainland China HK$ million	Total HK$ million
Fair value gain/(loss) on investment properties and investment properties under development held by			
– subsidiaries			
(before deducting non-controlling interests' attributable share and deferred tax)	**313**	**(740)**	**(427)**
Add/(Less):			
Deferred tax	**–**	**166**	**166**
Non-controlling interests' attributable share of the net fair value loss/(gain) (net of deferred tax)	**57**	**(4)**	**53**
(after deducting non-controlling interests' attributable share and deferred tax) (note 8(b))	**370**	**(578)**	**(208)**
– associates			
(Group's attributable share) (notes 8(b) and 10(a)(iii))	**(108)**	**1**	**(107)**
– joint ventures			
(Group's attributable share) (notes 8(b) and 10(a)(iv))	**(40)**	**223**	**183**
	222	**(354)**	**(132)**

Notes to the Unaudited Condensed Interim Financial Statements

11 Investment properties (continued)

(c) Fair value measurement of investment properties and investment properties under development (continued)

Valuation (continued)

A reconciliation of the abovementioned figures is as follows: (continued)

For the six months ended 30 June 2024

	Hong Kong HK$ million	Mainland China HK$ million	Total HK$ million
Fair value gain/(loss) on investment properties and investment properties under development held by			
– subsidiaries			
(before deducting non-controlling interests' attributable share and deferred tax)	443	(589)	(146)
Add/(Less):			
Deferred tax	–	136	136
Non-controlling interests' attributable share of the net fair value gain (net of deferred tax)	(647)	(8)	(655)
(after deducting non-controlling interests' attributable share and deferred tax) (note 8(b))	(204)	(461)	(665)
– associates (Group's attributable share) (notes 8(b) and 10(a)(iii))	(87)	–	(87)
– joint ventures (Group's attributable share) (notes 8(b) and 10(a)(iv))	48	(116)	(68)
	(243)	(577)	(820)

Notes to the Unaudited Condensed Interim Financial Statements

12 Goodwill

Goodwill of HK$262 million (31 December 2024: HK$262 million) had arisen from the acquisition of UNY (HK) Co., Limited (which was subsequently renamed as Unicorn Stores (HK) Limited on 27 July 2018) by Henderson Investment Limited, a listed subsidiary of the Company, in May 2018.

The directors of the Company ("Directors") have assessed that there was no impairment on the goodwill at 30 June 2025 and 31 December 2024.

13 Derivative financial instruments

	At 30 June 2025		At 31 December 2024	
	Assets HK$ million	**Liabilities HK$ million**	Assets HK$ million	Liabilities HK$ million
Cash flow hedges:				
Cross currency interest rate swap contracts (note 21(a)(i))	**21**	**817**	6	1,422
Interest rate swap contracts (note 21(a)(i))	**98**	**3**	264	–
Total cash flow hedges	**119**	**820**	270	1,422
Fair value through profit or loss:				
Cross currency swap contracts (note 21(a)(i))	**–**	**28**	–	89
Interest rate swap contracts (note 21(a)(i))	**228**	**81**	301	162
Foreign exchange forward contracts (note 21(a)(i))	**7**	**29**	–	–
	235	**138**	301	251
	354	**958**	571	1,673
Representing:				
Non-current portion	**312**	**671**	514	996
Current portion (notes 16 and 18)	**42**	**287**	57	677
	354	**958**	571	1,673

Details of the Group's derivative financial instruments under cash flow hedges and economic hedges which hedge against interest rate risk, foreign currency risk and both the foreign currency and interest rate risks, in relation to the Group's bank loans and guaranteed notes at 30 June 2025 and 31 December 2024 are set out in note 19 and note 20 respectively to these condensed interim financial statements.

Notes to the Unaudited Condensed Interim Financial Statements

14 Other financial assets

	At 30 June 2025 HK$ million	At 31 December 2024 HK$ million
Investments designated as financial assets at FVOCI (non-recycling)		
Investments in equity securities		
Unlisted (note 21(a)(i))	**56**	38
Listed (note 21(a)(i)):		
– in Hong Kong	**113**	259
– outside Hong Kong	**–**	47
	169	344
Investments measured as financial assets at FVPL		
Investments in other securities		
Listed (note 21(a)(i)):		
– in Hong Kong	**22**	20
	22	20
Financial assets measured at amortised cost		
Corporate bonds	**9**	13
Instalments receivable	**2,922**	3,205
Loans receivable	**1,593**	1,029
	4,524	4,247
	4,715	4,611

(a) Instalments receivable

Instalments receivable represent the proceeds receivable from the sale of properties due after more than one year from the end of the reporting period. The balance included in "Other financial assets" was not past due at 30 June 2025 and 31 December 2024. Instalments receivable due within one year from the end of the reporting period are included in "Trade and other receivables" under current assets (see note 16).

Instalments receivable, which are due within one year (see note 16) and after more than one year from the end of the reporting period, included an amount of HK$2,343 million (31 December 2024: HK$2,583 million) representing the aggregate attributable amounts of the outstanding mortgage loans advanced by the Group to the property buyers and which were already drawdown by the property buyers at the end of the reporting period.

Notes to the Unaudited Condensed Interim Financial Statements

14 Other financial assets (continued)

(b) Loans receivable

The Group's loans receivable comprised the following amounts:

	At 30 June 2025 HK$ million	At 31 December 2024 HK$ million
Secured loans	**1,023**	920
Unsecured loans	**570**	109
	1,593	1,029

At 30 June 2025, except for an amount of HK$536 million (31 December 2024: HK$536 million) which is interest-bearing at Hong Kong Interbank Offered Rate ("HIBOR") plus 2.25% (31 December 2024: HIBOR plus 2.25%) per annum, the remaining balance of the abovementioned secured loans in the aggregate amount of HK$487 million (31 December 2024: HK$384 million) is interest-bearing at fixed interest rate of 5.5% (31 December 2024: 5.5%) per annum.

At 30 June 2025, except for an amount of HK$460 million (31 December 2024: Nil) which is interest-bearing at fixed interest rate of 9.0% (31 December 2024: Nil), the remaining balance of the abovementioned unsecured loans in the aggregate amount of HK$110 million (31 December 2024: HK$109 million) is interest-bearing at the floating interest rate of Renminbi ("RMB") Loan Prime Rate plus 0.15% (31 December 2024: ranging from 20% below the RMB Loan Prime Rate to RMB Loan Prime Rate plus 0.15%) per annum.

These balances are due after more than one year from the end of the reporting period and were not past due at 30 June 2025 and 31 December 2024.

The balances of loans receivable which are expected to be recovered within one year from the end of the reporting period have been classified as "Trade and other receivables" under current assets (see note 16). The balances were not past due at 30 June 2025 and 31 December 2024.

Notes to the Unaudited Condensed Interim Financial Statements

15 Inventories

	At 30 June 2025 HK$ million	At 31 December 2024 HK$ million
Property development		
Leasehold land held for development for sale	**9,524**	9,495
Properties held for/under development for sale	**38,131**	42,281
Completed properties for sale	**36,447**	33,693
	84,102	85,469
Other operations		
Trading stocks and consumable stores	**132**	139
	84,234	85,608

16 Trade and other receivables

	At 30 June 2025 HK$ million	At 31 December 2024 HK$ million
(i) Debtors and current receivables		
Trade receivables	**282**	310
Instalments receivable (note 14(a))	**91**	103
Sub-total: Trade debtors	**373**	413
Other debtors	**5,137**	5,692
Prepayments and deposits	**3,656**	4,208
Gross amount due from customers for contract work[^]	**16**	15
Amounts due from associates	**29**	27
Amounts due from joint ventures	**57**	203
	9,268	10,558
(ii) Other current financial assets		
Loans receivable (note 14(b))	**2,121**	2,557
Financial assets measured at FVPL (note 21(a)(i))	**1,047**	851
Derivative financial instruments (note 13)	**42**	57
	3,210	3,465
	12,478	14,023

[^] *This balance represented the excess of cumulative revenue recognised in profit or loss over the cumulative payments made by customers at the end of the reporting period, and was recognised as contract asset.*

Notes to the Unaudited Condensed Interim Financial Statements

16 Trade and other receivables (continued)

Included in other debtors is an amount receivable of HK$1,864 million (31 December 2024: HK$1,864 million) which was overdue at 30 June 2025, but which is pledged against certain collaterals provided by the debtor.

Loans receivable, of which HK$807 million (31 December 2024: HK$795 million) are secured and interest-bearing at interest rates ranging from 3.8% to 5.5% and HIBOR plus 2.25% (31 December 2024: ranging from 3.8% to 5.5% and HIBOR plus 2.25%) per annum, and HK$1,314 million (31 December 2024: HK$1,762 million) are unsecured and interest-bearing at interest rates ranging from 6.0% to 8.0% (31 December 2024: ranging from 6.0% to 9.0%) per annum, are both expected to be recovered within one year from the end of the reporting period, and were both not past due at 30 June 2025 and 31 December 2024.

All of the trade and other receivables are expected to be recovered or recognised as expense within one year except for various deposits, prepayments and other debtors of HK$4,092 million (31 December 2024: HK$4,185 million) which are expected to be recovered after more than one year from the end of the reporting period.

The amounts due from associates and joint ventures at 30 June 2025 and 31 December 2024 are unsecured, interest-free, have no fixed terms of repayment and were not past due at 30 June 2025 and 31 December 2024.

At the end of the reporting period, the ageing analysis of trade debtors (which are included in trade and other receivables), based on the dates of invoices or demand notes and net of loss allowance, is as follows:

	At 30 June 2025 HK$ million	At 31 December 2024 HK$ million
Current or up to 1 month	**242**	252
More than 1 month and up to 3 months	**52**	66
More than 3 months and up to 6 months	**21**	33
More than 6 months	**58**	62
	373	413

Regular review and follow-up actions are carried out on overdue amounts of instalments receivable from sale of properties and loans receivable which enable management to assess their recoverability and to minimise exposure to credit risk. In relation to property sales for which the buyers have entered into mortgage loans advanced by the Group, management mitigates the credit risk by holding collateral in the form of properties to cover the amounts of mortgage loans advanced by the Group to the property buyers. In respect of rental income from leasing properties, monthly rents are received in advance and sufficient rental deposits are held to cover potential exposure to credit risk.

Notes to the Unaudited Condensed Interim Financial Statements

16 Trade and other receivables (continued)

For other trade receivables, credit terms given to customers are generally based on the financial strength and repayment history of each customer, and (i) for property sales transactions, credit terms are granted to buyers in accordance with the sales plans of the projects; and (ii) for property leasing transactions, credit terms granted to tenants generally ranged between 30 days and 60 days from the due date. As such, the Group does not obtain collateral from its customers. An ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with the receivables. Adequate allowances for impairment losses have been made for estimated irrecoverable amounts.

The Group has made advances to certain associates and certain joint ventures in Hong Kong and mainland China (included within the Group's interests in associates and joint ventures and loans receivable respectively) which are interest-bearing, unsecured, have no fixed repayment terms and have various repayment dates. Management assesses the credit risk on the loans receivable from such associates and joint ventures based on their financial conditions and the profitability of the projects operated by such associates and joint ventures, as well as the counterparty risks of the joint venture partners with reference to their credit ratings and market conditions.

17 Cash and bank balances

	At 30 June 2025 HK$ million	At 31 December 2024 HK$ million
Deposits with banks and other financial institutions	**13,695**	15,765
Cash at bank and in hand	**2,905**	2,154
Cash and bank balances in the consolidated statement of financial position	**16,600**	17,919
Less:		
Deposits with banks and other financial institutions over three months of maturity at acquisition	**(9,967)**	(6,912)
Cash restricted for use	**(177)**	(222)
Cash and cash equivalents in the condensed consolidated cash flow statement	**6,456**	10,785

At 30 June 2025, cash and bank balances in the consolidated statement of financial position included bank balances in the aggregate amount of HK$177 million (31 December 2024: HK$222 million) which were restricted for use and comprised the guarantee deposits for the construction of certain property development projects under pre-sales in mainland China.

Notes to the Unaudited Condensed Interim Financial Statements

18 Trade and other payables

	At 30 June 2025 HK$ million	At 31 December 2024 HK$ million
Creditors and accrued expenses	**7,782**	8,597
Gross amount due to customers for contract work[#]	**5**	5
Rental and other deposits received	**2,069**	2,007
Forward sales deposits received and other contract liabilities[#]	**5,032**	5,672
Derivative financial instruments (note 13)	**287**	677
Amounts due to associates	**1,573**	1,543
Amounts due to joint ventures	**7,716**	8,310
	24,464	26,811

[#] *These balances represented the excess of cumulative payments made by customers over the cumulative revenue recognised in profit or loss at the end of the reporting period, and were recognised as contract liabilities.*

At the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the due dates for settlement, is as follows:

	At 30 June 2025 HK$ million	At 31 December 2024 HK$ million
Due within 1 month or on demand	**1,188**	1,574
Due after 1 month but within 3 months	**607**	631
Due after 3 months but within 6 months	**328**	260
Due after 6 months	**2,692**	2,719
	4,815	5,184

The amounts due to associates and joint ventures at 30 June 2025 and 31 December 2024 are unsecured, interest-free and have no fixed terms of repayment except for aggregate amounts due to certain associates and certain joint ventures of HK$995 million (31 December 2024: HK$1,082 million) which are unsecured, interest-bearing at interest rates ranging from 2.45% to 2.92% and RMB Loan Prime Rate minus 0.65% to RMB Loan Prime Rate (31 December 2024: ranging from 2.45% to 2.80% and 20% below the RMB Loan Prime Rate) per annum and wholly repayable between 4 July 2025 and 22 April 2026 (31 December 2024: between 28 January 2025 and 19 December 2025).

Notes to the Unaudited Condensed Interim Financial Statements

19 Bank loans

During the six months ended 30 June 2025, the Group obtained new bank loans amounting to HK$38,896 million (2024: HK$25,198 million) and repaid bank loans amounting to HK$32,215 million (2024: HK$29,666 million). The new bank loans bear interest at rates ranging from 0.16% to 5.30% (2024: ranging from 2.32% to 6.24%) per annum.

At 30 June 2025 and 31 December 2024, all of the bank loans of the Group were unsecured.

Set out below is a table which summarises the Group's hedging arrangement in relation to the Group's bank loans at 30 June 2025 and 31 December 2024:

	At 30 June 2025				At 31 December 2024			
			Notional amount				Notional amount	
Hedged item	Denominating currency	Hedging risk category	in original currency million	in Hong Kong dollars million	Denominating currency	Hedging risk category	in original currency million	in Hong Kong dollars million
(I) Hedging arrangement at the end of the reporting period								
(a) Under cash flow hedge								
Bank loans	Hong Kong dollar	(i)	**400**	**400**				
	Renminbi	(ii)	**1,000**	**1,096**	Renminbi	(ii)	1,000	1,063
	Japanese Yen	(iii)	**43,000**	**2,342**	Japanese Yen	(iii)	58,000	2,882
Sub-total: under cash flow hedge				**3,838**				3,945
(b) Under economic hedge								
Bank loans	Hong Kong dollar	(i)	**4,500**	**4,500**	Hong Kong dollar	(i)	2,700	2,700
Sub-total: under economic hedge				**4,500**				2,700
Total: Hedging arrangement at the end of the reporting period				**8,338**				6,645
(II) No hedging arrangement at the end of the reporting period								
Bank loans	Hong Kong dollar		**55,358**	**55,358**	Hong Kong dollar		50,896	50,896
	Renminbi		**5,867**	**6,430**	Renminbi		4,846	5,197
Total: No hedging arrangement at the end of the reporting period				**61,788**				56,093
				70,126				62,738
Less: Deferred expenditure set-off				**(162)**				(111)
Total bank loans (in Hong Kong dollar equivalent)				**69,964**				62,627

Notes to the Unaudited Condensed Interim Financial Statements

19 Bank loans (continued)

Set out below is a table which summarises the Group's hedging arrangement in relation to the Group's bank loans at 30 June 2025 and 31 December 2024: (continued)

Notes:

Category (i): Interest rate risk was being hedged

Category (ii): Foreign currency risk was being hedged

Category (iii): Foreign currency and interest rate risks were being hedged

The Group's bank loans were repayable as follows:

	At 30 June 2025 HK$ million	At 31 December 2024 HK$ million
Within 1 year and included in current liabilities	**8,672**	8,001
After 1 year and included in non-current liabilities		
– After 1 year but within 2 years	**13,965**	17,359
– After 2 years but within 5 years	**33,669**	19,028
– After 5 years	**13,658**	18,239
	61,292	54,626
	69,964	62,627

20 Guaranteed notes

During the six months ended 30 June 2025, under the Group's Medium Term Note Programme, the Group issued two guaranteed notes denominated in Hong Kong dollars in the aggregate amount of HK$400 million (before deducting issuance expenses of HK$1 million) (2024: the Group issued a guaranteed note denominated in Hong Kong dollars in the amount of HK$300 million with no issuance expenses) with tenures of two years and three years (2024: two years), and repaid guaranteed notes in the aggregate equivalent principal amount of HK$9,619 million (2024: HK$4,468 million).

Notes to the Unaudited Condensed Interim Financial Statements

20 Guaranteed notes (continued)

Set out below is a table which summarises the Group's hedging arrangement in relation to the Group's guaranteed notes at 30 June 2025 and 31 December 2024:

Hedged item	At 30 June 2025 Denominating currency	Hedging risk category	Notional amount in original currency million	Notional amount in Hong Kong dollars million	At 31 December 2024 Denominating currency	Hedging risk category	Notional amount in original currency million	Notional amount in Hong Kong dollars million
(I) Hedging arrangement at the end of the reporting period								
(a) Under cash flow hedge								
Guaranteed notes					Hong Kong dollar	(i)	968	968
	Renminbi	(ii)	**955**	**1,046**	Renminbi	(ii)	955	1,016
	United States dollar	(ii)	**30**	**235**	United States dollar	(ii)	630	4,890
	United States dollar	(iii)	**300**	**2,355**	United States dollar	(iii)	300	2,329
	Japanese Yen	(iii)	**1,994**	**109**	Japanese Yen	(iii)	1,994	99
Sub-total: under cash flow hedge				**3,745**				9,302
(b) Under economic hedge								
Guaranteed notes	Hong Kong dollar	(i)	**3,340**	**3,340**	Hong Kong dollar	(i)	3,815	3,815
	United States dollar	(ii)	**10**	**78**	United States dollar	(ii)	113	876
	Renminbi	(ii)	**500**	**548**	Renminbi	(ii)	1,100	1,170
Sub-total: under economic hedge				**3,966**				5,861
Total: Hedging arrangement at the end of the reporting period				**7,711**				15,163
(II) No hedging arrangement at the end of the reporting period								
Guaranteed notes	Hong Kong dollar		**2,822**	**2,822**	Hong Kong dollar		4,472	4,472
Total: No hedging arrangement at the end of the reporting period				**2,822**				4,472
				10,533				19,635
Less: Deferred expenditure set-off				**(21)**				(26)
Total guaranteed notes (in Hong Kong dollar equivalent)				**10,512**				19,609

Notes to the Unaudited Condensed Interim Financial Statements

20 Guaranteed notes (continued)

Set out below is a table which summarises the Group's hedging arrangement in relation to the Group's guaranteed notes at 30 June 2025 and 31 December 2024: (continued)

Notes:

Category (i): Interest rate risk was being hedged

Category (ii): Foreign currency risk was being hedged

Category (iii): Foreign currency and interest rate risks were being hedged

The Group's guaranteed notes were repayable as follows:

	At 30 June 2025 HK$ million	At 31 December 2024 HK$ million
Within 1 year and included in current liabilities	**2,692**	9,585
After 1 year and included in non-current liabilities		
– After 1 year but within 2 years	**491**	2,722
– After 2 years but within 5 years	**4,713**	3,796
– After 5 years	**2,616**	3,506
	7,820	10,024
	10,512	19,609

Notes to the Unaudited Condensed Interim Financial Statements

21 Fair value measurement of financial instruments

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

The following tables present the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

Notes to the Unaudited Condensed Interim Financial Statements

21 Fair value measurement of financial instruments (continued)

(a) Financial assets and liabilities measured at fair value (continued)

(i) Fair value hierarchy (continued)

	Fair value at 30 June 2025 HK$ million	Fair value measurements at 30 June 2025 categorised into		
		Level 1 HK$ million	Level 2 HK$ million	Level 3 HK$ million
Recurring fair value measurement				
Financial assets:				
Investments in equity securities designated as financial assets at FVOCI (non-recycling):				
– Unlisted (note 14)	**56**	**–**	**–**	**56**
– Listed (note 14)	**113**	**113**	**–**	**–**
Investments in other securities measured as financial assets at FVPL:				
– Listed (note 14)	**22**	**22**	**–**	**–**
Financial assets measured at FVPL (note 16)	**1,047**	**441**	**111**	**495**
Derivative financial instruments:				
– Cross currency interest rate swap contracts (note 13)	**21**	**–**	**21**	**–**
– Interest rate swap contracts (note 13)	**326**	**–**	**326**	**–**
– Foreign exchange forward contracts (note 13)	**7**	**–**	**7**	**–**
Financial liabilities:				
Derivative financial instruments:				
– Cross currency interest rate swap contracts (note 13)	**817**	**–**	**817**	**–**
– Cross currency swap contracts (note 13)	**28**	**–**	**28**	**–**
– Interest rate swap contracts (note 13)	**84**	**–**	**84**	**–**
– Foreign exchange forward contracts (note 13)	**29**	**–**	**29**	**–**

Notes to the Unaudited Condensed Interim Financial Statements

21 Fair value measurement of financial instruments (continued)

(a) Financial assets and liabilities measured at fair value (continued)

(i) Fair value hierarchy (continued)

	Fair value at 31 December 2024 HK$ million	Fair value measurements at 31 December 2024 categorised into		
		Level 1 HK$ million	Level 2 HK$ million	Level 3 HK$ million
Recurring fair value measurement				
Financial assets:				
Investments in equity securities designated as financial assets at FVOCI (non-recycling):				
– Unlisted (note 14)	38	–	–	38
– Listed (note 14)	306	306	–	–
Investments in other securities measured as financial assets at FVPL:				
– Listed (note 14)	20	20	–	–
Financial assets measured at FVPL (note 16)	851	187	172	492
Derivative financial instruments:				
– Cross currency interest rate swap contracts (note 13)	6	–	6	–
– Interest rate swap contracts (note 13)	565	–	565	–
Financial liabilities:				
Derivative financial instruments:				
– Cross currency interest rate swap contracts (note 13)	1,422	–	1,422	–
– Cross currency swap contracts (note 13)	89	–	89	–
– Interest rate swap contracts (note 13)	162	–	162	–

During the six months ended 30 June 2025, there were no transfers between Level 1 and Level 2, or transfers into and out of Level 3 (2024: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the reporting period during which they occur.

Notes to the Unaudited Condensed Interim Financial Statements

21 Fair value measurement of financial instruments (continued)

(a) Financial assets and liabilities measured at fair value (continued)

(ii) Valuation techniques and inputs used in Level 2 fair value measurement

The fair values of cross currency interest rate swap contracts, cross currency swap contracts, interest rate swap contracts and foreign exchange forward contracts are calculated as the present value of the estimated future cash flows based on the terms and maturity of each contract, taking into account the current interest rates and the current creditworthiness of the swap counterparties.

(b) Financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments measured at cost or amortised cost are not materially different from their fair values at 30 June 2025 and 31 December 2024, except as follows:

– **Amounts due from certain associates and certain joint ventures, and amounts due to certain associates and certain joint ventures**

Amounts due from certain associates and certain joint ventures, and amounts due to certain associates and certain joint ventures are unsecured, interest-free and have no fixed terms of repayment. Given these terms it is not meaningful to quantify their fair values and therefore they are stated at cost.

Notes to the Unaudited Condensed Interim Financial Statements

22 Capital commitments

At 30 June 2025 and 31 December 2024, the Group had capital commitments not provided for in these condensed interim financial statements as follows:

	At 30 June 2025 HK$ million	At 31 December 2024 HK$ million
(a) Contracted for the acquisition of property and future development expenditure and the related costs of internal fixtures and fittings	**9,594**	10,062
Future development expenditure and the related costs of internal fixtures and fittings approved by the Directors but not contracted for	**7,363**	8,968
	16,957	19,030
(b) In relation to the capital commitments undertaken by joint ventures and certain associates attributable to the Group:		
Contracted for the acquisition of property and future development expenditure and the related costs of internal fixtures and fittings	**2,760**	3,288
Future development expenditure and the related costs of internal fixtures and fittings approved by the Directors but not contracted for	**1,233**	2,378
	3,993	5,666

Notes to the Unaudited Condensed Interim Financial Statements

23 Contingent liabilities

At 30 June 2025 and 31 December 2024, contingent liabilities of the Group were as follows:

(a) an amount of HK$11 million (31 December 2024: HK$11 million) relating to the Group's undertaking to indemnify Sunlight Real Estate Investment Trust ("Sunlight REIT") for any tax liabilities relating to events occurred on or before the completion of the sale of certain subsidiaries and shareholders' loans to Sunlight REIT (the "Completion") in December 2006, clawback of commercial building allowances and capital allowances granted up to the Completion and reclassification of the properties before or upon the Completion, pursuant to Deeds of Tax Covenant entered into between the Group and Sunlight REIT;

(b) an aggregate attributable amount of HK$239 million (31 December 2024: HK$245 million) relating to performance bonds, guarantees and undertakings for the due and proper performance of the obligations of the Group's projects held by subsidiaries and joint ventures;

(c) an amount of HK$2,523 million (31 December 2024: HK$2,647 million) relating to guarantees given by the Group to financial institutions on behalf of purchasers of property units of the Group's development projects in mainland China in relation to which the related Building Ownership Certificate (房產證) had not yet been issued at 30 June 2025 (and such guarantees will be released upon the issuance of the Building Ownership Certificate);

(d) an amount of HK$430 million (31 December 2024: HK$430 million) relating to the Group's attributable and proportional share (in accordance with the Group's attributable interest in a joint venture engaged in the development of commercial properties in "Citygate", Tung Chung, Lantau Island, Hong Kong and in which the Group has a 20% interest) of contingent liabilities in respect of an irrevocable, unconditional and several guarantee given by the Group to the lending bank in relation to the amount drawn down on a loan facility which was entered into on 25 April 2025 between such lending bank and the joint venture (which refinanced the previous loan pursuant to the loan facility agreement dated 26 April 2021);

(e) amounts of Nil (31 December 2024: HK$1,670 million), HK$2,100 million (31 December 2024: HK$2,100 million), HK$1,314 million (31 December 2024: HK$1,314 million) and HK$2,940 million (31 December 2024: HK$2,940 million) relating to the Group's attributable and proportional shares (in accordance with the Group's attributable interests in four joint ventures engaged in the development of residential properties at The Kai Tak Development Area, and in which the Group has 29.3% interest, 30% interest, 18% interest and 30% interest respectively) of contingent liabilities in respect of irrevocable, unconditional and several guarantees given by the Group to certain lending banks in relation to the maximum amounts which may be drawn down on certain loan facilities which were entered into on 8 July 2019 (and which had expired on 28 February 2025 following the full repayment of the loan by the shareholders of the joint venture (including the Group)), 4 December 2019, 1 June 2020 and 30 October 2020 respectively between such lending banks and the four joint ventures;

Notes to the Unaudited Condensed Interim Financial Statements

23 Contingent liabilities (continued)

At 30 June 2025 and 31 December 2024, contingent liabilities of the Group were as follows: (continued)

(f) an irrevocable and unconditional guarantee issued by the Company in favour of Urban Renewal Authority ("URA") to undertake and guarantee the fulfilment of all the obligations of a wholly-owned subsidiary of the Company (the "Developer") under the Development Agreement dated 12 October 2021 between URA and the Developer which relates to the development of a site owned by URA at Bailey Street/Wing Kwong Street, To Kwa Wan, Kowloon, Hong Kong. The said guarantee has been replaced by a new guarantee dated 24 February 2022 ("New Guarantee") which was executed by the Company, Empire Development Hong Kong (BVI) Limited ("Empire") and Hysan Development Company Limited ("Hysan") as guarantors in favour of URA in relation to the change in the shareholding structure of the Developer which was completed on 24 February 2022, as a result of which the Group, Empire and Hysan are beneficially interested in 50%, 25% and 25% respectively in the resultant issued share capital of the Developer. Under the New Guarantee, the Group's contingent liabilities shall be reduced to such amount representing the Group's 50% attributable interest in the Developer as a joint venture; and

(g) as a consequence of a loan facility of up to HK$6,556 million entered into between two lending banks and the Developer (as defined above) on 29 December 2023 (and upon drawdown, part of such proceeds refinanced the previous loan pursuant to the loan facility agreement dated 25 July 2022 of up to HK$3,276 million entered into between a lending bank and the Developer and which matured on 28 January 2024), the Group was exposed to contingent liabilities of up to HK$3,278 million at 30 June 2025 (31 December 2024: up to HK$3,278 million) in respect of an irrevocable, unconditional and several guarantee given by the Group to the said lending banks in relation to the repayment obligations for 50% of the maximum amount which may be drawn down by the Developer on such loan facility, and which is attributable and proportional to the Group's 50% equity interest in the Developer as a joint venture.

Notes to the Unaudited Condensed Interim Financial Statements

24 Material related party transactions

In addition to the transactions and balances disclosed elsewhere in these condensed interim financial statements, the Group entered into the following material related party transactions during the periods:

(a) Transactions with fellow subsidiaries

Details of material related party transactions during the periods between the Group and its fellow subsidiaries are as follows:

	For the six months ended 30 June	
	2025	2024
	HK$ million	HK$ million
Other interest expense and borrowing costs *(note (i))*	**1,109**	1,474
Administration fee income *(note (ii))*	**6**	6
Rental income *(note (iii))*	**5**	3
Consideration paid for the acquisition of properties through acquisition of subsidiaries *(note (iii))*	**–**	44

(b) Transactions with associates and joint ventures

Details of material related party transactions during the periods between the Group and its associates and joint ventures are as follows:

	For the six months ended 30 June	
	2025	2024
	HK$ million	HK$ million
Construction income *(note (iii))*	**2**	1,145
Security guard service fee income *(note (iii))*	**17**	14
Management fee income *(note (iii))*	**4**	2
Rental income *(note (iii))*	**7**	15
Cash rental paid *(notes (iii) and (iv))*	**89**	89
Other interest income *(note (i))*	**1**	110
Other interest expense *(note (i))*	**15**	36
Rental commission income *(note (iii))*	**4**	4
Telecommunication network installation expenses *(note (iii))*	**9**	3
Property and leasing management service fee income and other ancillary property service fee income *(note (v))*	**22**	22
Asset management service fee income *(note (v))*	**44**	46

Notes to the Unaudited Condensed Interim Financial Statements

24 Material related party transactions (continued)

(c) Transactions with related companies

Details of material related party transaction during the periods between the Group and its related companies which are controlled by private family trusts of the late Dr Lee Shau Kee are as follows:

	For the six months ended 30 June	
	2025	2024
	HK$ million	HK$ million
Rental income *(note (iii))*	**39**	39

During the six months ended 30 June 2025, the Group's interest expenses (note (i)) payable to related companies controlled by the relatives of certain directors of the Company amounted in aggregate to HK$44 million (2024: HK$50 million).

Notes:

(i) Interest income and expense were calculated on the balance of loans outstanding from time to time by reference to Hong Kong Interbank Offered Rate, Hong Kong dollar prime rate, Renminbi Loan Prime Rate, Renminbi benchmark loan rates announced by the People's Bank of China or interest rates stipulated in the loan agreements (as appropriate).

(ii) This transaction represented cost reimbursements or cost reimbursements plus certain percentage thereon as service fees.

(iii) In the opinion of the Directors, these transactions were carried out on normal commercial terms and in the ordinary course of business.

(iv) The amount of HK$89 million for the six months ended 30 June 2025 (2024: HK$89 million) included the cash rental paid to Sunlight REIT in the amount of HK$5 million (2024: HK$6 million). Such transaction was conducted in accordance with the terms of the relevant agreements/deeds entered into between the Group and Sunlight REIT.

(v) The amounts for the six months ended 30 June 2025 and 30 June 2024 related to fee incomes from Sunlight REIT. These transactions were conducted in accordance with the terms of the respective agreements/deeds entered into between the Group and Sunlight REIT.

(d) Transactions with Sunlight REIT

Sunlight REIT is deemed as a connected person of the Company under the Listing Rules as from 30 April 2009. Details of the material related party transactions during the period between the Group and Sunlight REIT have been disclosed in note 24(b) above.

Notes to the Unaudited Condensed Interim Financial Statements

24 Material related party transactions (continued)

(e) Transactions with a director of the Company and a company owned by him

(i) Dr Lee Ka Kit, a director of the Company, made an advance ("advance") in the outstanding balance of HK$44 million at 30 June 2025 (31 December 2024: HK$44 million) to Henderson (China) Investment Company Limited ("HCI"), an indirect wholly-owned subsidiary of the Company, for the purpose of funding HCI's business operation in mainland China. The advance is unsecured, interest-free and has no fixed terms of repayment.

(ii) Dr Lee Ka Kit, through a company owned by him (the "entity"), has separate interest in an associate of the Group and through which the Group holds its interest in a development project in mainland China. The entity agreed to provide and had provided finance in the form of interest-free advances to such associate in accordance with the percentage of its equity interest in such associate. At 30 June 2025, the outstanding balance of the advance by the entity to the abovementioned associate amounted to HK$80 million (31 December 2024: HK$80 million). Such amount is unsecured and has no fixed terms of repayment.

25 Non-adjusting events after the reporting period

(a) After the end of the reporting period, the Directors declared an interim dividend. Further details are disclosed in note 9(a).

(b) Under a subscription agreement dated 8 July 2025, on 16 July 2025, an indirect wholly-owned subsidiary of the Company (the "Issuer") through an independent financial institution as sole lead manager completed the issuance of HK$8,000 million 0.5% guaranteed unsecured convertible bonds due 2030 (the "Bonds") which are convertible into fully paid shares ("Shares") in the share capital of the Company (the "Conversion Shares") at the option of the holders of the Bonds. The initial conversion price of the conversion of the Bonds into Shares in the Company is HK$36 (the "Initial Conversion Price") (subject to adjustments) and the maturity date of the Bonds is 16 July 2030. The due payment of all amounts to be payable by the Issuer and the due performance by the Issuer of its obligations under the Bonds have been unconditionally and irrevocably guaranteed by the Company. The net proceeds from the issue of the Bonds (net of expenses) is approximately HK$7,920 million.

On 20 August 2025, the Company announced the adjustment to the Initial Conversion Price as a result of the declaration of an interim dividend of HK$0.5 per Share for the six months ended 30 June 2025. Pursuant to the terms and conditions of the Bonds, the Initial Conversion Price has been adjusted from HK$36 per Share to HK$35.35 per Share (the "Adjusted Conversion Price"). Assuming full conversion of the Bonds at the Adjusted Conversion Price and no change to the share capital of the Company, an aggregate of 226,308,345 Conversion Shares would be issued by the Company.

KPMG

Independent auditor's report to the members of Henderson Land Development Company Limited

(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Henderson Land Development Company Limited ("the Company") and its subsidiaries ("the Group") set out on pages 192 to 320, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes comprising material accounting policy information and other explanatory information.

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 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (CONTINUED)

Valuation of investment properties and investment properties under development

Refer to note 16 to the consolidated financial statements on pages 271 to 277 and the accounting policy 2(j)(i) on page 210.

The key audit matter	How the matter was addressed in our audit
The Group holds either directly or through its joint ventures and associates, a portfolio of investment properties and investment properties under development located in Hong Kong and in certain first and second-tier cities across mainland China. These properties comprise office premises, industrial premises, shopping malls, residential premises and car parking bays. The fair values of investment properties and investment properties under development as at 31 December 2024 were assessed by the management based on valuations prepared by a firm of qualified external property valuers. The net changes in fair value of investment properties and investment properties under development were recorded in the consolidated statement of profit or loss. We identified valuation of the investment properties and investment properties under development as a key audit matter because of the significance of investment properties and investment properties under development to the Group's total assets and the significance of changes in fair value of investment properties and investment properties under development to the Group's profit before taxation and because the valuation of investment properties and investment properties under development can be inherently subjective and requires significant management judgement and estimation which increases the risk of error or potential management bias, particularly given the number and the diverse nature and location of the investment properties and investment properties under development.	Our audit procedures to address the valuation of investment properties and investment properties under development, either directly held by the Group or through its joint ventures and associates, included the following: • obtaining and inspecting the valuation reports prepared by the external property valuers on which the management's assessment of the fair values of investment properties and investment properties under development was based; • assessing the external property valuers' qualifications, experience and expertise in the properties being valued and considering their objectivity; • with the assistance of our internal property valuation specialists and utilising their industry knowledge and experience, discussing with the external property valuers, without the presence of management, their valuation methodologies; and assessing the key estimates and assumptions adopted in the valuation by comparing capitalisation rates, prevailing market rents and comparable market transactions with the available market data, on a sample basis; • comparing tenancy information, including committed rents and occupancy rates provided by the management to the external property valuers, with underlying contracts and related documentation, on a sample basis; and • conducting site visits to investment properties under development, on a sample basis, to observe the development progress and evaluating management's development budgets reflected in the latest forecasts with reference to market statistics about estimated construction costs, signed construction contracts and/or unit construction costs of recently completed projects.

KEY AUDIT MATTERS (CONTINUED)

Assessing the net realisable value of properties held for/under development for sale and completed properties for sale in mainland China

Refer to note 25 to the consolidated financial statements on page 288 and the accounting policies 2(p)(ii) and 2(p)(iii) on page 219.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2024, the Group held either directly or through its joint ventures and associates, properties held for/under development for sale and completed properties for sale located in certain cities across mainland China. These properties are stated at the lower of cost and net realisable value. The determination of the net realisable value of these properties requires estimations, including expected future selling prices and costs necessary to complete the sale of these properties, and is assessed by the management with reference to the valuations carried out by the external property valuers for certain properties. Changes in government policies, which affect interest rates, the required reserve ratio for banks and/or mortgage requirements for home buyers, could lead to volatility in property prices, particularly for properties in mainland China. We identified the assessment of the net realisable value of the properties in mainland China as a key audit matter because of the significance of these properties to the Group's total assets and because the assessment of net realisable value is inherently subjective and requires significant management judgement and estimation in relation to estimating future selling prices and future construction costs which increases the risk of error or potential management bias.	Our audit procedures to assess the net realisable value of properties held for/under development for sale and completed properties for sale in mainland China, either directly held by the Group or through its joint ventures and associates, included the following: • obtaining and inspecting management's valuation assessments and/or the external valuation reports prepared by external property valuers and on which the management's assessment of the net realisable value of the properties held for/under development for sale and completed properties for sale was based; • assessing the qualifications, experience and expertise of the management and/or the external property valuers in the nature and locations of the properties being valued; • with the assistance of our internal property valuation specialists and utilising their industry knowledge and experience, discussing with management and/or the external property valuers their valuation methodologies; and assessing the key estimates and assumptions adopted in the valuation, including expected future selling prices and costs to completion, by comparing expected future selling prices to, where available, recently transacted prices for similar properties or the prices of comparable properties located in the vicinity of each development, and publicly available construction cost information for properties of a similar nature and location, on a sample basis; and • conducting site visits to properties under development for sale, on a sample basis, to observe the development progress and evaluating the management's development budgets reflected in the latest forecasts with reference to market statistics about estimated construction costs, signed construction contracts and/or unit construction costs of recently completed projects.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all 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 THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors 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 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 directors are assisted by the Audit Committee in discharging their responsibilities 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. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

From the matters communicated with the Audit 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 Yau Ngai Lun, Alan.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

20 March 2025

Consolidated Statement of Profit or Loss

for the year ended 31 December 2024

	Note	2024 HK$ million	2023 HK$ million
Revenue	6	**25,256**	27,570
Direct costs		**(16,163)**	(17,540)
		9,093	10,030
Other net income	7	**3,191**	1,508
Selling and marketing expenses		**(1,406)**	(1,326)
Administrative expenses		**(2,345)**	(2,305)
Profit from operations before changes in fair value of investment properties and investment properties under development		**8,533**	7,907
Decrease in fair value of investment properties and investment properties under development	16(a)	**(1,514)**	(1,700)
Profit from operations after changes in fair value of investment properties and investment properties under development		**7,019**	6,207
Finance costs	8(a)	**(2,331)**	(1,999)
Bank interest income		**452**	679
Net finance costs		**(1,879)**	(1,320)
Share of profits less losses of associates		**2,413**	2,794
Share of profits less losses of joint ventures		**685**	2,763
Profit before taxation	8	**8,238**	10,444
Income tax	11(a)	**(955)**	(666)
Profit for the year		**7,283**	9,778
Attributable to:			
Equity shareholders of the Company		**6,296**	9,261
Non-controlling interests		**987**	517
Profit for the year		**7,283**	9,778
Earnings per share based on profit attributable to equity shareholders of the Company (reported earnings per share)			
Basic and diluted	*14(a)*	***HK$1.30***	*HK$1.91*
Earnings per share excluding the effects of the Group's aggregate attributable share of changes in fair value of investment properties and investment properties under development (net of deferred tax) (underlying earnings per share)			
Basic and diluted	*14(b)*	***HK$2.02***	*HK$2.00*

The notes on pages 201 to 320 form part of these financial statements. Details of dividends payable to equity shareholders of the Company are set out in note 12.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2024

	Note	2024 HK$ million	2023 HK$ million
Profit for the year		**7,283**	9,778
Other comprehensive income for the year-net, after tax and reclassification adjustments:			
Items that will not be reclassified to profit or loss:			
– Investments in equity securities designated as financial assets at fair value through other comprehensive income (non-recycling) (note 13(b))		**46**	(92)
– Share of other comprehensive income of associates and joint ventures		**9**	30
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences (note 13(b))		**(919)**	(783)
– Cash flow hedges (note 13(b))		**(64)**	(415)
– Share of other comprehensive income of associates and joint ventures		**(1,098)**	(943)
Other comprehensive income for the year	13(a)	**(2,026)**	(2,203)
Total comprehensive income for the year		**5,257**	7,575
Attributable to:			
Equity shareholders of the Company		**4,268**	7,113
Non-controlling interests		**989**	462
Total comprehensive income for the year		**5,257**	7,575

The notes on pages 201 to 320 form part of these financial statements.

Consolidated Statement of Financial Position

at 31 December 2024

	Note	At 31 December 2024 HK$ million	At 31 December 2023 HK$ million
Non-current assets			
Investment properties	16	**271,874**	264,404
Other property, plant and equipment	16	**4,389**	4,508
Right-of-use assets	17	**981**	1,211
Goodwill	18	**262**	262
Trademarks	19	**94**	98
Interest in associates	21	**50,564**	51,903
Interest in joint ventures	22	**77,876**	78,933
Derivative financial instruments	23	**514**	743
Other financial assets	24	**4,611**	5,319
Deferred tax assets	11(c)	**1,082**	1,027
		412,247	408,408
Current assets			
Deposits for acquisition of properties		**369**	382
Inventories	25	**85,608**	94,164
Trade and other receivables	26	**14,023**	14,441
Cash held by stakeholders		**1,074**	1,206
Cash and bank balances	28(a)	**17,919**	21,623
		118,993	131,816
Assets of the disposal group classified as held for sale	37	**–**	2,326
		118,993	134,142
Current liabilities			
Trade and other payables	29	**26,811**	28,362
Amounts due to related companies	34	**97**	268
Lease liabilities	30	**262**	280
Bank loans	31	**8,001**	24,500
Guaranteed notes	32	**9,585**	6,244
Tax payable		**1,055**	441
		45,811	60,095
Liabilities associated with assets of the disposal group classified as held for sale	37	**–**	39
		45,811	60,134
Net current assets		**73,182**	74,008
Total assets less current liabilities		**485,429**	482,416

	Note	At 31 December 2024 HK$ million	At 31 December 2023 HK$ million
Non-current liabilities			
Bank loans	31	**54,626**	41,652
Guaranteed notes	32	**10,024**	19,439
Amount due to a fellow subsidiary	33	**66,215**	62,448
Amounts due to related companies	34	**3,575**	3,389
Derivative financial instruments	23	**996**	1,354
Lease liabilities	30	**757**	972
Provision for reinstatement costs		**14**	18
Deferred tax liabilities	11(c)	**8,645**	9,044
		144,852	138,316
NET ASSETS		**340,577**	344,100
CAPITAL AND RESERVES	36		
Share capital	44(c)	**52,345**	52,345
Other reserves		**269,802**	274,197
Total equity attributable to equity shareholders of the Company		**322,147**	326,542
Non-controlling interests	35	**18,430**	17,558
TOTAL EQUITY		**340,577**	344,100

Approved and authorised for issue by the Board of Directors on 20 March 2025.

Dr Lee Ka Kit
Dr Lee Ka Shing
Directors

The notes on pages 201 to 320 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2024

		Attributable to equity shareholders of the Company									
	Note	Share capital HK$ million	Property revaluation reserve HK$ million	Exchange reserve HK$ million	Fair value reserve (non-recycling) HK$ million	Hedging reserve HK$ million	Other reserves HK$ million	Retained profits HK$ million	Total HK$ million	Non-controlling interests HK$ million	Total equity HK$ million
Balance at 1 January 2023		52,345	16	(2,062)	86	608	189	276,766	327,948	17,204	345,152
Changes in equity for 2023:											
Profit for the year		–	–	–	–	–	–	9,261	9,261	517	9,778
Other comprehensive income for the year	13(c)	–	–	(1,656)	(18)	(471)	–	(3)	(2,148)	(55)	(2,203)
Total comprehensive income for the year		–	–	(1,656)	(18)	(471)	–	9,258	7,113	462	7,575
Transfer to retained profits upon disposal of equity investments		–	–	–	4	–	–	(4)	–	–	–
Dividend approved and paid in respect of the previous financial year	12(b)	–	–	–	–	–	–	(6,294)	(6,294)	–	(6,294)
Dividend declared and paid in respect of the current year	12(a)	–	–	–	–	–	–	(2,421)	(2,421)	–	(2,421)
Share of reserves of associates and joint ventures		–	–	334	–	–	–	(138)	196	–	196
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	(216)	(216)
Advance from non-controlling interests, net	28(b)	–	–	–	–	–	–	–	–	108	108
Balance at 31 December 2023		52,345	16	(3,384)	72	137	189	277,167	326,542	17,558	344,100

	Note	Attributable to equity shareholders of the Company									
		Share capital HK$ million	Property revaluation reserve HK$ million	Exchange reserve HK$ million	Fair value reserve (non-recycling) HK$ million	Hedging reserve HK$ million	Other reserves HK$ million	Retained profits HK$ million	Total HK$ million	Non-controlling interests HK$ million	Total equity HK$ million
Balance at 1 January 2024		**52,345**	**16**	**(3,384)**	**72**	**137**	**189**	**277,167**	**326,542**	**17,558**	**344,100**
Changes in equity for 2024:											
Profit for the year		–	–	–	–	–	–	6,296	6,296	987	7,283
Other comprehensive income for the year	13(c)	–	–	(2,037)	25	(43)	–	27	(2,028)	2	(2,026)
Total comprehensive income for the year		–	–	(2,037)	25	(43)	–	6,323	4,268	989	5,257
Transfer to retained profits upon disposal of equity investments		–	–	–	12	–	–	(12)	–	–	–
Dividend approved and paid in respect of the previous financial year	12(b)	–	–	–	–	–	–	(6,294)	(6,294)	–	(6,294)
Dividend declared and paid in respect of the current year	12(a)	–	–	–	–	–	–	(2,421)	(2,421)	–	(2,421)
Share of reserves of associates and joint ventures		–	–	(8)	–	–	–	60	52	–	52
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	(239)	(239)
Advance from non-controlling interests, net	28(b)	–	–	–	–	–	–	–	–	122	122
Balance at 31 December 2024		**52,345**	**16**	**(5,429)**	**109**	**94**	**189**	**274,823**	**322,147**	**18,430**	**340,577**

The notes on pages 201 to 320 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2024

	Note	2024 HK$ million	2023 HK$ million
Operating activities			
Profit before taxation		**8,238**	10,444
Adjustments for:			
– Interest income		**(946)**	(1,373)
– Dividend income from investments designated as financial assets at fair value through other comprehensive income (“FVOCI”) (non-recycling) and investments measured as financial assets at fair value through profit or loss (“FVPL”)	8(d)	**(30)**	(60)
– Net loss on transfer of a subsidiary	7	**2**	–
– Net gain on disposal of investment properties	7	**(93)**	(64)
– Gain on de-recognition of investment measured as financial asset at FVPL and gain on bargain purchase net of fair value loss	7	**–**	(1,591)
– Provision on inventories, net	7	**193**	192
– Impairment loss on trade debtors, net	7	**36**	6
– Net fair value (gain)/loss on investments measured as financial assets at FVPL	7	**(43)**	2
– Net fair value loss on derivative financial instruments at FVPL:			
Interest rate swap contracts, cross currency swap contracts, cross currency interest rate swap contracts and foreign exchange forward contracts (for which no hedge accounting was applied during the year)	7	**71**	83
– Decrease in fair value of investment properties and investment properties under development	16(a)	**1,514**	1,700
– Finance costs			
– On bank and other borrowings	8(a)	**6,844**	6,879
– On lease liabilities	8(a)	**40**	40
– Amount capitalised	8(a)	**(4,553)**	(4,920)
– Amortisation of trademarks	8(d)	**4**	4
– Depreciation			
– On other property, plant and equipment	8(d)	**190**	199
– On right-of-use assets	8(d)	**297**	336
– Share of profits less losses of associates		**(2,413)**	(2,794)
– Share of profits less losses of joint ventures		**(685)**	(2,763)
– Net foreign exchange (gain)/loss		**(40)**	135
– Other cash flows from operating activities		**57**	(49)
Operating profit before changes in working capital		**8,683**	6,406
Decrease in instalments and loans receivable		**1,462**	1,233
Decrease in deposits for acquisition of properties		**12**	19
Decrease in inventories (other than through acquisitions of subsidiaries and transfers to investment properties and investment properties under development)		**5,823**	3,915
Decrease in debtors, prepayments and deposits		**496**	678
Decrease in gross amount due from customers for contract work		**29**	61

	Note	2024 HK$ million	2023 HK$ million
Operating profit before changes in working capital (continued)			
Decrease in cash held by stakeholders		**133**	937
Decrease/(increase) in cash restricted for use		**59**	(135)
(Decrease)/increase in creditors and accrued expenses		**(1,067)**	1,056
(Decrease)/increase in gross amount due to customers for contract work		**(93)**	93
Increase in rental and other deposits received		**63**	65
Increase in forward sales deposits received and other contract liabilities		**815**	826
Cash generated from operations		**16,415**	15,154
Interest received		**306**	503
Tax paid			
– Hong Kong		**(683)**	(873)
– Outside Hong Kong		**(741)**	(324)
Net cash generated from operating activities		**15,297**	14,460
Investing activities			
Payment for purchase of investment properties and other property, plant and equipment		**(2,815)**	(4,568)
Proceeds from disposal of investment properties and other property, plant and equipment		**337**	569
(Advance to)/repayment from associates, net		**(265)**	311
Advance to joint ventures, net		**(2,350)**	(139)
Additional investments in associates		**(12)**	(4)
Capital reduction in associates		**194**	–
Additional investments in joint ventures		**–**	(165)
Capital reduction in joint ventures		**517**	–
Payment for purchase of investments in equity securities designated as financial assets at FVOCI (non-recycling) and investments measured as financial assets at FVPL		**(782)**	(442)
Proceeds from disposal of investments in equity securities designated as financial assets at FVOCI (non-recycling) and investments measured as financial assets at FVPL		**554**	26
Net cash (outflow)/inflow in respect of the acquisitions of subsidiaries	39(a)	**(338)**	112
Net cash inflow in respect of the transfer of a subsidiary	39(b)	**2,221**	–
Interest received		**612**	852
Dividends received from associates		**2,877**	2,969
Dividends received from joint ventures		**1,566**	1,665
Dividends received from investments in equity securities designated as financial assets at FVOCI (non-recycling) and investments measured as financial assets at FVPL		**30**	60
Increase in deposits with banks and other financial institutions over three months of maturity at acquisition		**(4,214)**	(1,230)
Net cash (used in)/generated from investing activities		**(1,868)**	16

Consolidated Cash Flow Statement
for the year ended 31 December 2024

	Note	**2024** **HK$ million**	2023 HK$ million
Financing activities			
Advance from non-controlling interests, net	28(b)	**122**	108
Proceeds from new bank loans	28(b)	**58,579**	56,067
Repayment of bank loans	28(b)	**(61,469)**	(50,539)
Proceeds from issue of guaranteed notes	28(b)	**300**	7,064
Repayment of guaranteed notes	28(b)	**(6,334)**	(9,274)
Increase in amount due to a fellow subsidiary	28(b)	**3,788**	6,420
Increase in amounts due to related companies	28(b)	**93**	729
Payments of principal portion of lease liabilities	28(b)	**(300)**	(329)
Interest and other borrowing costs paid	28(b)	**(7,024)**	(6,732)
Dividends paid to equity shareholders of the Company	12	**(8,715)**	(8,715)
Dividends paid to non-controlling interests		**(239)**	(216)
Net cash used in financing activities		**(21,199)**	(5,417)
Net (decrease)/increase in cash and cash equivalents		**(7,770)**	9,059
Cash and cash equivalents at 1 January	28(a)	**18,638**	9,662
Effect of foreign exchange rate changes		**(83)**	(83)
Cash and cash equivalents at 31 December	28(a)	**10,785**	18,638

The notes on pages 201 to 320 form part of these financial statements.

1 GENERAL INFORMATION

Henderson Land Development Company Limited ("the Company") is incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of the Company's registered office and principal place of business is 72-76/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are property development and investment, operation and management of department stores and supermarket-cum-stores, hotel room operation and hotel management, construction, finance, investment holding, project management, property management, agency services, security guard and cleaning services, food and beverage operation and travel operation.

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). These consolidated financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance (Cap. 622) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). A summary of the material accounting policies adopted by the Company and its subsidiaries (collectively referred to as "the Group") is set out below.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Changes in accounting policies

(i) Amendments to HKFRSs and HKASs which are first effective for the current accounting period

The Group has applied the following amendments and interpretation to HKASs and HKFRSs issued by the HKICPA that are first effective for the current accounting period of the Group and the Company, and which are relevant to the Group's consolidated financial statements for the current accounting period:

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current*

  In August 2020, the HKICPA issued amendments to HKAS 1 ("2020 HKAS 1 amendments") to clarify the requirements on determining whether a liability is current or non-current, in particular the determination over whether an entity has the right to defer settlement of the liability for at least twelve months after the reporting period. The 2020 HKAS 1 amendments:

  – specify that an entity's right to defer settlement must exist at the end of the reporting period;

  – clarify that the classification is unaffected by management's intentions or expectations about the entity's intention to exercise its right to defer settlement;

  – clarify how the lending conditions may affect classification; and

  – clarify the classification of liabilities that will or may be settled by the entity's issuance of its own equity instruments.

  In December 2022, the HKICPA published further amendments to HKAS 1 ("2022 HKAS 1 amendments") to clarify how an entity determines the current/non-current classification of a liability when its right to defer the settlement is subject to compliance with covenants.

  Under these amendments, both the 2020 HKAS 1 amendments and 2022 HKAS 1 amendments are to be applied as a package on a retrospective basis for annual reporting periods beginning on or after 1 January 2024.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Changes in accounting policies (continued)

(i) Amendments to HKFRSs and HKASs which are first effective for the current accounting period (continued)

- Hong Kong Interpretation 5 (Revised), *Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause*

  This interpretation specifies that the classification of a term loan as a current or non-current liability in accordance with paragraph 69(d) of HKAS 1 shall be determined by reference to the existence of the borrower's right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

  On this basis, a loan subject to loan agreement which includes a clause that gives the lender the unconditional right to require repayment of the loan from the borrower at any time shall be classified by the borrower as current in its statement of financial position.

- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*

  These amendments clarify how an entity accounts for a sale and leaseback after the date of the transaction, and require that (i) on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction; and (ii) after initial recognition, the seller-lessee shall apply the general requirements for subsequent accounting of the lease liability in such a way that the seller-lessee does not recognise any gain or loss relating to the right of use over the sold asset which is retained by the seller-lessee under the sale and leaseback. The gain or loss on disposal of the sold asset shall be included in measuring the right-of-use asset upon initial recognition. The seller-lessee would reduce the lease liability as if the variable lease payments estimated at the date of the transaction had been paid, and any difference between the estimated variable lease payments and the amounts actually paid shall be recognised in profit or loss.

The directors of the Company ("Directors") have assessed and considered that none of the abovementioned amendments and interpretation has any material impact on the Group's financial position at 31 December 2024 or the Group's financial performance for the year then ended.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Changes in accounting policies (continued)

(ii) Amendments to HKFRSs and HKASs which are not yet effective for the current accounting period

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the financial year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group:

	Effective for annual periods beginning on or after
Amendments to HKAS 21, *Lack of exchangeability*	1 January 2025
Amendments to HKFRS 9 and HKFRS 7, *Classification and measurement of financial instruments*	1 January 2026
Annual improvements to HKFRSs – Volume 11	1 January 2026
HKFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
Amendments to HKFRS 10 and HKAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	A date to be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's consolidated financial statements, except for HKFRS 18, where the presentation and disclosure of the consolidated financial statements are expected to change.

(c) Basis of preparation of the consolidated financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise those of the Company and its subsidiaries and have equity accounted for the Group's interests in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- investments designated as financial assets at fair value through other comprehensive income (see note 2(g));
- investments measured as financial assets at fair value through profit or loss (see note 2(g));
- derivative financial instruments (see note 2(h)); and
- investment properties and certain investment properties under development (see note 2(j)(i)).

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Basis of preparation of the consolidated financial statements (continued)

The measurement basis of non-current assets held for sale and disposal groups is set out in note 2(l) below.

The preparation of these consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and the key sources of estimation uncertainty are discussed in note 3.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, 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. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests' attributable share of the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Subsidiaries and non-controlling interests (continued)

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(g)) or, where appropriate, the cost on initial recognition of an investment in an associate or a joint venture (see note 2(e)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(o)(iii)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 2(l)).

(e) Associates and joint arrangements

(i) An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in financial and operating policy decisions.

A joint venture is a joint arrangement whereby the Group or the Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 2(l)). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post-acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(o)). Any excess of acquisition-date fair value over cost, the Group's share of the post-acquisition post-tax results of the investee and any impairment loss for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investee's other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Associates and joint arrangements (continued)

(i) (continued)

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not re-measured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(g)).

In the Company's statement of financial position, investments in associates and joint ventures are stated at cost less impairment losses (see note 2(o)(iii)), unless the investments are classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 2(l)).

(ii) A joint operation is a joint arrangement whereby the Group or the Company and other parties contractually agree to share control of the arrangement, and have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group recognises its interest in the joint operation by combining the assets, liabilities, revenues and expenses attributable to its interest with similar items on a line-by-line basis. Consistent accounting policies are applied for like transactions and events in similar circumstances.

(f) Goodwill

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, and is tested annually for impairment (see note 2(o)(iii)).

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are as follows:

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except for those investments measured at fair value through profit or loss for which transaction costs are recognised directly in profit or loss and where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

– Amortised cost, if the investment is held for the collection of contractual cash flows which represents solely payments of principal and interest. Interest income from the investment is calculated using the effective interest rate method (see note 2(y)(iii)).

– Fair value through other comprehensive income ("FVOCI") (recycling), if the contractual cash flows of the investment comprises solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income in the fair value reserve, except for the recognition in profit or loss of expected credit losses ("ECLs"), interest income (calculated using the effective interest rate method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

– Fair value through profit or loss ("FVPL") if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment, the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained profits. It is not recycled through profit or loss. Dividend income from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (non-recycling), are recognised in profit or loss as dividend income in accordance with the accounting policy set out in note 2(y)(viii).

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period, the fair value is re-measured. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged (see note 2(i)).

(i) Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with changes in foreign exchange rate and variable rate of certain borrowings (cash flow hedges). The Group has elected to adopt the new general hedge accounting model in HKFRS 9, *Financial instruments* on 1 July 2020. Depending on the complexity of the hedge, this new accounting model allows a more qualitative approach to assessing hedge effectiveness compared to HKAS 39, *Financial instruments: Recognition and measurement*, and the assessment is always forward-looking. The adoption of HKFRS 9 has not had a significant impact on the consolidated financial statements of the Group in this regard because all the previous hedging relationships were revoked on 1 January 2020, prior to the Group's adoption of the new general hedge accounting model in HKFRS 9 on 1 July 2020.

Where a derivative financial instrument is designated as a hedging instrument in a cash flow hedge, the effective portion of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

Forward element of forward foreign exchange contracts and foreign currency basis spread of financial instruments may be separated and excluded from the designated hedging instruments. If the Group excludes the forward element of a forward foreign exchange contract or the foreign currency basis spread of a financial instrument (the "excluded elements") from the designation of a hedging instrument, then the excluded elements may be separately accounted for as a cost of hedging. The fair value changes of the excluded elements are recognised in a separate component of equity to the extent that it relates to the hedged items.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is reclassified from equity to be included in the initial cost or other carrying amount of the non-financial asset or liability.

For cash flow hedges other than those covered by the preceding policy statement, the associated gain or loss is reclassified from equity to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If a hedge no longer meets the criteria for hedge accounting (including when a hedging instrument expires or is sold, terminated or exercised), then hedge accounting is discontinued prospectively. When hedge accounting is discontinued but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point in time remains in equity until the transaction occurs and it is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss is reclassified from equity to profit or loss immediately.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Investment properties and other property, plant and equipment

(i) Investment properties and investment properties under development

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties and investment properties under development are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(y)(ii).

(ii) Other property, plant and equipment

The following items of other property, plant and equipment are stated at cost less accumulated depreciation (see note 2(k)) and impairment losses (see note 2(o)(iii)):

– hotel properties;

– other land and buildings (except for freehold land); and

– plant and equipment.

Freehold land is stated at cost less impairment losses (see note 2(o)(iii)).

The cost of self-constructed items of other property, plant and equipment includes the costs of materials and direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs capitalised (see note 2(aa)).

Gains or losses arising from the retirement or disposal of an item of other property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the property revaluation reserve to retained profits and is not reclassified to profit or loss.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Depreciation

(i) Investment properties, investment properties under development and freehold land

No depreciation is provided on investment properties, investment properties under development and freehold land.

(ii) Other land and buildings (except for freehold land) and hotel properties

Depreciation is provided on the cost of the leasehold land of properties over the unexpired terms of the leases. Cost of buildings thereon is depreciated on a straight-line basis over the unexpired terms of the respective leases or 40 years, if shorter.

Hotel properties are depreciated on a straight-line basis over the remaining lease terms.

(iii) Plant and equipment

Depreciation is calculated to write off the cost of plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

–	Leasehold improvements, furniture and fixtures	4 to 14 years
–	Others	4 to 14 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(iv) Right-of-use assets

Depreciation charge on the right-of-use assets is recognised using the straight-line method over a period of 2 years to 8 years, being the period from the date of the commencement/modification of a lease (other than a short-term lease and a lease of low-value asset of which the Company or any of its subsidiaries is a lessee and in relation to which the recognition exemption under HKFRS 16, *Leases* is applicable) to the end of the term of the lease, taking into consideration any renewal options attaching thereto (if any).

(l) Non-current assets held for sale and disposal groups

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Non-current assets held for sale and disposal groups (continued)

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then on initial classification as held for sale and until the completion of the disposal, the non-current assets (except for certain assets as explained below) or the disposal group are recognised at the lower of their carrying amounts and fair value less costs to sell. The principal exceptions to this measurement policy, so far as the financial statements of the Group are concerned, are deferred tax assets, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 2.

Impairment losses on initial classification as held for sale, and on subsequent re-measurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

(m) Trademarks

Trademarks are recognised in relation to the hotel operation (comprising hotel room operation and hotel management), food and beverage operation and travel operation of Miramar Hotel and Investment Company, Limited (“Miramar”), a listed subsidiary of the Company.

The trademark of Miramar’s hotel operation has an indefinite useful life, and is assessed for impairment (see note 2(o)(iii)) annually by measuring its recoverable amount at the end of each reporting period and by comparison against its carrying amount on the same date.

The trademarks of Miramar’s food and beverage operation and travel operation have finite useful lives, and are stated at cost less accumulated amortisation which is provided to write off the cost of such trademarks using the straight-line method over (i) a period of 20 years in relation to the trademarks of food and beverage operation; and (ii) a period of 30 years in relation to the trademarks of travel operation, commencing from the date on which these trademarks were recognised in the Group’s consolidated financial statements, and both the period and method of amortisation are reviewed annually.

(n) Leased assets

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for monetary consideration payable by the recipient of such right (i.e. the lessee). The right to control an identified asset is conveyed when the lessee has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

Under HKFRS 16, at the lease commencement date, the Group (as the lessee) recognises a right-of-use asset and a lease liability, except for (i) short-term leases that have lease term of 12 months or less; and (ii) leases of low-value assets to which the “practical expedient” under HKFRS 16 is applicable. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Leased assets (continued)

When a lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest rate method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The lease liability is re-measured when there is (i) a change in the future lease payments arising from a change in an index or rate; (ii) a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or (iii) a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also re-measured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract (i.e. "lease modification") and which is not accounted for as a separate lease. In this case, the lease liability is re-measured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

When a lease is capitalised, the right-of-use asset recognised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset on the site at which it is located, discounted to their present value and less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(k)(iv) and 2(o)(iii) respectively), except for the right-of-use asset that meets the definition of an investment property (see note 2(j)) and an inventory (see note 2(p)). Depreciation on the right-of-use asset is determined over the period from the commencement date of the lease to the end of the term of the lease, taking into consideration any renewal options attaching thereto. The Group presents the right-of-use asset that does not meet the definition of an investment property separately from the lease liabilities in the consolidated statement of financial position.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(o) Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

The Group recognises a loss allowance for ECLs on the following items:

– financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and loans to associates and joint ventures, and corporate bonds, instalments receivable and loans receivable classified under non-current assets);

– contract assets as defined in HKFRS 15, *Revenue from contracts with customers* (see note 2(q));

– debt securities measured at FVOCI (recycling);

– lease receivables (which is included under "Trade receivables" within trade and other receivables); and

– loan commitments issued, which are not measured at FVPL.

Financial assets measured at fair value, including units in bond funds, equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling), unlisted investment fund and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan; and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate;

– lease receivables: discount rate used in the measurement of the lease receivable;

– loan commitments: current risk-free rate adjusted for risks specific to the cash flows.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(o) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

Measurement of ECLs (continued)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments (including loan commitments issued), the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(o) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

Significant increases in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are re-measured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with note 2(y)(iii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(o) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

Basis of calculation of interest income (continued)

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Credit losses from financial guarantees issued

The accounting policy for financial guarantees is set out in note 2(x)(i).

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in "Trade and other payables" in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increases in credit risk as described in note 2(o)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(o) Credit losses and impairment of assets (continued)

(iii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- other property, plant and equipment;
- right-of-use assets;
- goodwill;
- trademarks; and
- investments in subsidiaries, associates and joint ventures in the Company's statement of financial position (except for those classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 2(l))).

If any such indication exists, the asset's recoverable amount is estimated. In addition, the recoverable amount of goodwill is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

  An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measureable), or value in use (if determinable).

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(o) Credit losses and impairment of assets (continued)

(iii) Impairment of other assets (continued)

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iv) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the aforementioned interim period, the Group applies the same impairment testing, recognition and reversal criteria (see notes 2(o)(i), 2(o)(ii) and 2(o)(iii)) as it would at the end of the financial year.

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which such interim period relates.

(p) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost and net realisable value are determined as follows:

(i) Leasehold land held for development for sale

The cost of leasehold land, which is held for development for sale, represents the cost of acquisition and the premium, if any, payable to the relevant government authorities. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

(ii) Properties held for/under development for sale

The cost of properties held for/under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, and an appropriate proportion of production overheads and borrowing costs capitalised (see note 2(aa)). Net realisable value represents the estimated selling price, based on prevailing market conditions, less estimated costs of completion and costs to be incurred in selling the property.

(iii) Completed properties for sale

The cost of completed properties for sale comprises the total land and development costs for that project, being all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, and is determined by apportionment attributable to the unsold properties at the end of the reporting period. Net realisable value represents the estimated selling price, based on prevailing market conditions, less estimated costs to be incurred in selling the property.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(p) Inventories (continued)

(iv) Retail, catering stocks, trading goods and consumable stores

Cost is calculated using the weighted average cost formula and comprises all costs of purchase. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period in which the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(q) Construction contracts

A contract with a customer is classified by the Group as a construction contract when the contract relates to work on real estate assets under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control.

A contract asset is recognised when the Group recognises contract revenue (see note 2(y)(iv)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECLs in accordance with the policy set out in note 2(o)(i) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related contract revenue (see note 2(y)(iv)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related contract revenue. In such cases, a corresponding receivable would also be recognised (see note 2(r)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

(r) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 2(q)).

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest rate method, less allowance for credit losses (see note 2(o)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for credit losses.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(s) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest rate method.

(t) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost. They are classified as current liabilities if the payment is due within 12 months from the end of the reporting period (or in the normal operating cycle of the business if longer).

Except for financial guarantee liabilities measured in accordance with note 2(x)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(u) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECLs in accordance with the accounting policy set out in note 2(o)(i).

(v) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued for in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(w) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(w) Income tax (continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided that they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(j)(i), the amount of deferred tax recognised is measured using the tax rates that would apply on the sale of those assets at their carrying value at the end of the reporting period, 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. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets or liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(w) Income tax (continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to realise the assets and settle the current tax liabilities on a net basis, or to realise the current tax assets and settle the current tax liabilities simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis, or to realise the current tax assets and settle the current tax liabilities simultaneously.

(x) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(x) Financial guarantees issued, provisions and contingent liabilities (continued)

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(y) Revenue recognition

(i) Sale of properties

Revenue arising from the sale of properties held for sale is recognised in the Group's consolidated statement of profit or loss on the basis that control over the ownership of the property has been passed to the customer during the current accounting period, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all the benefits of ownership of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under forward sales deposits received.

(ii) Rental income from leases

Rental income receivable under leases is recognised in profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest rate method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of allowance) of the asset.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(y) Revenue recognition (continued)

(iv) Contract revenue

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised progressively over time using the cost-to-cost method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs.

The likelihood of the Group earning contractual bonuses for early completion or suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised in accordance with the policy set out in note 2(x)(ii).

(v) Hotel, food and beverage and travel operations

Income from hotel room operation is recognised over time whilst income from hotel management (other than hotel room operation) and income from food and beverage and travel operations are recognised at a point in time when the relevant services are provided.

(vi) Department stores and supermarket-cum-stores operations

Revenue arising from the sale of goods from department stores and supermarket-cum-stores operations is recognised at a point in time when the Group sells a product to the customer, which is taken to be the point in time when the customer has obtained control of the goods sold. Revenue is recognised after deduction of any trade discounts. Commission income from consignment and concessionaire counters is recognised at a point in time of the sale of goods by counter suppliers. Promotion income is recognised over time when the services are provided.

(vii) Property management, asset management, project management, trading, security guard and cleaning services

Revenue generated from property management, asset management, project management, security guard and cleaning services is recognised by the Group over time in accordance with the terms of the service contracts entered into between the Group's relevant subsidiary and the customer. Revenue generated from trading is recognised by the Group at a point in time when the products are sold by the Group to the customer.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(y) Revenue recognition (continued)

(viii) Dividend income

- Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

- Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(ix) Government grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grants will be received and all the attached conditions (if any) will be complied with. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

(z) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates on which the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the transaction dates. Items in the statement of financial position are translated into Hong Kong dollars at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(aa) Borrowing costs

Borrowing costs that are directly attributable to the construction of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. 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. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or are completed.

(ab) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or a joint venture of the other entity (or an associate or a joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of the Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(ac) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of businesses and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING ESTIMATES AND JUDGEMENTS

The key sources of estimation uncertainty and critical accounting judgements in applying the Group's accounting policies are described below.

(a) Valuation of investment properties and certain investment properties under development

As described in note 16, investment properties and certain investment properties under development are stated at fair value based on the valuation performed by a firm of professional surveyors.

In determining the fair value of investment properties, the valuers have based on a method of valuation which involves, inter alia, certain estimates including current market rents for similar properties in the same location and condition, appropriate discount rates and expected future market rents. In relying on the valuation report, management has exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions.

Certain investment properties under development are valued by estimating the fair value of such properties as if they were completed in accordance with the relevant development plan and then deducting from that amount the estimated costs to complete the construction, financing costs and a reasonable profit margin.

(b) Write-down of inventories for property development

Management performs a regular review on the carrying amounts of inventories for property development. Based on management's review, write-down of inventories for property development will be made when the estimated net realisable value has declined below the carrying amount.

In determining the net realisable value of completed properties for sale, management refers to prevailing market data such as recent sales transactions, market survey reports available from property surveyors and internally available information, as bases for evaluation.

3 ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Write-down of inventories for property development (continued)

In respect of leasehold land held for development for sale and properties held for/under development for sale, the estimate of net realisable value requires the application of a risk-adjusted discount rate to the estimated future cash flows to be derived from those properties. These estimates require judgement as to the anticipated selling prices by reference to recent sales transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the estimated costs to completion of properties, the legal and regulatory framework and general market conditions.

(c) Impairment of non-current assets

If circumstances indicate that the carrying amounts of non-current assets may not be recoverable, the assets may be considered impaired and are tested for impairment. An impairment loss is recognised when the asset's recoverable amount has declined below its carrying amount. The recoverable amount is the greater of the fair value less costs of disposal and value in use. In determining the recoverable amount which requires significant judgements, the Group estimates the future cash flows to be derived from the continuing use and ultimate disposal of the asset and applies an appropriate discount rate to these future cash flows.

(d) Recognition of deferred tax assets

At 31 December 2024 and 31 December 2023, the Group has recognised deferred tax assets in relation to the unused tax losses as set out in note 11(c). The realisability of deferred tax assets mainly depends on whether it is probable that future taxable profits will be available against which related tax benefits under the deferred tax assets can be utilised, in which case a partial reversal of deferred tax assets may arise and which amount will be recognised in profit or loss for the period in which such a reversal takes place.

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, foreign currency and interest rate risks arises in the normal course of the Group's business. The Group is also exposed to price risk arising from its financial investments. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to bank deposits, derivative financial instruments as well as instalments, loans, rental and other trade receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and the Group has exposure limit to any single financial institution. Transactions involving derivative financial instruments are also executed with counterparties of sound credit standing. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (continued)

Regular review and follow-up actions are carried out on overdue amounts of instalments receivable from sale of properties and loans receivable which enable management to assess their recoverability and to minimise the exposure to credit risk. In relation to property sales for which the buyers have entered into mortgage loans advanced by the Group, management mitigates the credit risk by holding collateral in the form of properties to cover the amounts of mortgage loans advanced by the Group to the property buyers. In respect of rental income from leasing properties, monthly rents are received in advance and sufficient rental deposits are held to cover potential exposure to credit risk. For other trade receivables, credit terms given to customers are generally based on the financial strength and repayment history of each customer, and (i) for property sales transactions, credit terms are granted to buyers in accordance with the sales plans of the projects; and (ii) for property leasing transactions, credit terms granted to tenants generally ranged between 30 days and 60 days from the due date. As such, the Group does not obtain collateral from its customers. An ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with the receivables. Adequate allowances for impairment losses have been made for estimated irrecoverable amounts.

The Group has made advances to certain associates and certain joint ventures in Hong Kong and mainland China (included within the Group's interests in associates and joint ventures and loans receivable respectively) which are interest-bearing, unsecured, have no fixed repayment terms and have various repayment dates. Management assesses the credit risk on the loans receivable from such associates and joint ventures based on their financial conditions and the profitability of the projects operated by such associates and joint ventures, as well as the counterparty risks of the joint venture partners with reference to their credit ratings and market conditions.

The Group has no concentrations of credit risk in view of its large number of customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. Except for the financial guarantees given by the Group as disclosed in note 42 to these financial statements, the Group does not provide any other guarantee which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 26 to these financial statements.

(b) Liquidity risk

The treasury function of the Group is arranged centrally to cover expected cash demands. The Group's policy is to regularly monitor its current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The Group has adopted appropriate policies for its liquidity risk management practices which take into account the use of alternative sources of funding where necessary. This includes the Group's available cash and bank balances (see note 28(a)), the Group's investments in listed securities (see note 24) which are realisable into cash, the committed and uncommitted banking facilities available to the Group under which bank loans have been drawn down (see note 31), the capacity for the issuance of guaranteed notes under the Group's Medium Term Note Programme (see note 32), advances from a fellow subsidiary (see note 33) and advances from related companies (see note 34).

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk (continued)

Given the amount due to a fellow subsidiary (see note 33), amounts due to certain associates and certain joint ventures (see note 29) have no fixed terms of repayment, it is not practical to disclose their remaining contractual maturities at the end of the reporting period. Except for these, the following tables set out the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date on which the Group can be required to pay:

	2024 Contractual undiscounted cash outflow						2023 Contractual undiscounted cash outflow					
	Within 1 year or on demand HK$ million	More than 1 year but less than 2 years HK$ million	More than 2 years but less than 5 years HK$ million	More than 5 years HK$ million	Total HK$ million	Carrying amount HK$ million	Within 1 year or on demand HK$ million	More than 1 year but less than 2 years HK$ million	More than 2 years but less than 5 years HK$ million	More than 5 years HK$ million	Total HK$ million	Carrying amount HK$ million
Bank loans	11,095	20,014	23,257	18,420	72,786	62,627	27,187	16,962	16,157	13,604	73,910	66,152
Guaranteed notes	10,055	3,027	4,468	3,825	21,375	19,609	7,031	10,104	4,773	6,331	28,239	25,683
Lease liabilities	293	252	555	–	1,100	1,019	318	267	658	148	1,391	1,252
Creditors and accrued expenses	8,597	–	–	–	8,597	8,597	9,342	–	–	–	9,342	9,342
Rental and other deposits received	754	514	587	152	2,007	2,007	673	597	576	108	1,954	1,954
Amounts due to associates and joint ventures	1,098	–	–	–	1,098	1,082	2,540	–	–	–	2,540	2,503
Amounts due to related companies	186	1,973	1,697	–	3,856	3,672	365	93	3,455	–	3,913	3,657
	32,078	25,780	30,564	22,397	110,819	98,613	47,456	28,023	25,619	20,191	121,289	110,543

	2024 Contractual undiscounted cash inflow/(outflow)					2023 Contractual undiscounted cash inflow/(outflow)				
	Within 1 year or on demand HK$ million	More than 1 year but less than 2 years HK$ million	More than 2 years but less than 5 years HK$ million	More than 5 years HK$ million	Total HK$ million	Within 1 year or on demand HK$ million	More than 1 year but less than 2 years HK$ million	More than 2 years but less than 5 years HK$ million	More than 5 years HK$ million	Total HK$ million
Derivative settled net:										
Interest rate swap contracts held as cash flow hedging instruments	121	70	154	11	356	217	163	298	35	713
Other interest rate swap contracts	46	23	34	7	110	43	18	(13)	(33)	15
Derivative settled gross:										
Cross currency interest rate swap contracts held as cash flow hedging instruments:										
– outflow	(7,158)	(3,284)	(4,017)	(162)	(14,621)	(1,427)	(7,148)	(3,961)	(2,555)	(15,091)
– inflow	6,377	2,846	3,516	101	12,840	1,093	6,538	3,180	2,473	13,284
Other cross currency interest rate swap contracts and cross currency swap contracts:										
– outflow	(1,524)	(659)	–	–	(2,183)	(684)	(5,115)	(660)	–	(6,459)
– inflow	1,470	614	–	–	2,084	745	5,066	633	–	6,444

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial risk management of the exposure of the Group's borrowings to foreign currency risk and interest rate risk

At 31 December 2024 and 31 December 2023, the Group's borrowings, namely, bank loans and guaranteed notes, were denominated in Hong Kong dollars ("HK$" or "HKD") as well as foreign currencies such as United States dollars ("US$" or "USD"), Renminbi ("RMB") and Japanese Yen ("¥" or "JPY"). Certain of these borrowings also bear floating interest rates during their tenure. Therefore, foreign currency risk and/or interest rate risk arise(s) during the tenure of these borrowings.

The Group hedges the foreign currency risk and the interest rate risk of its borrowings by way of (i) cross currency interest rate swap contracts; (ii) cross currency swap contracts; (iii) interest rate swap contracts; and (iv) foreign exchange forward contracts which were entered into between the Group and certain counterparty banks.

Set out below is a table which summarises the Group's hedging arrangement in relation to the Group's borrowings at 31 December 2024 and 31 December 2023:

	2024				2023			
			Notional amount				Notional amount	
Hedged item	Denominating currency	Hedging risk category	in original currency million	in HKD million	Denominating currency	Hedging risk category	in original currency million	in HKD million
(I) Hedging arrangement at the end of the reporting period								
(a) Under cash flow hedge								
Bank loans	**RMB**	**(ii)**	**1,000**	**1,063**	RMB	(ii)	1,000	1,101
	JPY	**(iii)**	**58,000**	**2,882**	JPY	(iii)	58,000	3,205
Guaranteed notes	**HKD**	**(i)**	**968**	**968**	HKD	(i)	968	968
	RMB	**(ii)**	**955**	**1,016**	RMB	(ii)	750	826
	USD	**(ii)**	**630**	**4,890**	USD	(ii)	630	4,922
	USD	**(iii)**	**300**	**2,329**	USD	(iii)	300	2,344
	JPY	**(iii)**	**1,994**	**99**	JPY	(iii)	1,994	110
Sub-total: under cash flow hedge				**13,247**				13,476
(b) Under economic hedge								
Bank loans	**HKD**	**(i)**	**2,700**	**2,700**	HKD	(i)	6,850	6,850
	RMB	**(ii)**	**–**	**–**	RMB	(ii)	3,850	4,240
Guaranteed notes	**HKD**	**(i)**	**3,815**	**3,815**	HKD	(i)	2,915	2,915
	USD	**(ii)**	**113**	**876**	USD	(ii)	168	1,311
	RMB	**(ii)**	**1,100**	**1,170**	RMB	(ii)	800	881
Sub-total: under economic hedge				**8,561**				16,197
Total: Hedging arrangement at the end of the reporting period				**21,808**				29,673

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial risk management of the exposure of the Group's borrowings to foreign currency risk and interest rate risk (continued)

	2024				2023			
			Notional amount				Notional amount	
Hedged item	Denominating currency	Hedging risk category	in original currency million	in HKD million	Denominating currency	Hedging risk category	in original currency million	in HKD million
(II) No hedging arrangement at the end of the reporting period								
Bank loans	**HKD**		**50,896**	**50,896**	HKD		43,215	43,215
	RMB		**4,846**	**5,197**	RMB		6,936	7,643
Guaranteed notes	**HKD**		**4,472**	**4,472**	HKD		9,842	9,842
	RMB		**–**	**–**	RMB		1,455	1,602
Total: No hedging arrangement at the end of the reporting period				**60,565**				62,302
				82,373				91,975
Less: Deferred expenditure set-off				**(137)**				(140)
Total bank and other borrowings (in HKD equivalent)				**82,236**				91,835
Represented by:								
Bank loans			**(note 31)**	**62,627**			(note 31)	66,152
Guaranteed notes			**(note 32)**	**19,609**			(note 32)	25,683
Total bank and other borrowings (in HKD equivalent)				**82,236**				91,835

Notes:

Category (i): Interest rate risk was being hedged

Category (ii): Foreign currency risk was being hedged

Category (iii) : Foreign currency and interest rate risks were being hedged

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial risk management of the exposure of the Group's borrowings to foreign currency risk and interest rate risk (continued)

As referred to in the table above, (i) "cash flow hedge" refers to the hedging relationship between the Group's hedging instrument (being the swap contract) and hedged item (being the borrowing) under which hedge effectiveness is ensured and hence the Group applies hedge accounting; and (ii) "economic hedge" refers to the hedging relationship between the Group's hedging instrument (being the swap contract and foreign exchange forward contract) and hedged item (being the borrowing) under which the Group does not apply hedge accounting.

Further details regarding the Group's financial risk management over the foreign currency risk and interest rate risk of the Group's financial assets and financial liabilities are referred to in note 4(d) and note 4(e) respectively.

(d) Foreign currency risk

The Group owns assets and conducts its businesses primarily in Hong Kong and mainland China with its cash flows substantially denominated in Hong Kong dollars and Renminbi, respectively. The Group reports its results in Hong Kong dollars.

The Group's primary foreign currency exposure arises from its property development and investment activities in mainland China, as the functional currency of these operations is Renminbi. Where appropriate and cost efficient, the Group seeks to finance these investments by Renminbi borrowings with reference to the future Renminbi funding requirements from the investments and the related returns to be generated therefrom, and thereby establishing a natural hedge against any foreign currency risk arising from assets and liabilities denominated in Renminbi.

The Group is also exposed to foreign currency risk in respect of cash deposits denominated in United States dollars, Australian dollars ("AUD"), Renminbi, Euro ("€"), Pound sterling ("£") and other currencies (save for certain cash deposits denominated in Euro as set out below, the entire amount of which was not hedged at 31 December 2024 and the equivalent amount of HK$4 million was not hedged at 31 December 2023). At 31 December 2024, the Group's cash deposits denominated in United States dollars amounted to US$1,222 million which was equivalent to HK$9,487 million (2023: US$797 million which was equivalent to HK$6,226 million). The Group does not expect that there will be any significant foreign currency risk associated with the aforementioned cash deposits denominated in United States dollars given that the Hong Kong dollar is pegged to the United States dollar. At 31 December 2024, the Group's cash deposits denominated in Renminbi, Australian dollars and Euro amounted to RMB2,083 million which was equivalent to HK$2,248 million, AUD32 million which was equivalent to HK$154 million and €1.5 million which was equivalent to HK$12 million respectively (2023: RMB2,183 million which was equivalent to HK$2,408 million, AUD0.1 million which was equivalent to HK$0.5 million, €153 million which was equivalent to HK$1,320 million (but of which an equivalent amount of HK$1,316 million was hedged by way of a foreign exchange forward contract at 31 December 2023) and £0.2 million which was equivalent to HK$2 million respectively). Since such cash deposits denominated in Renminbi, Australian dollar, Euro (except for the abovementioned amount which was hedged at 31 December 2023) and Pound sterling were not hedged against the foreign currency risk arising from the difference in the exchange rates between Renminbi, Australian dollar, Euro, Pound sterling and Hong Kong dollar at the beginning and the end of the reporting period, the Group recognises an exchange gain or loss in the event of an appreciation or a depreciation of Renminbi, Australian dollar, Euro or Pound sterling against Hong Kong dollar during the reporting period. For cash deposits denominated in other currencies, since the balances were insignificant, the Group considered the exposure to foreign currency risk to be low.

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Foreign currency risk (continued)

(i) Hedging

The following tables summarise and demonstrate the profile of the Group's hedging instruments at 31 December 2024 and 31 December 2023, as referred to in note 23 to these financial statements, which provide cash flow hedge to the Group's bank loans and guaranteed notes during the years then ended.

	2024		
Currency	**Weighted average fixed interest rate**	**Weighted average exchange rate against HKD**	**Maturity profiles**
RMB	**3.61%**	**1.087**	**1 to 2 years**
USD	**2.68%**	**7.783**	**Within 1 year or 2 to 5 years**
JPY	**2.54%**	**0.072**	**Within 1 year, 1 to 2 years, 2 to 5 years or after 5 years**
HKD	**2.34%**	**Not applicable**	**Within 1 year**

	2023		
Currency	Weighted average fixed interest rate	Weighted average exchange rate against HKD	Maturity profiles
RMB	2.09%	1.153	Within 1 year or 2 to 5 years
USD	2.68%	7.783	1 to 2 years, 2 to 5 years or after 5 years
JPY	2.54%	0.072	1 to 2 years, 2 to 5 years or after 5 years
HKD	2.34%	Not applicable	1 to 2 years

The hedging instruments, which were stated at fair value at 31 December 2024 and 31 December 2023 (both assets and liabilities), are shown in note 23 "Derivative financial instruments" to these financial statements.

The Group's hedging objective is to hedge the foreign currency exposure to the cash flows variability arising from the interest/coupon payments and principal repayments of the bank loans and guaranteed notes, as a result of the movements in the exchange rates between Hong Kong dollar (being the issuing entity's functional currency) and Renminbi, United States dollar and Japanese Yen during the tenure and upon the maturity of such bank loans and guaranteed notes, so as to ensure cash flow certainty in Hong Kong dollar terms over a significant proportion of the Group's bank loans and guaranteed notes denominated in foreign currencies whilst the Group's overall effective financing cost could be maintained at a reasonably low level. Under the Group's cash flow hedge arrangement, the terms of the hedging instruments basically match with the terms of the hedged items, and the Group expects the value of the hedging instruments to move in the opposite direction as compared to the value of the hedged items, and thereby ensures hedge effectiveness. Therefore, the Group applies a hedge ratio of 1:1.

The main source of hedge ineffectiveness in these hedging relationships principally arises from any late designation of the hedging instrument.

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Foreign currency risk (continued)

(i) Hedging (continued)

The following tables set out the Group's net exposure at the end of the reporting period to foreign currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purpose, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rates at 31 December 2024 and 31 December 2023:

	2024			
	Exposure to foreign currencies in relation to assets and liabilities for which no hedge accounting is applied (expressed in HK$ million)			
	United States dollars	Renminbi	Euro	Australian dollars
Investments designated as financial assets at FVOCI (non-recycling) (note 24)	**–**	**20**	**–**	**27**
Cash and cash equivalents	**9,487**	**2,248**	**12**	**154**
Bank loans (note 4(c))	**–**	**(5,197)**	**–**	**–**
Guaranteed notes (note 4(c))	**(876)**	**(1,170)**	**–**	**–**
Amounts due to related companies (note 34)	**–**	**(3,672)**	**–**	**–**
Gross exposure arising from recognised assets and liabilities	**8,611**	**(7,771)**	**12**	**181**
Less:				
Notional amounts of cross currency interest rate swap contracts and cross currency swap contracts in relation to guaranteed notes designated as economic hedge (note 4(c))	**(876)**	**(1,170)**	**–**	**–**
Net exposure arising from recognised assets and liabilities (for which no hedge arrangement has been made)	**9,487**	**(6,601)**	**12**	**181**

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Foreign currency risk (continued)

(i) Hedging (continued)

	2023				
	Exposure to foreign currencies in relation to assets and liabilities for which no hedge accounting is applied (expressed in HK$ million)				
	United States dollars	Renminbi	Euro	Pound sterling	Australian dollars
Investments designated as financial assets at FVOCI (non-recycling) (note 24)	–	111	–	–	–
Cash and cash equivalents	6,226	2,408	1,320	2	1
Bank loans (note 4(c))	–	(11,883)	–	–	–
Guaranteed notes (note 4(c))	(1,311)	(2,483)	–	–	–
Amount due to a fellow subsidiary (notes 4(e) and 33)	–	(1,256)	–	–	–
Amounts due to related companies (note 34)	–	(3,657)	–	–	–
Gross exposure arising from recognised assets and liabilities	4,915	(16,760)	1,320	2	1
Less:					
Notional amounts of cross currency interest rate swap contracts and cross currency swap contracts in relation to guaranteed notes designated as economic hedge (note 4(c))	(1,311)	(881)	–	–	–
Notional amounts of foreign exchange forward contracts in relation to bank loans designated as economic hedge (note 4(c))	–	(4,240)	–	–	–
Notional amounts of foreign exchange forward contracts in relation to amount due to a fellow subsidiary designated as economic hedge	–	(1,256)	–	–	–
Notional amount of foreign exchange forward contracts in relation to cash and cash equivalents designated as economic hedge	–	–	1,316	–	–
Net exposure arising from recognised assets and liabilities (for which no hedge arrangement has been made)	6,226	(10,383)	4	2	1

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Foreign currency risk (continued)

(ii) Sensitivity analysis

Assuming that the relevant foreign currencies had strengthened/weakened by not more than 5% (2023: 5%) at 31 December 2024 and the changes had been applied to each of the Group entities' exposure to foreign currency risk for both derivative and non-derivative financial instruments denominated in a currency other than the functional currency of the entity to which they relate and in existence at that date, with all other variables held constant, the Group's profit after tax and total equity attributable to equity shareholders of the Company would increase/decrease by HK$12 million (2023: HK$10 million).

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis for 2023.

(e) Interest rate risk

(i) Hedging

For the profile of the Group's hedging instruments of interest rate swap contracts and cross currency interest rate swap contracts at 31 December 2024 and 31 December 2023 as referred to in note 23 to these financial statements and which provide cash flow hedge to the Group's bank loans and guaranteed notes during the two years then ended, please refer to note 4(d) "Foreign currency risk" above.

The hedging instruments, which were stated at fair value at 31 December 2024 and 31 December 2023 (both assets and liabilities), are shown in note 23 "Derivative financial instruments" to these financial statements.

The Group's hedging objective is to hedge the interest rate exposure to the cash flows variability arising from the interest/coupon payments of the bank loans and guaranteed notes denominated in Hong Kong dollars, as a result of the movements in the benchmark interest rates during the tenure and upon the maturity of such bank loans and guaranteed notes, so as to ensure cash flow certainty in Hong Kong dollar terms over a significant proportion of the Group's bank loans and guaranteed notes denominated in Hong Kong dollars whilst the Group's overall effective financing cost could be maintained at a reasonably low level. Under the Group's cash flow hedge arrangement, the terms of the hedging instruments basically match with the terms of the hedged items, and the Group expects the value of the hedging instruments to move in the opposite direction as compared to the value of the hedged items, and thereby ensures hedge effectiveness. Therefore, the Group applies a hedge ratio of 1:1.

The main source of hedge ineffectiveness in these hedging relationships principally arises from any late designation of the hedging instrument.

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Interest rate risk (continued)

(ii) Interest-bearing borrowing profile

The following tables detail the interest-bearing borrowing profile of the Group's bank loans and guaranteed notes after taking into account the effect of swap contracts, and of the lease liabilities, amount due to a fellow subsidiary and amounts due to related companies at the end of the reporting period.

	2024	
	Fixed/ floating	**Amount HK$ million**
Lease liabilities	**Fixed**	**1,019**
Bank loans	**Floating**	**47,250**
Bank loans	**Fixed**	**15,377**
Guaranteed notes	**Floating**	**3,267**
Guaranteed notes	**Fixed**	**16,342**
Amount due to a fellow subsidiary	**Floating**	**66,215**
Amounts due to related companies	**Floating**	**3,672**

	2023	
	Fixed/ floating	Amount HK$ million
Lease liabilities	Fixed	1,252
Bank loans	Floating	37,651
Bank loans	Fixed	28,501
Guaranteed notes	Floating	7,964
Guaranteed notes	Fixed	17,719
Amount due to a fellow subsidiary	Floating	61,192
Amount due to a fellow subsidiary (notes 4(d) and 33)	Fixed	1,256
Amounts due to related companies	Fixed	3,657

(iii) Sensitivity analysis

Assuming that the interest rates had generally increased/decreased by not more than 100 basis points (2023: 100 basis points) at 31 December 2024 and the changes had been applied to the exposure to interest rate risk for both derivative and non-derivative financial liabilities in existence at that date, with all other variables held constant, the Group's profit after tax and total equity attributable to equity shareholders of the Company would decrease/increase by HK$335 million (2023: HK$222 million).

The sensitivity analysis above assumes the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to interest rate risk at the end of the reporting period. The analysis is performed on the same basis for 2023.

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(f) Movements in hedging reserve and cost of hedging reserve

The following tables provide a reconciliation of the hedging reserve in respect of the foreign currency and interest rate risks and show the effectiveness of the hedging relationships (excluding attributable share of hedging reserves of associates and joint ventures):

	Foreign currency and interest rate risks *(Note)* HK$ million	Interest rate risk *(Note)* HK$ million	Total HK$ million	
Balance at 1 January 2024	149	32	181	
Effective portion of changes in fair value of hedging instruments recognised in other comprehensive income (below)	(494)	6	(488)	
Other amounts reclassified to profit or loss	19	–	19	
Reclassified to interest expenses	51	(37)	14	
Reclassified to exchange differences (note 8(d))	335	–	335	
Reclassification from equity to profit or loss	405	(37)	368	(note 13(b))
Related tax	29	7	36	
Movement during the year	(60)	(24)	(84)	
Balance at 31 December 2024	89	8	97	
Change in fair value of hedged items during the year	(494)	6	(488)	
Less:				
Hedge ineffectiveness recognised in profit or loss	–	–	–	
Effective portion of the cash flow hedge recognised in other comprehensive income (above) (note 13(b))	(494)	6	(488)	

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(f) Movements in hedging reserve and cost of hedging reserve (continued)

The following tables provide a reconciliation of the hedging reserve in respect of the foreign currency and interest rate risks and show the effectiveness of the hedging relationships (excluding attributable share of hedging reserves of associates and joint ventures): (continued)

	Foreign currency and interest rate risks *(Note)* HK$ million	Interest rate risk *(Note)* HK$ million	Total HK$ million	
Balance at 1 January 2023	576	108	684	
Effective portion of changes in fair value of hedging instruments recognised in other comprehensive income (below)	(473)	(54)	(527)	
Other amounts reclassified to profit or loss	(19)	–	(19)	
Reclassified to interest expenses	58	(37)	21	
Reclassified to exchange differences (note 8(d))	(77)	–	(77)	
Reclassification from equity to profit or loss	(38)	(37)	(75)	(note 13(b))
Related tax	84	15	99	
Movement during the year	(427)	(76)	(503)	
Balance at 31 December 2023	149	32	181	
Change in fair value of hedged items during the year	(473)	(54)	(527)	
Less:				
Hedge ineffectiveness recognised in profit or loss	–	–	–	
Effective portion of the cash flow hedge recognised in other comprehensive income (above) (note 13(b))	(473)	(54)	(527)	

The carrying balances of the hedging reserve at 31 December 2024 and 31 December 2023 relate to the Group's continuing cash flow hedge.

Note:

The foreign currency and interest rate risks are hedged by cross currency interest rate swap contracts, and the interest rate risk is hedged by interest rate swap contracts.

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(f) Movements in hedging reserve and cost of hedging reserve (continued)

The following table provides a reconciliation of the cost of hedging reserve in respect of the foreign currency and interest rate risks and shows the effectiveness of the hedging relationships (excluding attributable share of cost of hedging reserves of associates and joint ventures):

	Foreign currency basis spread HK$ million
Balance at 1 January 2023	(85)
Fair value change on hedging instruments (note 13(b))	156
Reclassification adjustments for amounts transferred to profit or loss (note 13(b))	(51)
Related tax	(17)
Movement during the year	88
Balance at 31 December 2023	3
Balance at 1 January 2024	**3**
Fair value change on hedging instruments (note 13(b))	**30**
Reclassification adjustments for amounts transferred to profit or loss (note 13(b))	**(11)**
Related tax	**1**
Movement during the year	**20**
Balance at 31 December 2024	**23**

The carrying balances of the cost of hedging reserve at 31 December 2024 and 31 December 2023 relate to the Group's continuing cash flow hedge.

On an after tax basis, for the year ended 31 December 2024, the abovementioned decrease in the hedging reserve of HK$84 million (2023: decrease in the hedging reserve of HK$503 million) and the abovementioned increase in the cost of hedging reserve of HK$20 million (2023: increase in the cost of hedging reserve of HK$88 million) amount in aggregate to a net decrease of HK$64 million (2023: a net decrease of HK$415 million) (note 13(b)) in the Group's other comprehensive income, in the nature of cash flow hedges which may be reclassified subsequently to profit or loss during the year.

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(g) Price risk

The Group is exposed to risks arising from price and fair value changes in relation to listed investments designated as financial assets at FVOCI (non-recycling) and listed investments measured as financial assets at FVPL (see note 24) and certain financial assets measured at FVPL (see note 26).

Listed investments held in the portfolio have been chosen based on their long term growth potential and returns and are monitored regularly for performance against expectations. At 31 December 2024, assuming that the market value of the Group's listed investments designated as financial assets at FVOCI (non-recycling) had increased/decreased by not more than 10% (2023: 10%), with all other variables held constant, the total equity attributable to equity shareholders of the Company would increase/decrease by HK$31 million (2023: HK$37 million). Any increase or decrease in the market value of the Group's listed investments designated as financial assets at FVOCI (non-recycling) would not affect the Group's profit after tax. Assuming that the market value of the Group's listed investments measured as financial assets at FVPL and certain financial assets measured at FVPL had increased/decreased by not more than 10% (2023: 10%), with all other variables held constant, the Group's profit after tax and the total equity attributable to equity shareholders of the Company would increase/decrease by HK$21 million (2023: HK$6 million).

The sensitivity analysis above assumes that the changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to price risk at the end of the reporting period. It is also assumed that the fair value of the Group's financial investments would change in accordance with the historical correlation with the relevant stock market index or other relevant risk variables, and that all other variables remain constant. The analysis is performed on the same basis for 2023.

(h) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following tables present the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(h) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Fair value hierarchy (continued)

	Fair value at 31 December 2024	Fair value measurements at 31 December 2024 categorised into		
		Level 1	Level 2	Level 3
	HK$ million	HK$ million	HK$ million	HK$ million
Recurring fair value measurement				
Financial assets:				
Investments in equity securities designated as financial assets at FVOCI (non-recycling):				
– Unlisted (note 24)	**38**	–	–	**38**
– Listed (note 24)	**306**	**306**	–	–
Investments in other securities measured as financial assets at FVPL:				
– Listed (note 24)	**20**	**20**	–	–
Financial assets measured at FVPL (note 26)	**851**	**187**	**172**	**492**
Derivative financial instruments:				
– Cross currency interest rate swap contracts (note 23)	**6**	–	**6**	–
– Interest rate swap contracts (note 23)	**565**	–	**565**	–
Financial liabilities:				
Derivative financial instruments:				
– Cross currency interest rate swap contracts (note 23)	**1,422**	–	**1,422**	–
– Cross currency swap contracts (note 23)	**89**	–	**89**	–
– Interest rate swap contracts (note 23)	**162**	–	**162**	–

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(h) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Fair value hierarchy (continued)

	Fair value at 31 December 2023	Fair value measurements at 31 December 2023 categorised into		
		Level 1	Level 2	Level 3
	HK$ million	HK$ million	HK$ million	HK$ million
Recurring fair value measurement				
Financial assets:				
Investments in equity securities designated as financial assets at FVOCI (non-recycling):				
– Unlisted (note 24)	30	–	–	30
– Listed (note 24)	371	371	–	–
Investments in other securities measured as financial assets at FVPL:				
– Listed (note 24)	18	18	–	–
Financial assets measured at FVPL (note 26)	482	39	51	392
Derivative financial instruments:				
– Cross currency interest rate swap contracts (note 23)	45	–	45	–
– Interest rate swap contracts (note 23)	714	–	714	–
– Foreign exchange forward contracts (note 23)	106	–	106	–
Financial liabilities:				
Derivative financial instruments:				
– Cross currency interest rate swap contracts (note 23)	1,206	–	1,206	–
– Cross currency swap contracts (note 23)	63	–	63	–
– Interest rate swap contracts (note 23)	174	–	174	–
– Foreign exchange forward contracts (note 23)	20	–	20	–

During the years ended 31 December 2024 and 31 December 2023, there were no transfers between Level 1 and Level 2, or transfers into and out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the reporting period during which they occur.

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(h) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Valuation techniques and inputs used in Level 2 fair value measurements

The fair values of cross currency interest rate swap contracts, cross currency swap contracts, interest rate swap contracts and foreign exchange forward contracts are calculated as the present value of the estimated future cash flows based on the terms and maturity of each contract, taking into account the current interest rates and the current creditworthiness of the swap counterparties.

(ii) Financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments measured at cost or amortised cost are not materially different from their fair values at 31 December 2024 and 31 December 2023, except as follows:

– Amounts due from certain associates and certain joint ventures, and amounts due to certain associates and certain joint ventures

  Amounts due from certain associates and certain joint ventures, and amounts due to certain associates and certain joint ventures are unsecured, interest-free and have no fixed terms of repayment. Given these terms it is not meaningful to quantify their fair values and therefore they are stated at cost.

5 INCREASE IN THE GROUP'S INTEREST IN SUNLIGHT REAL ESTATE INVESTMENT TRUST ("SUNLIGHT REIT") DURING THE YEAR ENDED 31 DECEMBER 2024 AND THE CORRESPONDING YEAR ENDED 31 DECEMBER 2023

During the corresponding year ended 31 December 2023, the Group's beneficial holding in the listed units of Sunlight REIT had increased from 19.535% at 1 January 2023 to 20.001% at 30 June 2023 (the "First Six-Month Period"), through the Group's purchases of 2,476,000 listed units of Sunlight REIT in the open market during the First Six-Month Period as well as 6,739,817 new listed units of Sunlight REIT issued during the First Six-Month Period to a wholly-owned subsidiary of the Company which is engaged in the provision of asset management services to Sunlight REIT. During the period from 1 July 2023 to 31 December 2023 (the "Second Six-Month Period"), the abovementioned wholly-owned subsidiary of the Company was also issued 8,649,800 new listed units of Sunlight REIT as payment of part of the manager's fee by Sunlight REIT in lieu of cash, and the Group purchased a further 2,000,000 listed units of Sunlight REIT in the open market. Together with Sunlight REIT's repurchase of 1,000,000 issued listed units in the open market and the subsequent cancellation of such repurchased units during the Second Six-Month Period, the Group's beneficial holding in the listed units of Sunlight REIT had further increased to 20.536% at 31 December 2023.

In this regard, commencing from 30 June 2023, being the date on which the Group had a beneficial interest which first exceeded 20% in the issued units (which carry voting rights) of Sunlight REIT, the Group has accounted for Sunlight REIT as a listed associate of the Group under the principles of HKAS 28, *Investments in associates and joint ventures* that with the Group's holding of 20% or more of the voting power of Sunlight REIT, the Group is presumed to have significant influence in Sunlight REIT.

As a result:

(i) commencing from 30 June 2023, the Group has de-recognised its investment in Sunlight REIT from "Investment measured as financial asset at fair value through profit or loss" and recognised such investment as "Interest in associate";

(ii) during the corresponding year ended 31 December 2023, the Group recognised a one-off gain arising from the de-recognition of the Group's investment in Sunlight REIT from "Investment measured as financial asset at fair value through profit or loss", as well as a gain on bargain purchase from the recognition of the Group's investment in Sunlight REIT as "Interest in associate", net of fair value loss, in the net aggregate amount of HK$1,591 million (see note 7(iii)); and

(iii) commencing from 30 June 2023, the financial results of Sunlight REIT were accounted for under the equity method of accounting in the Group's consolidated financial statements.

During the year ended 31 December 2024, the Group's beneficial holding in the listed units of Sunlight REIT had further increased from 20.536% at 1 January 2024 to 22.095% at 31 December 2024, through (i) the Group's purchases of 6,823,000 listed units of Sunlight REIT in the open market; (ii) the issuance of 25,022,706 new listed units of Sunlight REIT to the abovementioned wholly-owned subsidiary of the Company as payment of part of the manager's fee by Sunlight REIT in lieu of cash; and (iii) Sunlight REIT's repurchase of 1,000,000 issued listed units in the open market and the subsequent cancellation of such repurchased units. These resulted in a gain on step acquisitions in the aggregate amount of HK$150 million (2023: HK$45 million) and was included in the Group's "Share of profits less losses of associates" for the year ended 31 December 2024.

6 REVENUE

Revenue of the Group represents revenue from the property development (including sales of properties), rental income, operation and management of department stores and supermarket-cum-stores, hotel room operation and other businesses mainly including income from hotel management (other than hotel room operation), construction, provision of finance, investment holding, project management, property management, agency services, security guard and cleaning services, food and beverage operation, travel operation, as well as the trading of building materials.

The major items are analysed as follows:

	2024 **HK$ million**	2023 HK$ million
Property development (including sales of properties)	**12,506**	15,210
Rental income	**6,994**	6,876
Department stores and supermarket-cum-stores operations *(note (i))*	**1,548**	1,566
Hotel room operation	**331**	333
Other businesses	**3,877**	3,585
Total (note 15(b))	**25,256**	27,570

Note:

(i) Including commission income earned from consignment and concessionaire counters of the department stores operation, and the commission income earned from consignment counters of the supermarket-cum-stores operation, in the aggregate amount of HK$373 million for the year ended 31 December 2024 (2023: HK$422 million).

In accordance with HKFRS 15, (i) revenue from sales of properties and sales of goods from department stores and supermarket-cum-stores operations (including the commission income from consignment and concessionaire counters) are recognised at a point in time, as described in notes 2(y)(i) and 2(y)(vi) to these financial statements respectively; and (ii) revenue from hotel room operation and promotion income from department stores and supermarket-cum stores operations are recognised over time, as described in notes 2(y)(v) and 2(y)(vi) to these financial statements respectively. Rental income recognised from HKFRS 16 is categorically classified as revenue from other sources. In respect of the Group's other businesses, as referred to in note 2(y) to these financial statements, revenue from construction, property management, asset management, project management, security guard and cleaning services in the aggregate amount of HK$2,053 million (2023: HK$2,036 million) is recognised over time while the remaining is recognised at a point in time.

At 31 December 2024, the cumulative aggregate amount of revenue expected to be recognised in the consolidated statement of profit or loss in the future from pre-completion sales contracts entered into in relation to the Group's properties held for/under development for sale and completed properties for sale held by the Group's subsidiaries, which are pending assignment in Hong Kong and mainland China, amounted to HK$8,621 million (2023: HK$10,351 million) and which will be recognised when the pre-sold properties are assigned to the customers.

7 OTHER NET INCOME

	2024 HK$ million	2023 HK$ million
Net loss on transfer of a subsidiary regarding an investment property *(note (i))*	**(2)**	–
Net gain on disposal of investment properties	**93**	64
Aggregate net gain on sales of property interests (note 15(a))	**91**	64
Net fair value gain/(loss) on investments measured as financial assets at FVPL	**43**	(2)
Net fair value loss on derivative financial instruments at FVPL:		
– Interest rate swap contracts, cross currency swap contracts, cross currency interest rate swap contracts and foreign exchange forward contracts (for which no hedge accounting was applied during the year)	**(71)**	(83)
Impairment loss on trade debtors, net (notes 15(c) and 26(b))	**(36)**	(6)
Provision on inventories, net (note 15(a))	**(193)**	(192)
Exchange loss, net (note 8(d))	**(60)**	(45)
Gains on land resumptions *(note (ii))*	**3,421**	–
Gain on de-recognition of investment measured as financial asset at FVPL and gain on bargain purchase net of fair value loss (notes 5 and 15(a)) *(note (iii))*	**–**	1,591
Others	**(4)**	181
	3,191	1,508

Notes:

(i) Being the loss attributable to reported profit in relation to the Group's transfer to an independent third party of its interest in the entire issued share capital of a wholly-owned subsidiary which owns "Harbour East", being an investment property at No. 218 Electric Road, North Point, Hong Kong, and the related shareholder's loan pursuant to an agreement entered into between the parties on 10 December 2023. The transfer was completed on 28 January 2024. Taking into account the cumulative fair value gain on the investment property disposed of in the amount of HK$1,409 million, the Group recognised a gain on transfer attributable to underlying profit in the amount of HK$1,407 million during the year ended 31 December 2024.

(ii) Comprised mainly the aggregate pre-tax gains attributable to reported profit of HK$3,410 million resulting from the resumptions by the HKSAR Government in April 2024 of certain land lots of approximately 1.45 million square feet held by the Group's subsidiaries in Fanling North and Kwu Tung North New Development Areas, and during the period from July to December 2024 of certain land lots of approximately 3.62 million square feet held by the Group's subsidiaries in Hung Shui Kiu/Ha Tsuen New Development Area, both located in the New Territories, Hong Kong, for an aggregate cash compensation of approximately HK$5,900 million.

Including the Group's attributable share of pre-tax loss of HK$101 million resulting from the resumption of certain land lots in Hung Shui Kiu/Ha Tsuen New Development Area measuring approximately 0.23 million square feet attributable to the Group held by a joint venture and the pre-tax gains of HK$11 million resulting from the resumption of certain other land lots in the New Territories held by the Group's subsidiaries, the Group's attributable share of pre-tax gains on land resumptions attributable to reported profit amounted in aggregate to HK$3,320 million during the year ended 31 December 2024 (see note 15(a)).

(iii) For the corresponding year ended 31 December 2023, the amount of HK$1,591 million (see note 5(ii)) comprised (a) a one-off gain from the de-recognition of investment measured as financial asset at FVPL and a gain on bargain purchase from the recognition of such investment as an interest in associate in the amount of HK$1,739 million; and (b) a net fair value loss on investment measured as financial asset at FVPL in the amount of HK$148 million.

8 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

		2024 HK$ million	2023 HK$ million
(a)	**Finance costs:**		
	Bank loans interest	**2,765**	2,660
	Interest on other loans	**3,126**	3,097
	Interest on guaranteed notes	**812**	968
	Finance cost on lease liabilities (notes 28(b) and 30)	**40**	40
	Other borrowing costs	**141**	154
		6,884	6,919
	Less: Amount capitalised *(note)*	**(4,553)**	(4,920)
	Finance costs (note 15(a))	**2,331**	1,999

Note: The borrowing costs have been capitalised at weighted average interest rates based on the principal amounts of the Group's bank loans, guaranteed notes and other loans during the period under which interest capitalisation was applicable, ranging from 3.31% to 5.88% (2023: ranging from 2.15% to 5.79%) per annum.

		2024 HK$ million	2023 HK$ million
(b)	**Directors' emoluments**	**209**	208

Details of the directors' emoluments are set out in note 9.

		2024 HK$ million	2023 HK$ million
(c)	**Staff costs (other than directors' emoluments):**		
	Salaries, wages and other benefits	**3,059**	2,963
	Contributions to defined contribution retirement plans	**124**	117
		3,183	3,080

8 PROFIT BEFORE TAXATION (CONTINUED)

Profit before taxation is arrived at after charging/(crediting): (continued)

	2024 HK$ million	2023 HK$ million
(d) Other items:		
Net foreign exchange (gain)/loss	**(546)**	353
Cash flow hedges: net foreign exchange loss/(gain) reclassified from equity (note 4(f))	**335**	(77)
Amount of exchange gain/(loss) capitalised	**271**	(231)
Exchange loss, net (note 7)	**60**	45
Amortisation of trademarks (note 19)	**4**	4
Depreciation		
– on other property, plant and equipment (note 16(a))	**190**	199
– on right-of-use assets (note 17)	**297**	336
	491	539
	(note 15(c))	(note 15(c))
Cost of sales		
– properties for sale	**9,463**	11,186
– trading stocks and consumable stores	**923**	880
Auditors' remuneration		
– audit services	**24**	23
– non-audit services	**8**	10
Expenses relating to short-term leases	**17**	10
Rentals receivable from investment properties less direct outgoings of HK$1,966 million (2023: HK$1,981 million) *(note (i))*	**(4,880)**	(4,720)
Dividend income from investments designated as financial assets at FVOCI (non-recycling) and measured as financial assets at FVPL *(note (ii))*		
– listed	**(25)**	(53)
– unlisted	**(5)**	(7)

Notes:

(i) The rental income from investment properties included contingent rental income of HK$61 million (2023: HK$73 million).

(ii) During the year ended 31 December 2024, dividend income of HK$19 million related to investments designated as financial assets at FVOCI (non-recycling) held at 31 December 2024 (2023: dividend income of HK$22 million related to investments designated as financial assets at FVOCI (non-recycling) held at 31 December 2023).

9 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) are as follows:

	2024				
	Directors' fees HK$'000	Salaries, allowances and benefits-in-kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive Directors					
Dr Lee Ka Kit	200	18,589	4,565	18	23,372
Dr Lee Ka Shing	300	15,954	6,237	881	23,372
Dr Lam Ko Yin, Colin	250	10,314	21,169	617	32,350
Dr Lee Shau Kee	150	21,069	–	–	21,219
Yip Ying Chee, John	150	9,418	14,815	563	24,946
Suen Kwok Lam	150	7,899	7,683	472	16,204
Fung Lee Woon King	150	5,623	5,145	335	11,253
Kwok Ping Ho	250	5,413	1,415	323	7,401
Wong Ho Ming, Augustine	150	10,842	15,413	648	27,053
Fung Hau Chung, Andrew	150	12,589	2,756	610	16,105
Non-executive Director					
Lee Pui Ling, Angelina	150	–	–	–	150
Independent Non-executive Directors					
Kwong Che Keung, Gordon	1,050	–	–	–	1,050
Professor Ko Ping Keung	950	–	–	–	950
Wu King Cheong	1,300	–	–	–	1,300
Woo Ka Biu, Jackson	250	–	–	–	250
Professor Poon Chung Kwong	350	–	–	–	350
Au Siu Kee, Alexander	2,100	–	–	–	2,100
Total for the year ended 31 December 2024	8,050	117,710	79,198	4,467	209,425

9 DIRECTORS' EMOLUMENTS (CONTINUED)

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) are as follows: (continued)

	2023				
	Directors' fees HK$'000	Salaries, allowances and benefits-in-kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive Directors					
Dr Lee Ka Kit	200	19,797	3,177	18	23,192
Dr Lee Ka Shing	300	15,782	6,237	873	23,192
Dr Lam Ko Yin, Colin	250	10,251	21,169	614	32,284
Dr Lee Shau Kee	150	21,015	–	–	21,165
Yip Ying Chee, John	150	9,366	14,815	560	24,891
Suen Kwok Lam	150	7,818	7,683	467	16,118
Fung Lee Woon King	150	5,568	5,145	332	11,195
Kwok Ping Ho	250	5,356	1,415	319	7,340
Wong Ho Ming, Augustine	150	10,784	15,413	645	26,992
Fung Hau Chung, Andrew	150	12,456	2,757	603	15,966
Non-executive Director					
Lee Pui Ling, Angelina	150	–	–	–	150
Independent Non-executive Directors					
Kwong Che Keung, Gordon	1,050	–	–	–	1,050
Professor Ko Ping Keung	950	–	–	–	950
Wu King Cheong	1,300	–	–	–	1,300
Woo Ka Biu, Jackson	250	–	–	–	250
Professor Poon Chung Kwong	350	–	–	–	350
Au Siu Kee, Alexander	2,100	–	–	–	2,100
Total for the year ended 31 December 2023	8,050	118,193	77,811	4,431	208,485

9 DIRECTORS' EMOLUMENTS (CONTINUED)

During the years ended 31 December 2024 and 31 December 2023:

(i) all the directors' fees payable to the executive directors of the Company were in respect of their services as directors of the Company and/or its subsidiary undertakings, and all the salaries, allowances, benefits-in-kind, discretionary bonuses and retirement scheme contributions payable to the executive directors of the Company were in respect of their services in connection with the management of the affairs of the Company and/or its subsidiary undertakings; and

(ii) all the emoluments payable to the non-executive director and the independent non-executive directors of the Company were in respect of their services as directors of the Company and/or its subsidiary undertakings.

At 31 December 2024, there were no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities for disclosure pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation (2023: None).

During the year ended 31 December 2024 and at 31 December 2024, save as disclosed in note 43, there was no transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a director of the Company and his/her connected entities had a material interest, subsisted at the end of the reporting period or at any time during the year for disclosure pursuant to section 383(1)(e) of the Hong Kong Companies Ordinance and Part 4 of the Companies (Disclosure of Information about Benefits of Directors) Regulation (2023: None).

There was no arrangement under which a director had waived or agreed to waive any remuneration during the current and prior years.

10 EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT

(a) Emoluments of five highest paid individuals

Of the five individuals with the highest emoluments, all (2023: all) of them are directors whose emoluments are disclosed in note 9.

(b) Emoluments of senior management

Other than the emoluments of directors and five highest paid individuals disclosed in notes 9 and 10(a) respectively, the emoluments of the senior management whose profiles are set out in the section "Biographical Details of Directors and Senior Management" of the Company's annual report for the year ended 31 December 2024 (of which these financial statements form a part) fell within the following bands:

	2024 Number of individuals	2023 Number of individuals
Emolument band (HK$) ***(note)***		
$2,000,001 to $3,000,000	**–**	1
$3,000,001 to $4,000,000	**1**	1
$4,000,001 to $5,000,000	**3**	2
$5,000,001 to $6,000,000	**2**	3
$6,000,001 to $7,000,000	**3**	2
$7,000,001 to $8,000,000	**–**	–
$8,000,001 to $9,000,000	**–**	1
$9,000,001 to $10,000,000	**–**	–
$10,000,001 to $11,000,000	**1**	1
$11,000,001 to $12,000,000	**1**	3
$12,000,001 to $13,000,000	**3**	1
$13,000,001 to $14,000,000	**–**	–
$14,000,001 to $15,000,000	**1**	2
$15,000,001 to $16,000,000	**1**	–
$16,000,001 to $17,000,000	**1**	1
	17	18

Note: Including salaries, allowances and benefits-in-kind, discretionary bonuses and retirement scheme contributions.

11 INCOME TAX

(a) Income tax in the consolidated statement of profit or loss represents:

	2024 HK$ million	2023 HK$ million
Current tax – Provision for Hong Kong Profits Tax		
Provision for the year	**727**	640
Under-provision in respect of prior years	**224**	–
	951	640
Current tax – Provision for taxation outside Hong Kong		
Provision for the year	**309**	342
Under/(over)-provision in respect of prior years	**3**	(181)
	312	161
Current tax – Provision for Land Appreciation Tax		
Provision for the year	**44**	83
(Over)/under-provision in respect of prior years	**(54)**	6
	(10)	89
Deferred tax		
Origination and reversal of temporary differences	**(298)**	(224)
	(298)	(224)
	955	666

Provision for Hong Kong Profits Tax has been made at 16.5% (2023: 16.5%) on the estimated assessable profits for the year, taking into account a one-off reduction of 100% (2023: 100%) of the tax payable for the year of assessment 2023/24 subject to a ceiling of HK$3,000 (2022/23: HK$6,000) for each business allowed by the Inland Revenue Department of the HKSAR Government.

Provision for taxation outside Hong Kong is provided for at the applicable rates of taxation for the year on the estimated assessable profits arising in the relevant foreign tax jurisdictions during the year.

Land Appreciation Tax is levied on properties in mainland China developed by the Group for sale, at progressive rates ranging from 30% to 60% (2023: 30% to 60%) on the appreciation of land value, which under the applicable regulations is calculated based on the revenue from sale of properties less deductible expenditure including lease charges of land use rights, borrowing costs and property development expenditure.

11 INCOME TAX (CONTINUED)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2024 HK$ million	2023 HK$ million
Profit before taxation	**8,238**	10,444
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	**1,395**	1,897
Tax effect of share of profits less losses of associates and joint ventures	**(500)**	(988)
Tax effect of non-deductible expenses	**438**	483
Tax effect of non-taxable revenue	**(622)**	(765)
Tax effect of current year's tax losses not recognised	**236**	440
Tax effect of prior years' tax losses utilised	**(54)**	(74)
Tax effect of unused tax losses not recognised in prior years now recognised	**(125)**	(210)
One-off rebate of Hong Kong Profits Tax	**–**	(1)
Land Appreciation Tax	**33**	62
Under/(over)-provision in respect of prior years, net	**154**	(178)
Actual tax expense	**955**	666

(c) Deferred tax assets and liabilities recognised:

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	Depreciation allowances in excess of related depreciation HK$ million	Revaluation of properties HK$ million	Elimination and capitalisation of expenses HK$ million	Fair value adjustment on business combination HK$ million	Tax losses HK$ million	Others HK$ million	Total HK$ million
At 1 January 2023	2,680	4,342	224	1,563	(569)	157	8,397
Exchange adjustments	(11)	(64)	–	(2)	–	–	(77)
Charged/(credited) to profit or loss	239	(76)	(38)	(9)	(326)	(14)	(224)
Credited to reserves (note 13(a))	–	–	–	–	–	(82)	(82)
Transfer to liabilities associated with assets of the disposal group classified as held for sale	(28)	–	–	–	28	–	–
Others	–	–	–	–	–	3	3
At 31 December 2023	2,880	4,202	186	1,552	(867)	64	8,017
At 1 January 2024	**2,880**	**4,202**	**186**	**1,552**	**(867)**	**64**	**8,017**
Exchange adjustments	**(23)**	**(90)**	**–**	**–**	**–**	**(3)**	**(116)**
Charged/(credited) to profit or loss	**241**	**(282)**	**(55)**	**(12)**	**(195)**	**5**	**(298)**
Credited to reserves (note 13(a))	**–**	**–**	**–**	**–**	**–**	**(37)**	**(37)**
Others	**–**	**–**	**–**	**–**	**–**	**(3)**	**(3)**
At 31 December 2024	**3,098**	**3,830**	**131**	**1,540**	**(1,062)**	**26**	**7,563**

11 INCOME TAX (CONTINUED)

(c) Deferred tax assets and liabilities recognised: (continued)

	2024 HK$ million	2023 HK$ million
Net deferred tax assets recognised in the consolidated statement of financial position	**(1,082)**	(1,027)
Net deferred tax liabilities recognised in the consolidated statement of financial position	**8,645**	9,044
	7,563	8,017

(d) Deferred tax assets not recognised:

Deferred tax assets have not been recognised in respect of the following items:

	2024		2023	
	Deductible temporary differences/ unused tax losses HK$ million	**Deferred tax assets not recognised HK$ million**	Deductible temporary differences/ unused tax losses HK$ million	Deferred tax assets not recognised HK$ million
Deductible temporary differences	**4**	**1**	4	1
Future benefits of tax losses				
Hong Kong *(note (i))*				
– Assessed by the Inland Revenue Department	**5,319**	**878**	4,609	760
– Not yet assessed by the Inland Revenue Department	**12,724**	**2,099**	11,017	1,818
Outside Hong Kong *(note (ii))*	**2,083**	**521**	1,953	493
	20,126	**3,498**	17,579	3,071
	20,130	**3,499**	17,583	3,072

Notes:

(i) These tax losses do not expire under current tax legislation.

(ii) These tax losses can be carried forward to offset against taxable profits of subsequent years for up to five years from the year in which they arose.

The Group has not recognised deferred tax assets in respect of deductible temporary differences and unused tax losses of certain subsidiaries as it is not probable that sufficient future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.

12 DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to profit for the year

	2024 HK$ million	2023 HK$ million
Interim dividend declared and paid of HK$0.50 (2023: HK$0.50) per share	**2,421**	2,421
Final dividend proposed after the end of the reporting period of HK$1.30 (2023: HK$1.30) per share	**6,294**	6,294
	8,715	8,715

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(b) Dividends payable to equity shareholders of the Company attributable to profit for the previous financial year, approved and paid during the year

	2024 HK$ million	2023 HK$ million
Final dividend in respect of the previous financial year, approved and paid during the year of HK$1.30 (2023: HK$1.30) per share	**6,294**	6,294

13 OTHER COMPREHENSIVE INCOME

(a) Tax effects relating to each component of other comprehensive income

	2024			2023		
	Pre-tax amount HK$ million	Tax credit HK$ million	Net-of-tax amount HK$ million	Pre-tax amount HK$ million	Tax credit HK$ million	Net-of-tax amount HK$ million
Exchange differences	**(919)**	**–**	**(919)**	(783)	–	(783)
Cash flow hedges	**(101)**	**37**	**(64)**	(497)	82	(415)
Investments in equity securities designated as financial assets at FVOCI (non-recycling)	**46**	**–**	**46**	(92)	–	(92)
Share of other comprehensive income of associates and joint ventures	**(1,089)**	**–**	**(1,089)**	(913)	–	(913)
Other comprehensive income for the year	**(2,063)**	**37**	**(2,026)**	(2,285)	82	(2,203)
		(note 11(c))			(note 11(c))	

13 OTHER COMPREHENSIVE INCOME (CONTINUED)

(b) Components of other comprehensive income, including reclassification adjustments

	2024 HK$ million	2023 HK$ million
Exchange differences:		
– translation of financial statements of foreign entities	**(919)**	(783)
Net movement in the exchange reserve during the year recognised in other comprehensive income	**(919)**	(783)
Cash flow hedges:		
– effective portion of changes in fair value of hedging instruments recognised during the year (note 4(f))	**(488)**	(527)
– hedging – reclassification from equity to profit or loss (note 4(f))	**368**	(75)
– cost of hedging – changes in fair value (note 4(f))	**30**	156
– cost of hedging – reclassification adjustments for amounts transferred to profit or loss (note 4(f))	**(11)**	(51)
– net deferred tax credited to other comprehensive income	**–**	82
– tax credit arising from reversal of temporary differences recognised in prior years	**37**	–
Net aggregate movement in the hedging reserve and the cost of hedging reserve during the year recognised in other comprehensive income (note 4(f))	**(64)**	(415)
Investments in equity securities designated as financial assets at FVOCI (non-recycling):		
– changes in fair value recognised during the year	**46**	(92)
Net movement in the fair value reserve (non-recycling) during the year recognised in other comprehensive income	**46**	(92)

13 OTHER COMPREHENSIVE INCOME (CONTINUED)

(c) For each component of equity

	Attributable to equity shareholders of the Company								
	Property revaluation reserve HK$ million	Exchange reserve HK$ million	Fair value reserve (non-recycling) HK$ million	Hedging reserve HK$ million	Other reserves HK$ million	Retained profits HK$ million	Total HK$ million	Non-controlling interests HK$ million	Total other comprehensive income HK$ million
2023									
Exchange differences:									
– translation of financial statements of foreign entities	–	(769)	–	–	–	–	(769)	(14)	(783)
Cash flow hedges:									
– effective portion of changes in fair value, net of deferred tax	–	–	–	(440)	–	–	(440)	–	(440)
– hedging – reclassification from equity to profit or loss, net of deferred tax	–	–	–	(63)	–	–	(63)	–	(63)
– cost of hedging – change in fair value, net of deferred tax	–	–	–	130	–	–	130	–	130
– cost of hedging – reclassification adjustments for amounts transferred to profit or loss, net of deferred tax	–	–	–	(42)	–	–	(42)	–	(42)
Investments in equity securities designated as financial assets at FVOCI (non-recycling):									
– changes in fair value	–	–	(51)	–	–	–	(51)	(41)	(92)
Share of other comprehensive income of associates and joint ventures	–	(887)	33	(56)	–	(3)	(913)	–	(913)
Other comprehensive income for the year	–	(1,656)	(18)	(471)	–	(3)	(2,148)	(55)	(2,203)
2024									
Exchange differences:									
– translation of financial statements of foreign entities	**–**	**(902)**	**–**	**–**	**–**	**–**	**(902)**	**(17)**	**(919)**
Cash flow hedges:									
– effective portion of changes in fair value	**–**	**–**	**–**	**(488)**	**–**	**–**	**(488)**	**–**	**(488)**
– hedging – reclassification from equity to profit or loss	**–**	**–**	**–**	**368**	**–**	**–**	**368**	**–**	**368**
– cost of hedging – change in fair value	**–**	**–**	**–**	**30**	**–**	**–**	**30**	**–**	**30**
– cost of hedging – reclassification adjustments for amounts transferred to profit or loss	**–**	**–**	**–**	**(11)**	**–**	**–**	**(11)**	**–**	**(11)**
– tax credit arising from reversal of temporary differences recognised in prior years	**–**	**–**	**–**	**37**	**–**	**–**	**37**	**–**	**37**
Investments in equity securities designated as financial assets at FVOCI (non-recycling):									
– changes in fair value	**–**	**–**	**27**	**–**	**–**	**–**	**27**	**19**	**46**
Share of other comprehensive income of associates and joint ventures	**–**	**(1,135)**	**(2)**	**21**	**–**	**27**	**(1,089)**	**–**	**(1,089)**
Other comprehensive income for the year	**–**	**(2,037)**	**25**	**(43)**	**–**	**27**	**(2,028)**	**2**	**(2,026)**

14 EARNINGS PER SHARE

(a) Reported earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to equity shareholders of the Company of HK$6,296 million (2023: HK$9,261 million) and the weighted average number of 4,841 million ordinary shares (2023: 4,841 million ordinary shares) in issue during the year.

Diluted earnings per share were the same as the basic earnings per share for the year and the corresponding year ended 31 December 2023 as there were no dilutive potential ordinary shares in existence during both years.

(b) Underlying earnings per share

For the purpose of assessing the underlying performance of the Group, basic and diluted earnings per share are additionally calculated based on the consolidated profit attributable to equity shareholders of the Company after excluding the effects of changes in fair value of investment properties and investment properties under development ("Underlying Profit") of HK$9,774 million (2023: HK$9,706 million). A reconciliation of profit is as follows:

	2024 **HK$ million**	2023 HK$ million
Profit attributable to equity shareholders of the Company	**6,296**	9,261
Fair value loss of investment properties and investment properties under development during the year (after deducting non-controlling interests' attributable share and deferred tax) (note 16(c))	**1,833**	1,677
Share of fair value loss/(gain) of investment properties (net of deferred tax) during the year:		
– associates (note 16(c))	**208**	(219)
– joint ventures (note 16(c))	**(19)**	(969)
The Group's attributable share of the cumulative fair value gain/(loss) of investment properties disposed of during the year, net of tax:		
– subsidiaries	**1,454**	(44)
– associates and joint ventures	**2**	–
Underlying Profit	**9,774**	9,706
Underlying earnings per share, based on the weighted average number of ordinary shares in issue during the year (note 14(a))	**HK$2.02**	HK$2.00

15 SEGMENT REPORTING

The Group manages its businesses by a mixture of business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance, the Group has identified the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

Property development	:	Development and sale of properties
Property leasing	:	Leasing of properties
Department stores and supermarket-cum-stores operations	:	Operation and management of department stores and supermarket-cum-stores
Hotel room operation	:	The operation of hotel properties owned by the Group generating room revenue
Other businesses	:	Hotel management (other than hotel room operation), construction, provision of finance (other than interest income from mortgage loans as well as interest income from property development joint ventures which are classified under the "*Property development*" segment), investment holding, project management, property management, agency services, security guard and cleaning services, food and beverage operation, travel operation, as well as the trading of building materials
Utility and energy	:	Production, distribution and marketing of gas, water supply, renewable energy businesses and emerging energy businesses

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases.

Revenue and expenses are allocated to the reportable segments with reference to revenues generated by those segments and the expenses incurred by those segments. Segment results form the basis of measurement used for assessing segment performance and represent profit or loss before provision on inventories, net, sales of property interests, gain on de-recognition of investment measured as financial asset at FVPL and gain on bargain purchase net of fair value loss, fair value change on investment properties and investment properties under development, net finance costs, income tax and items not specifically attributed to individual reportable segments, such as unallocated head office and corporate expenses, net.

15 SEGMENT REPORTING (CONTINUED)

(a) Results of reportable segments

Information regarding the Group's and its share of associates and joint ventures on reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2024 and 31 December 2023 is set out below.

	Company and its subsidiaries (before deducting non-controlling interests)		Associates and joint ventures				Attributable to non-controlling interests		Attributable to equity shareholders of the Company	
	Revenue *(note (i))* HK$ million	Segment results HK$ million	Share of revenue HK$ million	Share of segment results HK$ million	Combined revenue HK$ million	Consolidated segment results HK$ million	Revenue HK$ million	Segment results HK$ million	Combined revenue HK$ million	Consolidated segment results HK$ million
For the year ended 31 December 2024										
Property development									*(note 1)*	*(note 1)*
Hong Kong	11,692	4,808	679	(102)	12,371	4,706	(48)	(59)	12,323	4,647
Mainland China	814	(13)	7,411	1,002	8,225	989	–	(4)	8,225	985
	12,506	4,795	8,090	900	20,596	5,695	(48)	(63)	20,548	5,632
Property leasing										
Hong Kong	4,953	3,498	2,274	1,741	7,227	5,239	(385)	(323)	6,842	4,916
Mainland China	2,041	1,574	84	32	2,125	1,606	(25)	(15)	2,100	1,591
	(note (ii)) 6,994	5,072	2,358	1,773	9,352	6,845	(410)	(338)	8,942	6,507
Department stores and supermarket-cum-stores operations										
– sale of own goods	1,230	(75)	–	–	1,230	(75)	(374)	39	856	(36)
– rental of consignment and concessionaire counters	318	138	–	–	318	138	(98)	(6)	220	132
	1,548	63	–	–	1,548	63	(472)	33	1,076	96
Hotel room operation	331	91	261	71	592	162	(165)	(47)	427	115
Other businesses	3,877	42	321	256	4,198	298	(914)	3	3,284	301
	25,256	10,063	11,030	3,000	36,286	13,063	(2,009)	(412)	34,277	12,651
Utility and energy	–	–	34,147	3,517	34,147	3,517	–	–	34,147	3,517
	25,256	10,063	45,177	6,517	70,433	16,580	(2,009)	(412)	68,424	16,168

15 SEGMENT REPORTING (CONTINUED)

(a) Results of reportable segments (continued)

	Company and its subsidiaries (before deducting non-controlling interests)		Associates and joint ventures				Attributable to non-controlling interests		Attributable to equity shareholders of the Company	
	Revenue *(note (i))* HK$ million	Segment results HK$ million	Share of revenue HK$ million	Share of segment results HK$ million	Combined revenue HK$ million	Consolidated segment results HK$ million	Revenue HK$ million	Segment results HK$ million	Combined revenue HK$ million	Consolidated segment results HK$ million
For the year ended 31 December 2024 (continued)										
Provision on inventories, net	(note 7)	(193)		(131)		(324)		–		(324)
Sales of property interests *(note 2)*	(note 7)	91		1		92		–		92
Unallocated head office and corporate expenses, net		(1,428)		(76)		(1,504)		6		(1,498)
Profit from operations		8,533		6,311		14,844		(406)		14,438
Decrease in fair value of investment properties and investment properties under development		(1,514)		(206)		(1,720)		(588)		(2,308)
Finance costs	(note 8(a))	(2,331)		(1,558)		(3,889)		102		(3,787)
Bank interest income		452		192		644		(132)		512
Net finance costs		(1,879)		(1,366)		(3,245)		(30)		(3,275)
Profit before taxation		5,140		4,739		9,879		(1,024)		8,855
Income tax		(955)		(1,641)		(2,596)		37		(2,559)
Profit for the year		4,185		3,098		7,283		(987)		6,296

Notes:

(1) The revenue and segment results for the year ended 31 December 2024 related to the sale of leasehold land, interest income from mortgage loans and interest income from property development joint ventures (of which revenue in the amounts of HK$Nil, HK$203 million and HK$78 million respectively and segment profit in the amounts of HK$Nil, HK$176 million and HK$78 million respectively) are classified under the "Property development" segment. The pre-tax profit contribution from the property development segment in Hong Kong for the year ended 31 December 2024 also included the Group's attributable share of pre-tax gains attributable to reported profit in the aggregate amount of HK$3,320 million upon the resumptions by the HKSAR Government of the Group's leasehold lands during the year (note 7).

(2) The Group's attributable share of the realised cumulative fair value gain of investment properties disposed of during the year ended 31 December 2024 amounted to HK$1,456 million (note 14(b)). Adding to it the Group's attributable share of net gain attributable to reported profit on disposal of investment properties of HK$92 million (see above) for the year ended 31 December 2024, the Group's attributable share of the realised gain from the sales of property interests attributable to underlying profit amounted to HK$1,548 million during the year ended 31 December 2024.

15 SEGMENT REPORTING (CONTINUED)

(a) Results of reportable segments (continued)

In relation to the share of profits less losses of associates and joint ventures:

	Property development HK$ million	Property leasing HK$ million	Hotel room operation HK$ million	Other businesses HK$ million	Sub-total HK$ million	Utility and energy HK$ million	Total HK$ million
For the year ended 31 December 2024							
Share of profits less losses of associates *(note (iii))*							
– Material listed associate							
The Hong Kong and China Gas Company Limited	–	165	5	(753)	(583)	2,954	2,371
– Other listed associates and unlisted associates	(18)	(87)	–	147	42	–	42
	(18)	78	5	(606)	(541)	2,954	2,413
Share of profits less losses of joint ventures *(note (iv))*	(37)	859	18	(155)	685	–	685
	(55)	937	23	(761)	144	2,954	3,098

15 SEGMENT REPORTING (CONTINUED)

(a) Results of reportable segments (continued)

	Company and its subsidiaries (before deducting non-controlling interests)		Associates and joint ventures				Attributable to non-controlling interests		Attributable to equity shareholders of the Company	
	Revenue *(note (i))* HK$ million	Segment results HK$ million	Share of revenue HK$ million	Share of segment results HK$ million	Combined revenue HK$ million	Consolidated segment results HK$ million	Revenue HK$ million	Segment results HK$ million	Combined revenue HK$ million	Consolidated segment results HK$ million
For the year ended 31 December 2023										
Property development									*(note 1)*	*(note 1)*
Hong Kong	14,675	2,264	185	(1)	14,860	2,263	(98)	(94)	14,762	2,169
Mainland China	535	195	8,963	1,932	9,498	2,127	–	(1)	9,498	2,126
	15,210	2,459	9,148	1,931	24,358	4,390	(98)	(95)	24,260	4,295
Property leasing										
Hong Kong	4,845	3,469	2,278	1,769	7,123	5,238	(383)	(323)	6,740	4,915
Mainland China	2,031	1,455	101	70	2,132	1,525	(29)	(18)	2,103	1,507
	(note (ii)) 6,876	4,924	2,379	1,839	9,255	6,763	(412)	(341)	8,843	6,422
Department stores and supermarket-cum-stores operations										
– sale of own goods	1,205	(72)	–	–	1,205	(72)	(366)	37	839	(35)
– rental of consignment and concessionaire counters	361	172	–	–	361	172	(111)	(23)	250	149
	1,566	100	–	–	1,566	100	(477)	14	1,089	114
Hotel room operation	333	102	257	79	590	181	(166)	(54)	424	127
Other businesses	3,585	35	350	(40)	3,935	(5)	(712)	37	3,223	32
	27,570	7,620	12,134	3,809	39,704	11,429	(1,865)	(439)	37,839	10,990
Utility and energy	–	–	35,586	3,710	35,586	3,710	–	–	35,586	3,710
	27,570	7,620	47,720	7,519	75,290	15,139	(1,865)	(439)	73,425	14,700

15 SEGMENT REPORTING (CONTINUED)

(a) Results of reportable segments (continued)

	Company and its subsidiaries (before deducting non-controlling interests)		Associates and joint ventures				Attributable to non-controlling interests		Attributable to equity shareholders of the Company	
	Revenue *(note (i))* HK$ million	Segment results HK$ million	Share of revenue HK$ million	Share of segment results HK$ million	Combined revenue HK$ million	Consolidated segment results HK$ million	Revenue HK$ million	Segment results HK$ million	Combined revenue HK$ million	Consolidated segment results HK$ million
For the year ended 31 December 2023 **(continued)**										
Provision on inventories, net	(note 7)	(192)		–		(192)		–		(192)
Sales of property interests *(note 2)*	(note 7)	64		–		64		(1)		63
Gain on de-recognition of investment measured as financial asset at FVPL and gain on bargain purchase net of fair value loss	(note 7)	1,591		–		1,591		–		1,591
Unallocated head office and corporate expenses, net		(1,176)		(176)		(1,352)		3		(1,349)
Profit from operations		7,907		7,343		15,250		(437)		14,813
(Decrease)/increase in fair value of investment properties and investment properties under development		(1,700)		1,148		(552)		(54)		(606)
Finance costs	(note 8(a))	(1,999)		(1,297)		(3,296)		50		(3,246)
Bank interest income		679		317		996		(130)		866
Net finance costs		(1,320)		(980)		(2,300)		(80)		(2,380)
Profit before taxation		4,887		7,511		12,398		(571)		11,827
Income tax		(666)		(1,954)		(2,620)		54		(2,566)
Profit for the year		4,221		5,557		9,778		(517)		9,261

Notes:

(1) The revenue and segment results for the corresponding year ended 31 December 2023 related to the sale of leasehold land, interest income from mortgage loans and interest income from property development joint ventures (of which revenue in the amounts of HK$13 million, HK$224 million and HK$250 million respectively and segment profit in the amounts of HK$9 million, HK$210 million and HK$250 million respectively) are classified under the "Property development" segment.

(2) The Group's attributable share of the realised cumulative fair value loss of investment properties disposed of during the corresponding year ended 31 December 2023 amounted to HK$44 million (note 14(b)). Deducting from it the Group's attributable share of net gain attributable to reported profit on disposal of investment properties of HK$63 million (see above) for the corresponding year ended 31 December 2023, the Group's attributable share of the realised gain from the sales of property interests attributable to underlying profit amounted to HK$19 million during the corresponding year ended 31 December 2023.

15 SEGMENT REPORTING (CONTINUED)

(a) Results of reportable segments (continued)

In relation to the share of profits less losses of associates and joint ventures:

	Property development HK$ million	Property leasing HK$ million	Hotel room operation HK$ million	Other businesses HK$ million	Sub-total HK$ million	Utility and energy HK$ million	Total HK$ million
For the year ended 31 December 2023							
Share of profits less losses of associates *(note (iii))*							
– Material listed associate							
The Hong Kong and China Gas Company Limited	–	375	7	(733)	(351)	2,875	2,524
– Other listed associates and unlisted associates	126	121	–	23	270	–	270
	126	496	7	(710)	(81)	2,875	2,794
Share of profits less losses of joint ventures *(note (iv))*	797	1,938	25	3	2,763	–	2,763
	923	2,434	32	(707)	2,682	2,875	5,557

Notes:

(i) The revenue figures above are arrived at after the elimination of inter-segment revenues, in the amounts of HK$455 million (2023: HK$443 million) and HK$2,757 million (2023: HK$1,942 million) in relation to the reportable segments under "Property leasing" and "Others", respectively.

(ii) Revenue for the "Property leasing" segment comprised rental income of HK$6,055 million (2023: HK$5,969 million) and rental-related income of HK$939 million (2023: HK$907 million), which in aggregate amounted to HK$6,994 million for the year (2023: HK$6,876 million) (see note 6).

(iii) The Group's share of profits less losses of associates contributed from the "Property leasing" segment during the year of HK$78 million (2023: HK$496 million) included the Group's attributable share of net decrease in fair value of investment properties (net of deferred tax) during the year of HK$208 million (2023: attributable share of net increase in fair value of investment properties (net of deferred tax) during the year of HK$219 million) (see note 16(c)).

The Group's share of losses less profits of associates contributed from the "Other businesses" segment during the year of HK$606 million (2023: HK$710 million) included the Group's share of profit after tax from hotel management (other than hotel room operation) during the year of HK$2 million (2023: HK$3 million).

(iv) The Group's share of profits less losses of joint ventures contributed from the "Property leasing" segment during the year of HK$859 million (2023: HK$1,938 million) included the Group's attributable share of net increase in fair value of investment properties (net of deferred tax) during the year of HK$19 million (2023: HK$969 million) (see note 16(c)).

The Group's share of losses less profits of joint ventures contributed from the "Other businesses" segment during the year of HK$155 million (2023: share of profits less losses of HK$3 million) included the Group's share of profit after tax contributed from hotel management (other than hotel room operation) during the year of HK$7 million (2023: HK$10 million).

15 SEGMENT REPORTING (CONTINUED)

(b) Geographical information

The following table sets out information about the geographical segment location of (i) the Group's revenue from external customers; and (ii) the Group's investment properties, other property, plant and equipment, right-of-use assets, goodwill, trademarks, interests in associates and joint ventures (together, the "Specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the Specified non-current assets is based on the physical location of the asset in the case of investment properties, other property, plant and equipment and right-of-use assets, the location of the operation to which the cash-generating unit(s) is(are) allocated in the case of goodwill and trademarks, and the location of operations in the case of interests in associates and joint ventures.

	Revenue from external customers		Specified non-current assets	
	For the year ended 31 December		At 31 December	
	2024 HK$ million	2023 HK$ million	**2024 HK$ million**	2023 HK$ million
Hong Kong	**21,904**	24,539	**338,042**	328,977
Mainland China	**3,352**	3,031	**67,962**	72,306
The United Kingdom	**–**	–	**36**	36
	25,256	27,570	**406,040**	401,319
	(note 6)	(note 6)		

(c) Other segment information

	Depreciation and amortisation		Impairment loss/ (reversal of impairment loss) on trade debtors, net	
	For the year ended 31 December		For the year ended 31 December	
	2024 HK$ million	2023 HK$ million	**2024 HK$ million**	2023 HK$ million
Property development	**53**	73	**27**	8
Property leasing	**26**	40	**9**	(2)
Department stores and supermarket-cum-stores operations				
– sale of own goods	**151**	149	**–**	–
– rental of consignment and concessionaire counters	**7**	10	**–**	–
Hotel room operation	**75**	74	**–**	–
Other businesses	**179**	193	**–**	–
	491	539	**36**	6
	(note 8(d))	(note 8(d))	**(notes 7 and 26(b))**	(notes 7 and 26(b))

16 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Investment properties HK$ million	Investment properties under/ held for development HK$ million	Sub-total HK$ million	Hotel properties HK$ million	Other land and buildings HK$ million	Plant and equipment HK$ million	Sub-total HK$ million	Total HK$ million
Cost or valuation:								
At 1 January 2023	174,931	85,193	260,124	4,221	276	2,980	7,477	267,601
Exchange adjustments	(700)	(12)	(712)	–	2	(2)	–	(712)
Additions								
– through acquisitions of subsidiaries (note 39(a))	–	–	–	–	–	1	1	1
– others	371	7,934	8,305	3	3	123	129	8,434
Disposals	(495)	–	(495)	–	(9)	(36)	(45)	(540)
Written off	–	–	–	–	–	(29)	(29)	(29)
Deficit on revaluation	(1,043)	(657)	(1,700)	–	–	–	–	(1,700)
Transfer to investment properties	1,192	(1,192)	–	–	–	–	–	–
Transfer from inventories	–	1,201	1,201	–	–	–	–	1,201
Transfer to assets of the disposal group classified as held for sale (note 37)	(2,319)	–	(2,319)	–	–	–	–	(2,319)
At 31 December 2023	171,937	92,467	264,404	4,224	272	3,037	7,533	271,937
Representing:								
Cost	–	2,399	2,399	4,224	272	3,037	7,533	9,932
Valuation	171,937	90,068	262,005	–	–	–	–	262,005
	171,937	92,467	264,404	4,224	272	3,037	7,533	271,937
Accumulated depreciation:								
At 1 January 2023	–	–	–	216	71	2,610	2,897	2,897
Exchange adjustments	–	–	–	–	–	(8)	(8)	(8)
Charge for the year (note 8(d))	–	–	–	64	6	129	199	199
Written back on disposals	–	–	–	–	(3)	(31)	(34)	(34)
Written off	–	–	–	–	–	(29)	(29)	(29)
At 31 December 2023	–	–	–	280	74	2,671	3,025	3,025
Net book value:								
At 31 December 2023	171,937	92,467	264,404	3,944	198	366	4,508	268,912

16 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Reconciliation of carrying amount (continued)

	Investment properties HK$ million	Investment properties under/ held for development HK$ million	Sub-total HK$ million	Hotel properties HK$ million	Other land and buildings HK$ million	Plant and equipment HK$ million	Sub-total HK$ million	Total HK$ million
Cost or valuation:								
At 1 January 2024	171,937	92,467	264,404	4,224	272	3,037	7,533	271,937
Exchange adjustments	(1,020)	(17)	(1,037)	–	(2)	(5)	(7)	(1,044)
Additions								
– through acquisitions of subsidiaries (note 39(a))	291	8	299	–	–	–	–	299
– others	1,124	5,064	6,188	1	1	79	81	6,269
Disposals	(130)	–	(130)	–	–	(40)	(40)	(170)
Written off	–	–	–	–	–	(23)	(23)	(23)
(Deficit)/surplus on revaluation	(3,075)	1,561	(1,514)	–	–	–	–	(1,514)
Transfer to investment properties	31,977	(31,977)	–	–	–	–	–	–
Transfer from inventories	2,613	1,051	3,664	–	–	–	–	3,664
At 31 December 2024	203,717	68,157	271,874	4,225	271	3,048	7,544	279,418
Representing:								
Cost	–	2,710	2,710	4,225	271	3,048	7,544	10,254
Valuation	203,717	65,447	269,164	–	–	–	–	269,164
	203,717	68,157	271,874	4,225	271	3,048	7,544	279,418
Accumulated depreciation:								
At 1 January 2024	–	–	–	280	74	2,671	3,025	3,025
Exchange adjustments	–	–	–	–	–	(4)	(4)	(4)
Charge for the year (note 8(d))	–	–	–	64	4	122	190	190
Written back on disposals	–	–	–	–	–	(35)	(35)	(35)
Written off	–	–	–	–	–	(21)	(21)	(21)
At 31 December 2024	–	–	–	344	78	2,733	3,155	3,155
Net book value:								
At 31 December 2024	203,717	68,157	271,874	3,881	193	315	4,389	276,263

16 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) The analysis of net book value of properties is as follows:

	2024 HK$ million	2023 HK$ million
In Hong Kong		
– under long leases	**19,224**	14,027
– under medium-term leases	**210,321**	205,912
	229,545	219,939
Outside Hong Kong		
– under long leases	**10**	10
– under medium-term leases	**46,357**	48,561
– freehold	**36**	36
	46,403	48,607
	275,948	268,546

(c) Fair value measurement of investment properties and investment properties under development

Fair value hierarchy

The fair value of the Group's investment properties and investment properties under development is measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

16 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Fair value measurement of investment properties and investment properties under development (continued)

Fair value hierarchy (continued)

	Fair value at 31 December 2024 HK$ million	Fair value measurements at 31 December 2024 categorised into Level 2 HK$ million	Level 3 HK$ million
Recurring fair value measurement			
Investment properties:			
– In Hong Kong	**158,201**	**3,763**	**154,438**
– In mainland China	**45,516**	**–**	**45,516**
Investment properties under development:			
– In Hong Kong	**64,673**	**–**	**64,673**
– In mainland China	**774**	**–**	**774**

	Fair value at 31 December 2023 HK$ million	Fair value measurements at 31 December 2023 categorised into Level 2 HK$ million	Level 3 HK$ million
Recurring fair value measurement			
Investment properties:			
– In Hong Kong	124,252	–	124,252
– In mainland China	47,685	–	47,685
Investment properties under development:			
– In Hong Kong	89,255	–	89,255
– In mainland China	813	–	813

During the years ended 31 December 2024 and 31 December 2023, there were no transfers between Level 1 and Level 2, or transfers into and out of Level 3. The Group’s policy is to recognise transfers between levels of fair value hierarchy at the end of the reporting period during which they occur.

16 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Fair value measurement of investment properties and investment properties under development (continued)

Valuation process

The Group's investment properties and investment properties under development were revalued at 31 December 2024 by Cushman & Wakefield Limited, a firm of professional surveyors who have among their staff Members of The Hong Kong Institute of Surveyors with recent experience in the location and category of the properties being valued, on a market value basis.

The Group's management has reviewed the valuation results performed by the surveyors for financial reporting purposes by verifying all major inputs and assumptions, and assessing the reasonableness of property valuation. Such valuation is performed at each interim and annual reporting date and is reviewed and approved by senior management.

Valuation methodologies

The valuations of completed investment properties in Hong Kong and mainland China were primarily based on income capitalisation approach which capitalised the net income of the properties and taking into account the reversionary potential of the properties after expiry of the current lease.

For certain investment properties in Hong Kong and mainland China which are still under development, the valuations were determined on redevelopment basis and by estimating the fair value of such properties as if they were completed in accordance with the relevant development plan and then deducting from that amount the estimated costs to complete the construction, financing costs and a reasonable profit margin.

Inputs used in Level 2 fair value measurement

The valuations of certain completed investment properties in Hong Kong were determined using direct market comparison approach by reference to recent sales prices of comparable properties on a price per square foot basis based on market data which is publicly available.

Inputs used in Level 3 fair value measurement

Below is a table which presents the significant unobservable inputs:

Completed investment properties

	Range of capitalisation rates		Range of occupancy rates	
	2024	2023	**2024**	2023
	%	%	**%**	%
In Hong Kong				
– Retail	**2.75%-6.0%**	2.75%-6.0%	**40%-100%**	50%-100%
– Office/industrial	**2.75%-4.125%**	3.0%-4.125%	**53%-100%**	64%-100%
In mainland China				
– Retail	**5.5%-8.5%**	5.5%-8.5%	**57%-100%**	57%-100%
– Office	**5.0%-6.75%**	5.0%-7.5%	**50%-100%**	44%-100%

The fair value measurement of completed investment properties is positively correlated to the occupancy rate and negatively correlated to the capitalisation rate.

16 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Fair value measurement of investment properties and investment properties under development (continued)

Inputs used in Level 3 fair value measurement (continued)

Investment properties under development

	Estimated project development cost	
	2024	2023
In Hong Kong	**HK$49 million to HK$16,300 million**	HK$50 million to HK$17,420 million
In mainland China	**HK$71 million**	HK$73 million

The fair value measurement of investment properties under development is negatively correlated to the estimated cost to completion, being determined as the estimated project development cost less the actual amount of project development cost incurred up to the end of the reporting period.

Valuation

As a result, a net fair value loss on the Group's investment properties and investment properties under development in Hong Kong and mainland China (after deducting non-controlling interests' attributable share and deferred tax), excluding those held by associates and joint ventures, in the amount of HK$1,833 million (2023: HK$1,677 million) has been recognised in the consolidated statement of profit or loss for the year (see note 14(b)).

In aggregate, the Group's attributable share of the net fair value loss (net of deferred tax) on investment properties and investment properties under development held by subsidiaries, associates and joint ventures for the year ended 31 December 2024 amounted to HK$2,022 million (2023: HK$489 million).

A reconciliation of the abovementioned figures is as follows:

	For the year ended 31 December 2024		
	Hong Kong HK$ million	**Mainland China HK$ million**	**Total HK$ million**
Fair value (loss)/gain on investment properties and investment properties under development held by			
– subsidiaries (before deducting non-controlling interests' attributable share and deferred tax)	**(351)**	**(1,163)**	**(1,514)**
Less:			
Deferred tax	**–**	**267**	**267**
Non-controlling interests' attributable share of the fair value gain (net of deferred tax)	**(578)**	**(8)**	**(586)**
(after deducting non-controlling interests' attributable share and deferred tax) (note 14(b))	**(929)**	**(904)**	**(1,833)**
– associates (Group's attributable share) (notes 14(b) and 15(a)(iii))	**(208)**	**–**	**(208)**
– joint ventures (Group's attributable share) (notes 14(b) and 15(a)(iv))	**193**	**(174)**	**19**
	(944)	**(1,078)**	**(2,022)**

16 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Fair value measurement of investment properties and investment properties under development (continued)

Valuation (continued)

A reconciliation of the abovementioned figures is as follows: (continued)

	For the year ended 31 December 2023		
	Hong Kong HK$ million	Mainland China HK$ million	Total HK$ million
Fair value (loss)/gain on investment properties and investment properties under development held by			
– subsidiaries (before deducting non-controlling interests' attributable share and deferred tax)	(1,352)	(348)	(1,700)
Less:			
Deferred tax	–	75	75
Non-controlling interests' attributable share of the fair value gain (net of deferred tax)	(48)	(4)	(52)
(after deducting non-controlling interests' attributable share and deferred tax) (note 14(b))	(1,400)	(277)	(1,677)
– associates (Group's attributable share) (notes 14(b) and 15(a)(iii))	217	2	219
– joint ventures (Group's attributable share) (notes 14(b) and 15(a)(iv))	1,112	(143)	969
	(71)	(418)	(489)

(d) All properties held under operating leases that would otherwise meet the definition of investment properties are classified as investment properties.

17 RIGHT-OF-USE ASSETS

	2024 HK$ million	2023 HK$ million
Cost:		
At 1 January	**1,996**	1,748
Exchange adjustments	**(1)**	–
Additions for the year (note 30)	**68**	774
Change in basic rent due to modification of certain lease terms (note 30)	**(1)**	(2)
Written back on expiry of leases	**(109)**	(524)
At 31 December	**1,953**	1,996
Accumulated depreciation:		
At 1 January	**785**	973
Exchange adjustments	**(1)**	–
Charge for the year (note 8(d))	**297**	336
Written back on expiry of leases	**(109)**	(524)
At 31 December	**972**	785
Net book value:		
At 31 December	**981**	1,211

Except for short-term leases and leases of low-value assets of the Group of which the Company or any of its subsidiaries is a lessee and in relation to which the recognition exemption under HKFRS 16 is applicable, the Group recognises for each of the remaining leases (the "Remaining Leases") a right-of-use asset.

Depreciation charge on the right-of-use assets is recognised using the straight-line method over a period of 2 years to 8 years, being the periods from the dates of the commencement/modification of the Remaining Leases to the end of the term of the Remaining Leases, taking into consideration any renewal options attaching thereto (if any).

The carrying balances of the right-of-use assets are amortised to nil on the expiry dates of the Remaining Leases.

Indirect ownership interests in leasehold land and buildings relate to certain investment properties held by certain associates (including Sunlight REIT which the Group has accounted for as a listed associate commencing from 30 June 2023 (see note 5)) and a joint venture of the Group. Other properties leased for own use relate to certain property interests held by external third parties.

17 RIGHT-OF-USE ASSETS (CONTINUED)

Further analysis of right-of-use assets by category, at net book values, is as follows:

	2024 HK$ million	2023 HK$ million
At 1 January		
– Indirect ownership interests in leasehold land and buildings	**720**	192
– Other properties leased for own use	**491**	583
	1,211	775
At 31 December		
– Indirect ownership interests in leasehold land and buildings	**579**	720
– Other properties leased for own use	**402**	491
	981	1,211

18 GOODWILL

Goodwill of HK$262 million (2023: HK$262 million) had arisen from the acquisition of UNY (HK) Co., Limited (which was subsequently renamed as Unicorn Stores (HK) Limited on 27 July 2018) by Henderson Investment Limited, a listed subsidiary of the Company, in May 2018.

The Directors have assessed that there was no impairment on the goodwill at 31 December 2024 and 31 December 2023.

19 TRADEMARKS

	2024 HK$ million	2023 HK$ million
Cost:		
At 1 January and 31 December	**109**	109
Accumulated amortisation:		
At 1 January	**11**	7
Amortisation during the year (note 8(d))	**4**	4
At 31 December	**15**	11
Carrying amount:		
At 31 December	**94**	98

The amortisation charge is included in "Administrative expenses" in the Group's consolidated statement of profit or loss.

20 INTEREST IN SUBSIDIARIES

Details of the principal subsidiaries at 31 December 2024 which materially affected the results, assets or liabilities of the Group or whose business activities are representative of the Group's business portfolio are set out on pages 312 to 318.

The following table lists out the information relating to Miramar, the only subsidiary of the Group which has a material non-controlling interest not held by the Group ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination and consolidation adjustments.

	2024 HK$ million	2023 HK$ million
NCI percentage	**49.925%**	49.925%
Current assets	**6,862**	6,062
Non-current assets	**15,583**	15,909
Current liabilities	**(768)**	(742)
Non-current liabilities	**(577)**	(557)
Non-controlling interests	**(217)**	(187)
Net assets attributable to equity shareholders	**20,883**	20,485
Carrying amount of NCI	**10,426**	10,227
Revenue	**2,858**	2,553
Profit for the year	**802**	1,017
Total comprehensive income	**814**	913
Profit allocated to NCI for the year	**400**	508
Dividends paid to NCI for the year	**183**	179
Cash flows generated from operating activities	**236**	652
Cash flows generated from/(used in) investing activities	**577**	(1,648)
Cash flows used in financing activities	**(52)**	(50)

21 INTEREST IN ASSOCIATES

	2024 HK$ million	2023 HK$ million
Unlisted		
Share of net assets	**2,609**	3,009
Amounts due from associates	**1,158**	1,160
Less: Impairment loss	**(44)**	(44)
	3,723	4,125
Listed in Hong Kong		
Share of net assets, including goodwill on acquisition	**46,841**	47,778
	50,564	51,903
Market value of listed shares	**49,338**	47,646

Except for the amounts due from associates of (i) HK$12 million (2023: HK$17 million) which are interest-bearing at Hong Kong dollar prime rate minus 3% (2023: Hong Kong dollar prime rate minus 3%) per annum; and (ii) HK$5 million (2023: Nil) which are interest-bearing at Hong Kong Interbank Offered Rate ("HIBOR") plus 4% per annum, all of the amounts due from associates are unsecured, interest-free and have no fixed terms of repayment. The balances are not expected to be recovered within one year from the end of the reporting period and were not past due at 31 December 2024 and 31 December 2023.

21 INTEREST IN ASSOCIATES (CONTINUED)

All of the associates are accounted for using the equity method in the consolidated financial statements. Details of the principal associates at 31 December 2024 which materially affected the results, assets or liabilities of the Group or whose business activities are representative of the Group's business portfolio are set out on page 319.

Summarised financial information of the material associate, adjusted for any differences in accounting policies and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	The Hong Kong and China Gas Company Limited *(note)*	
	2024 HK$ million	2023 HK$ million
Gross amounts of the associate's:		
Current assets	**24,341**	26,634
Non-current assets	**134,077**	135,477
Current liabilities	**(36,068)**	(40,131)
Non-current liabilities	**(53,886)**	(50,831)
Equity	**68,464**	71,149
Revenue	**55,473**	56,971
Profit from continuing operation	**6,761**	7,171
Other comprehensive income	**(2,189)**	(1,689)
Total comprehensive income	**4,572**	5,482
Dividend received from the associate	**2,712**	2,712
Reconciled to the Group's interest in the associate:		
Gross amount of net assets of the associate	**68,464**	71,149
Non-controlling interests	**(10,943)**	(11,086)
Equity attributable to equity shareholders	**57,521**	60,063
Group's interest	**41.53%**	41.53%
Group's share of the associate's equity attributable to equity shareholders	**23,888**	24,944
Goodwill	**17,519**	17,519
Carrying amount in the consolidated financial statements	**41,407**	42,463
Market value of the listed shares	**48,119**	46,337

Note: The principal activities of The Hong Kong and China Gas Company Limited are the production, distribution and marketing of gas, water supply, renewable energy businesses and emerging energy businesses. Its distinctive business nature forms a supplement to the Group's core businesses of property development and property investment and smoothens the cyclicality of the Group's property development business.

21 INTEREST IN ASSOCIATES (CONTINUED)

Aggregate information of associates that are not individually material:

	2024 HK$ million	2023 HK$ million
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**9,157**	9,440
Aggregate amounts of the Group's share of those associates:		
Profit from continuing operation	**42**	270
Other comprehensive income	**(23)**	(17)
Total comprehensive income	**19**	253

22 INTEREST IN JOINT VENTURES

	2024 HK$ million	2023 HK$ million
Share of net assets	**50,474**	52,174
Less: Impairment loss	**(2)**	(2)
	50,472	52,172
Amounts due from joint ventures	**27,404**	26,761
	77,876	78,933

The amounts due from joint ventures are unsecured, interest-free, have no fixed terms of repayment and are not expected to be recovered within one year from the end of the reporting period except for the amounts of (i) HK$2,481 million (2023: HK$2,344 million) which are interest-bearing at interest rates ranging from Hong Kong dollar prime rate minus 3% to Hong Kong dollar prime rate (2023: ranging from Hong Kong dollar prime rate minus 3% to Hong Kong dollar prime rate) per annum; and (ii) HK$14 million which were interest-bearing at HIBOR plus 0.5% per annum at 31 December 2023 and were fully recovered during the year ended 31 December 2024. The balances were not past due at 31 December 2024 and 31 December 2023.

All of the joint ventures are accounted for using the equity method in the consolidated financial statements. Details of the principal joint ventures at 31 December 2024 which materially affected the results, assets or liabilities of the Group or whose business activities are representative of the Group's business portfolio are set out on page 320.

22 INTEREST IN JOINT VENTURES (CONTINUED)

Summarised financial information of the material joint venture, adjusted for any differences in accounting policies and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	Central Waterfront Property Investment Holdings Limited *(note)*	
	2024	2023
	HK$ million	HK$ million
Gross amounts of the joint venture's:		
Current assets	**667**	559
Non-current assets	**118,065**	117,664
Current liabilities	**(1,771)**	(1,866)
Non-current liabilities	**(18,814)**	(18,767)
Equity	**98,147**	97,590
Included in the above assets and liabilities:		
Cash and cash equivalents	**302**	209
Non-current financial liabilities (excluding trade and other payables and provisions)	**(17,477)**	(17,486)
Revenue	**5,123**	5,366
Increase in fair value of investment properties	**498**	3,209
Profit from continuing operation	**2,629**	5,604
Other comprehensive income	**10**	(108)
Total comprehensive income	**2,639**	5,496
Dividend received from the joint venture	**712**	876
Included in the above profit:		
Depreciation and amortisation	**(105)**	(102)
Interest income	**7**	8
Interest expense	**(814)**	(784)
Income tax expense	**(431)**	(470)
Reconciled to the Group's interest in the joint venture:		
Gross amount of net assets of the joint venture	**98,147**	97,590
Group's interest	**34.21%**	34.21%
Group's share of net assets of the joint venture and its carrying amount in the consolidated financial statements	**33,576**	33,386

Note: Central Waterfront Property Investment Holdings Limited was incorporated in the British Virgin Islands by the Group and its joint venture partners and operates in Hong Kong. Its subsidiaries are mainly engaged in property investment and hotel operation in The International Finance Centre complex in Hong Kong.

22 INTEREST IN JOINT VENTURES (CONTINUED)

Aggregate information of joint ventures that are not individually material:

	2024 HK$ million	2023 HK$ million
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	**44,300**	45,547
Aggregate amounts of the Group's share of those joint ventures:		
(Loss)/profit from continuing operation	**(214)**	846
Other comprehensive income	**(303)**	(320)
Total comprehensive income	**(517)**	526

23 DERIVATIVE FINANCIAL INSTRUMENTS

	2024		2023	
	Assets HK$ million	Liabilities HK$ million	Assets HK$ million	Liabilities HK$ million
Cash flow hedges:				
Cross currency interest rate swap contracts (note 4(h)(i))	**6**	**1,422**	44	1,117
Interest rate swap contracts (note 4(h)(i))	**264**	**–**	338	–
Total cash flow hedges	**270**	**1,422**	382	1,117
Fair value through profit or loss:				
Cross currency interest rate swap contracts (note 4(h)(i))	**–**	**–**	1	89
Cross currency swap contracts (note 4(h)(i))	**–**	**89**	–	63
Interest rate swap contracts (note 4(h)(i))	**301**	**162**	376	174
Foreign exchange forward contracts (note 4(h)(i))	**–**	**–**	106	20
	301	**251**	483	346
	571	**1,673**	865	1,463
Representing:				
Non-current portion	**514**	**996**	743	1,354
Current portion (notes 26 and 29)	**57**	**677**	122	109
	571	**1,673**	865	1,463

Details of the Group's derivative financial instruments under cash flow hedges and economic hedges which hedged against interest rate risk, foreign currency risk and both the foreign currency and interest rate risks, in relation to the Group's bank loans and guaranteed notes at 31 December 2024 and 31 December 2023, are set out in note 4(c) to these consolidated financial statements.

24 OTHER FINANCIAL ASSETS

	2024 HK$ million	2023 HK$ million
Investments designated as financial assets at FVOCI (non-recycling)		
Investments in equity securities		
Unlisted (note 4(h)(i))	**38**	30
Listed (note 4(h)(i)):		
– in Hong Kong	**259**	260
– outside Hong Kong	**47**	111
	344	401
Investments measured as financial assets at FVPL		
Investments in other securities		
Listed (note 4(h)(i)):		
– in Hong Kong	**20**	18
	20	18
Financial assets measured at amortised cost		
Corporate bonds	**13**	13
Instalments receivable	**3,205**	3,844
Loans receivable	**1,029**	1,043
	4,247	4,900
	4,611	5,319

24 OTHER FINANCIAL ASSETS (CONTINUED)

(a) Instalments receivable

Instalments receivable represent the proceeds receivable from the sale of properties due after more than one year from the end of the reporting period. The balance included in "Other financial assets" was not past due at 31 December 2024 and 31 December 2023. Instalments receivable due within one year from the end of the reporting period are included in "Trade and other receivables" under current assets (see note 26).

Instalments receivable, which are due within one year (see note 26) and after more than one year from the end of the reporting period, included an amount of HK$2,583 million (2023: HK$3,099 million) representing the aggregate attributable amounts of the outstanding mortgage loans advanced by the Group to the property buyers and which were already drawdown by the property buyers at the end of the reporting period.

(b) Loans receivable

The Group's loans receivable comprised the following amounts:

	2024 **HK$ million**	2023 HK$ million
Secured loans	**920**	1,043
Unsecured loans	**109**	–
	1,029	1,043

At 31 December 2024, except for an amount of HK$536 million (2023: HK$543 million) which is interest-bearing at HIBOR plus 2.25% (2023: HIBOR plus 2.25%) per annum, the remaining balance of the abovementioned secured loans in the aggregate amount of HK$384 million (2023: HK$500 million) is interest-bearing at fixed interest rate of 5.5% (2023: 5.5%) per annum.

At 31 December 2024, the entire balance of the abovementioned unsecured loans was interest-bearing at floating interest rates ranging from 20% below the RMB Loan Prime Rate to RMB Loan Prime Rate plus 0.15% per annum (2023: Nil).

These balances are due after more than one year from the end of the reporting period and were not past due at 31 December 2024 and 31 December 2023.

The balances of loans receivable which are expected to be recovered within one year from the end of the reporting period have been classified as "Trade and other receivables" under current assets (see note 26). The balances were not past due at 31 December 2024 and 31 December 2023.

25 INVENTORIES

	2024 HK$ million	2023 HK$ million
Property development		
Leasehold land held for development for sale	**9,495**	11,384
Properties held for/under development for sale	**42,281**	53,923
Completed properties for sale	**33,693**	28,698
	85,469	94,005
Other operations		
Trading stocks and consumable stores	**139**	159
	85,608	94,164

The analysis of carrying value of inventories for property development is as follows:

	2024 HK$ million	2023 HK$ million
In Hong Kong		
– under long leases	**38,164**	39,023
– under medium-term leases	**37,551**	45,221
	75,715	84,244
In mainland China		
– under long leases	**6,607**	7,914
– under medium-term leases	**3,147**	1,847
	9,754	9,761
	85,469	94,005
Including:		
– Properties expected to be completed after more than one year	**33,690**	40,202

26 TRADE AND OTHER RECEIVABLES

		2024 HK$ million	2023 HK$ million
(i)	**Debtors and current receivables**		
	Trade receivables (other than those transferred to the disposal group (see note 37))	**310**	322
	Instalments receivable (note 24(a))	**103**	119
	Sub-total: Trade debtors	**413**	441
	Other debtors	**5,692**	5,921
	Prepayments and deposits (other than those transferred to the disposal group (see note 37))	**4,208**	3,732
	Gross amount due from customers for contract work (note 27)[^]	**15**	44
	Amounts due from associates	**27**	31
	Amounts due from joint ventures	**203**	284
		10,558	10,453
(ii)	**Other current financial assets**		
	Loans receivable (note 24(b))	**2,557**	3,384
	Financial assets measured at FVPL (note 4(h)(i))	**851**	482
	Derivative financial instruments (note 23)	**57**	122
		3,465	3,988
		14,023	14,441

(^) *This balance represented the excess of cumulative revenue recognised in profit or loss over the cumulative payments made by customers at the end of the reporting period, and was recognised as contract asset (see note 2(q)).*

Included in other debtors is an amount receivable of HK$1,864 million (2023: HK$1,864 million) which was overdue at 31 December 2024, but which is pledged against certain collaterals provided by the debtor.

Loans receivable, of which HK$795 million (2023: HK$695 million) are secured and interest-bearing at interest rates ranging from 3.8% to 5.5% and HIBOR plus 2.25% (2023: ranging from 3.8% to 12.0%) per annum, and HK$1,762 million (2023: HK$2,689 million) are unsecured and interest-bearing at interest rates ranging from 6.0% to 9.0% (2023: ranging from 3.8% to 9.0%) per annum, are both expected to be recovered within one year from the end of the reporting period, and were both not past due at 31 December 2024 and 31 December 2023.

26 TRADE AND OTHER RECEIVABLES (CONTINUED)

Typical payment terms which impact on the amount of contract assets recognised are as follows:

Gross amount due from customers for contract work
The Group's construction contracts include payment schedules which require staged payments over the construction period once certain milestones are reached as certified by architects' certificates. At 31 December 2023, the Group had one construction contract for agreed retention period of twelve months for 10% of the contract value, which amount was included in contract assets until the end of the retention period as the Group's entitlement to the final payment was conditional on the Group's construction works satisfactorily passing inspection. At 31 December 2024, the Group did not have any construction contract.

All of the trade and other receivables are expected to be recovered or recognised as expense within one year except for various deposits, prepayments and other debtors of HK$4,185 million (2023: HK$3,517 million) which are expected to be recovered after more than one year from the end of the reporting period.

The amounts due from associates and joint ventures at 31 December 2024 and 31 December 2023 are unsecured, interest-free, have no fixed terms of repayment and were not past due at 31 December 2024 and 31 December 2023.

(a) Ageing analysis

At the end of the reporting period, the ageing analysis of trade debtors (which are included in trade and other receivables), based on the dates of invoices or demand notes and net of loss allowance, is as follows:

	2024 HK$ million	2023 HK$ million
Current or up to 1 month	**252**	309
More than 1 month and up to 3 months	**66**	54
More than 3 months and up to 6 months	**33**	30
More than 6 months	**62**	48
	413	441

Details of the Group's credit policy are set out in note 4(a).

(b) Impairment of trade debtors

Impairment losses in respect of trade debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly (see note 2(o)(i)).

The movement in the allowance account during the year is as follows:

	2024 HK$ million	2023 HK$ million
At 1 January	**37**	31
Impairment loss, net (notes 7 and 15(c))	**36**	6
Uncollectible amounts written off	**(4)**	–
At 31 December	**69**	37

27 GROSS AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	2024 HK$ million	2023 HK$ million
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus profits less losses	**120**	2,083
Progress billings	**(110)**	(2,137)
Net contract work/(progress billings in excess of contract costs incurred plus profits less losses)	**10**	(54)
Represented by:		
Gross amount due from customers for contract work recognised as contract assets under "Trade and other receivables" (note 26)	**15**	44
Gross amount due to customers for contract work recognised as contract liabilities under "Trade and other payables" (note 29)	**(5)**	(98)
	10	(54)

28 CASH AND BANK BALANCES AND MOVEMENTS IN THE CARRYING AMOUNTS OF ITEMS RELATING TO FINANCING ACTIVITIES

(a) Cash and cash equivalents comprise:

	2024 HK$ million	2023 HK$ million
Deposits with banks and other financial institutions	**15,765**	16,883
Cash at bank and in hand	**2,154**	4,740
Cash and bank balances in the consolidated statement of financial position	**17,919**	21,623
Less:		
Deposits with banks and other financial institutions over three months of maturity at acquisition	**(6,912)**	(2,698)
Cash restricted for use	**(222)**	(287)
Cash and cash equivalents in the consolidated cash flow statement	**10,785**	18,638

At 31 December 2024, cash and bank balances in the consolidated statement of financial position included bank balances in the aggregate amount of HK$222 million (2023: HK$287 million) which were restricted for use and comprised the guarantee deposits for the construction of certain property development projects under pre-sales in mainland China.

28 CASH AND BANK BALANCES AND MOVEMENTS IN THE CARRYING AMOUNTS OF ITEMS RELATING TO FINANCING ACTIVITIES (CONTINUED)

(b) Movements in the carrying amounts of items relating to financing activities

	Lease liabilities HK$ million (note 30)	Bank loans HK$ million (note 31)	Guaranteed notes HK$ million (note 32)	Derivative financial instruments, net HK$ million (note 23)	Amount due to a fellow subsidiary HK$ million (note 33)	Amounts due to related companies HK$ million (note 34)	Amounts due to non-controlling interests and joint ventures, net HK$ million	Total HK$ million
At 1 January 2023	809	59,964	27,563	90	56,007	2,854	7,077	154,364
Additions through acquisitions of subsidiaries (note 39(a))	–	734	–	–	–	–	–	734
Changes from financing cash flows:								
Advance from non-controlling interests, net	–	–	–	–	–	–	108	108
Proceeds from new bank loans/guaranteed notes	–	56,067	7,064	–	–	–	–	63,131
Repayment of bank loans/guaranteed notes	–	(50,539)	(9,274)	–	–	–	–	(59,813)
Increase in amount due to a fellow subsidiary	–	–	–	–	6,420	–	–	6,420
Increase in amounts due to related companies	–	–	–	–	–	729	–	729
Payments of principal portion of lease liabilities	(329)	–	–	–	–	–	–	(329)
Interest and other borrowing costs (paid)/ received during the year	(40)	(2,845)	(811)	75	(2,791)	(99)	(221)	(6,732)
Total changes from financing cash flows	(369)	2,683	(3,021)	75	3,629	630	(113)	3,514
Exchange adjustments	–	(49)	315	–	21	74	–	361
Changes in fair value	–	–	–	508	–	–	–	508
Other changes:								
Interest expenses (before capitalisation)/ (interest income) for the year (note 8(a))	40	2,746	931	(63)	2,791	99	221	6,765
Other borrowing costs (before capitalisation) for the year (note 8(a))	–	152	2	–	–	–	–	154
Increase in lease liabilities from entering into new leases during the year	774	–	–	–	–	–	–	774
Others	(2)	(78)	(107)	(12)	–	–	(287)	(486)
Total other changes	812	2,820	826	(75)	2,791	99	(66)	7,207
At 31 December 2023	1,252	66,152	25,683	598	62,448	3,657	6,898	166,688

28 CASH AND BANK BALANCES AND MOVEMENTS IN THE CARRYING AMOUNTS OF ITEMS RELATING TO FINANCING ACTIVITIES (CONTINUED)

(b) Movements in the carrying amounts of items relating to financing activities (continued)

	Lease liabilities HK$ million (note 30)	Bank loans HK$ million (note 31)	Guaranteed notes HK$ million (note 32)	Derivative financial instruments, net HK$ million (note 23)	Amount due to a fellow subsidiary HK$ million (note 33)	Amounts due to related companies HK$ million (note 34)	Amounts due to non-controlling interests and joint ventures, net HK$ million	Total HK$ million
At 1 January 2024	1,252	66,152	25,683	598	62,448	3,657	6,898	166,688
Changes from financing cash flows:								
Advance from non-controlling interests, net	–	–	–	–	–	–	122	122
Proceeds from new bank loans/guaranteed notes	–	58,579	300	–	–	–	–	58,879
Repayment of bank loans/guaranteed notes	–	(61,469)	(6,334)	–	–	–	–	(67,803)
Increase in amount due to a fellow subsidiary	–	–	–	–	3,788	–	–	3,788
Increase in amounts due to related companies	–	–	–	–	–	93	–	93
Payments of principal portion of lease liabilities	(300)	–	–	–	–	–	–	(300)
Interest and other borrowing costs (paid)/ received during the year	(40)	(3,031)	(840)	28	(2,874)	(97)	(170)	(7,024)
Total changes from financing cash flows	(340)	(5,921)	(6,874)	28	914	(4)	(48)	(12,245)
Exchange adjustments	–	(626)	(52)	–	(21)	(78)	–	(777)
Changes in fair value	–	–	–	505	–	–	–	505
Other changes:								
Interest expenses (before capitalisation)/ (interest income) for the year (note 8(a))	40	2,811	797	(44)	2,874	97	168	6,743
Other borrowing costs (before capitalisation) for the year (note 8(a))	–	139	2	–	–	–	–	141
Increase in lease liabilities from entering into new leases during the year	68	–	–	–	–	–	–	68
Others	(1)	72	53	15	–	–	(1,452)	(1,313)
Total other changes	107	3,022	852	(29)	2,874	97	(1,284)	5,639
At 31 December 2024	1,019	62,627	19,609	1,102	66,215	3,672	5,566	159,810

28 CASH AND BANK BALANCES AND MOVEMENTS IN THE CARRYING AMOUNTS OF ITEMS RELATING TO FINANCING ACTIVITIES (CONTINUED)

(c) Total cash outflow for leases (under which the Group is the lessee)

Amounts included in the Group's consolidated cash flow statement for leases (under which the Group is the lessee) comprise the following:

	2024 HK$ million	2023 HK$ million
Within operating cash flows (relating to short-term leases which fall within the "practical expedient" under HKFRS 16 (before capitalisation))	**17**	10
Within financing cash flows (note 28(b))	**340**	369
Total cash outflows recognised in the Group's consolidated cash flow statement	**357**	379

29 TRADE AND OTHER PAYABLES

	2024 HK$ million	2023 HK$ million
Creditors and accrued expenses (other than those transferred to the disposal group (see note 37))	**8,597**	9,342
Gross amount due to customers for contract work (note 27)(#)	**5**	98
Rental and other deposits received (other than those transferred to the disposal group (see note 37))	**2,007**	1,954
Forward sales deposits received and other contract liabilities(#)	**5,672**	4,899
Derivative financial instruments (note 23)	**677**	109
Amounts due to associates	**1,543**	1,812
Amounts due to joint ventures	**8,310**	10,148
	26,811	28,362

(#) These balances represented the excess of cumulative payments made by customers over the cumulative revenue recognised in profit or loss at the end of the reporting period, and were recognised as contract liabilities (see note 2(q)).

29 TRADE AND OTHER PAYABLES (CONTINUED)

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

Forward sales deposits received
The Group receives 5% to 15% of the amount of sale consideration as deposits from customers when they sign the sale and purchase agreements relating to property sales. Such deposit is recognised as a contract liability until the property is completed and legally assigned to the customer. The rest of the sale consideration is typically paid when legal assignment is completed.

However, depending on market conditions, the Group may offer to customers a discount compared to the listed sales price, provided that the customers agree to pay the balance of the sale consideration early while construction is still ongoing, rather than upon legal assignment. Such advance payment schemes result in contract liabilities being recognised throughout the remaining property construction period for the full amount of the sale consideration.

Movements in contract liabilities

	Forward sales deposits received and other contract liabilities	
	2024 HK$ million	2023 HK$ million
At 1 January	**4,899**	3,909
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(3,302)**	(2,876)
Increase in contract liabilities as a result of forward sales deposits received from customers during the year in relation to property projects held for/ under development and completed property projects pending assignment/ completion, and other contract liabilities in relation to provision of services at the end of the year	**4,075**	3,866
At 31 December	**5,672**	4,899

(a) All of the Group's trade and other payables are expected to be settled within one year or are repayable on demand except for an amount of HK$1,253 million (2023: HK$1,281 million) which is expected to be settled after more than one year from the end of the reporting period.

(b) At the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the due dates for settlement, is as follows:

	2024 HK$ million	2023 HK$ million
Due within 1 month or on demand	**1,574**	1,384
Due after 1 month but within 3 months	**631**	645
Due after 3 months but within 6 months	**260**	277
Due after 6 months	**2,719**	1,733
	5,184	4,039

29 TRADE AND OTHER PAYABLES (CONTINUED)

(c) The amounts due to associates and joint ventures at 31 December 2024 and 31 December 2023 are unsecured, interest-free and have no fixed terms of repayment except for aggregate amounts due to certain associates and certain joint ventures of HK$1,082 million (2023: HK$2,503 million) which are unsecured, interest-bearing at interest rates ranging from 2.45% to 2.80% and 20% below the RMB Loan Prime Rate (2023: ranging from 2.80% to 3.80% and RMB Loan Prime Rate minus 0.2%) per annum and wholly repayable between 28 January 2025 and 19 December 2025 (2023: between 29 January 2024 and 27 November 2024).

30 LEASE LIABILITIES

	2024 HK$ million	2023 HK$ million
At 1 January	**1,252**	809
Additions for the year (notes 17 and 28(b))	**68**	774
Change in basic rent due to modification of certain lease terms (note 17)	**(1)**	(2)
Lease payments made during the year (note 28(b))	**(340)**	(369)
Finance costs on lease liabilities for the year (notes 8(a) and 28(b))	**40**	40
At 31 December	**1,019**	1,252

	2024 HK$ million	2023 HK$ million
Represented by:		
Amount classified under current liabilities		
– contractual maturity within 1 year	**262**	280
Amounts classified under non-current liabilities		
– contractual maturity after 1 year but within 2 years	**226**	234
– contractual maturity after 2 years but within 5 years	**531**	608
– contractual maturity after 5 years	**–**	130
	757	972
	1,019	1,252

The carrying balances of the lease liabilities are amortised to nil on the expiry dates of the Remaining Leases.

31 BANK LOANS

The Group's bank loans are repayable as follows:

	2024 HK$ million	2023 HK$ million
Within 1 year and included in current liabilities	**8,001**	24,500
After 1 year and included in non-current liabilities		
– After 1 year but within 2 years	**17,359**	15,102
– After 2 years but within 5 years	**19,028**	13,002
– After 5 years	**18,239**	13,548
	54,626	41,652
	62,627	66,152

At 31 December 2024 and 31 December 2023, all of the bank loans were unsecured.

Certain of the Group's banking facilities are subject to the fulfilment of covenants relating to certain ratios in the Group's statement of financial position and minimum net assets requirement, as are commonly found in lending arrangements with financial institutions. Any breach of the covenants by the Group would result in the drawdown facilities to become repayable on demand. The Group regularly monitors its compliance with those covenants. Further details of the Group's management of liquidity risk are set out in note 4(b). At 31 December 2024 and 31 December 2023, none of the covenants relating to the drawdown facilities had been breached.

32 GUARANTEED NOTES

	2024 HK$ million	2023 HK$ million
Guaranteed notes issued pursuant to the Medium Term Note Programme	**19,609**	25,683
	19,609	25,683

The Group's guaranteed notes are repayable as follows:

	2024 HK$ million	2023 HK$ million
Within 1 year and included in current liabilities	**9,585**	6,244
After 1 year and included in non-current liabilities		
– After 1 year but within 2 years	**2,722**	9,638
– After 2 years but within 5 years	**3,796**	3,960
– After 5 years	**3,506**	5,841
	10,024	19,439
	19,609	25,683

32 GUARANTEED NOTES (CONTINUED)

Guaranteed notes issued pursuant to the Medium Term Note Programme (the "MTN Programme")

On 6 May 2022, the Company increased the maximum aggregate principal amount of notes to be guaranteed by the Company and outstanding at any one time under the MTN Programme, from US$5,000 million to US$7,000 million. The aggregate carrying amount of the guaranteed notes issued under the MTN Programme during the year ended 31 December 2024 was HK$300 million, and the guaranteed notes issued under the MTN Programme which remained outstanding at 31 December 2024 comprised HK$9,255 million, US$1,043 million, RMB2,055 million and ¥2,000 million (2023: the aggregate carrying amounts of the guaranteed notes issued under the MTN Programme during the year were HK$3,750 million, US$103 million and RMB2,255 million, and the guaranteed notes issued under the MTN Programme which remained outstanding at 31 December 2023 comprised HK$13,725 million, US$1,098 million, RMB3,005 million and ¥2,000 million).

The guaranteed notes which remained outstanding at 31 December 2024 under the MTN Programme were issued by a wholly-owned subsidiary of the Company during the period between 20 October 2011 and 21 March 2024 (2023: between 20 October 2011 and 3 August 2023), and bear coupon rates ranging from 0.80% to 5.61% per annum (2023: 0.80% to 6.66% per annum) payable quarterly, semi-annually or annually in arrears, and have maturity dates between 22 January 2025 (which had already been repaid by the Group on the maturity date) and 9 March 2035 (2023: between 11 January 2024 (which had already been repaid by the Group on the maturity date) and 9 March 2035).

33 AMOUNT DUE TO A FELLOW SUBSIDIARY

At 31 December 2024 and 31 December 2023, all of the amount due to a fellow subsidiary (being a wholly-owned subsidiary of the ultimate controlling party of the Group) was unsecured, interest-bearing and was not expected to be settled within one year from the end of the reporting period, and has no fixed terms of repayment. At 31 December 2023, the amount due to a fellow subsidiary included an amount denominated in Renminbi in the equivalent amount of HK$1,256 million (notes 4(d) and 4(e)) and was fully settled during the year ended 31 December 2024.

34 AMOUNTS DUE TO RELATED COMPANIES

At 31 December 2024 and 31 December 2023, all of the amounts due to related companies were unsecured, interest-bearing and repayable as follows:

	2024 **HK$ million**	2023 HK$ million
Within 1 year and included in current liabilities	**97**	268
After 1 year and included in non-current liabilities		
– After 1 year but within 2 years	**1,900**	–
– After 2 years but within 5 years	**1,675**	3,389
	3,575	3,389
	3,672	3,657

35 NON-CONTROLLING INTERESTS

Included in the Group's non-controlling interests of HK$18,430 million at 31 December 2024 (2023: HK$17,558 million) are (i) an amount of HK$12,648 million related to Miramar's consolidated net assets attributable to the non-controlling interests at 31 December 2024 (2023: HK$12,528 million); and (ii) an amount of HK$217 million related to the non-controlling interests in Miramar's subsidiaries at 31 December 2024 (2023: HK$187 million).

36 CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances during the year of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of changes in the Company's individual components of equity between the beginning and the end of the year are set out in note 44(b).

(b) Nature and purpose of reserves

(i) Property revaluation reserve

The property revaluation reserve relates to other land and buildings. Where other land and buildings is reclassified to investment properties, the cumulative increase in fair value at the date of reclassification is included in the property revaluation reserve, and will be transferred to retained profits upon the retirement or disposal of the relevant property.

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2(z).

(iii) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investment designated at FVOCI under HKFRS 9 held at the end of the reporting period (see note 2(g)).

(iv) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of a derivative financial instrument which is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk of a committed future transaction, in accordance with the accounting policy adopted for cash flow hedges in note 2(i).

(v) Other reserves

Other reserves mainly comprise the statutory reserve set up for enterprises established in mainland China. According to the relevant rules and regulations in the People's Republic of China ("the PRC") applicable to wholly foreign-owned enterprises, a wholly foreign-owned enterprise is required to transfer at least 10% of its profit after taxation, as determined under the PRC Accounting Regulations, to a reserve fund until the reserve fund balance reaches 50% of the relevant enterprise's registered capital.

37 DISPOSAL GROUP

On 10 December 2023, the Group entered into a conditional agreement with an independent third party pursuant to which the Group transferred to such independent third party its entire interest in and shareholder's loan to a wholly-owned subsidiary which owns "Harbour East" (being an investment property at No. 218 Electric Road, North Point, Hong Kong) for a cash consideration of HK$2,208 million (subject to adjustment) (note 39(b)). On 28 January 2024, the transaction contemplated under the transfer was completed for an adjusted final cash consideration of HK$2,221 million (note 39(b)). Loss attributable to the Group's post-tax reported profit and gain attributable to the Group's post-tax underlying profit, in the amounts of HK$2 million (notes 7(i) and 39(b)) and HK$1,407 million (note 7(i)) respectively, have been recognised by the Group for the year ended 31 December 2024. At 31 December 2023, the disposal group also included the transfer of certain other investment property in Hong Kong which had already been completed on 1 March 2024.

At 31 December 2023, the major classes of assets and liabilities of the disposal group classified as held for sale were as follows:

	2023 HK$ million
Assets	
Investment properties (note 16(a))	2,319
Trade receivables	6
Prepayments and deposits	1
	2,326
Liabilities	
Creditors and accrued expenses	(28)
Rental and other deposits received	(11)
	(39)
Net assets classified as held for sale	2,287

38 CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that the Group can continue to provide financial returns to shareholders and by securing access to financing sources at reasonable costs.

The Group regularly reviews and manages its capital structure under the policy of prudent financial management. The Group maintains a financially sound capital position and, where appropriate, makes adjustments to its capital structure in light of remarkable changes in the financial and capital markets and in economic conditions.

The Group monitors its capital structure on the basis of gearing ratio, which is one of the most commonly adopted measurement standards for capital management by companies engaged in the businesses of property development and property investment. Gearing ratio is calculated based on the net debt (being the aggregate of the Group's bank and other borrowings and the amounts due to related companies (collectively, the "Total debt") less cash and bank balances) and shareholders' funds of the Group at the end of the reporting period.

During the year ended 31 December 2024, the Group's strategy, which was unchanged from that for the corresponding year ended 31 December 2023, was to secure long-term funding sources at attractive borrowing costs so as to finance the development of the Group's land bank in Hong Kong and mainland China in the coming years. The Group continued to maintain a low gearing ratio during the year, which has the effect of minimising any unfavourable impact on the Group arising from any unforeseeable adverse changes in the local and/or international financial markets, capital markets and economic conditions.

The Group's gearing ratios at 31 December 2024 and 31 December 2023 were as follows:

	2024 **HK$ million**	2023 HK$ million
Bank and other borrowings (including guaranteed notes) repayable:		
– Within 1 year	**17,586**	30,744
– After 1 year but within 2 years	**20,081**	24,740
– After 2 years but within 5 years	**22,824**	16,962
– After 5 years	**21,745**	19,389
Amounts due to related companies (note 34)	**3,672**	3,657
Total debt	**85,908**	95,492
Less: Cash and bank balances	**(17,919)**	(21,623)
Net debt	**67,989**	73,869
Shareholders' funds	**322,147**	326,542
Gearing ratio (%)	**21.1%**	22.6%

Neither the Company nor any of its subsidiaries was subject to externally imposed capital requirements during the year ended 31 December 2024 (2023: None) and at 31 December 2024 and 31 December 2023.

39 ACQUISITIONS AND TRANSFER OF SUBSIDIARIES

(a) Acquisitions of subsidiaries

During the year ended 31 December 2024, the Group acquired certain subsidiaries which are engaged in the property development and property investment in Hong Kong. During the corresponding year ended 31 December 2023, the Group acquired certain subsidiaries in Hong Kong and mainland China which included an increase in the Group's investments in two joint ventures to become wholly-owned subsidiaries. Details of the significant acquisitions are set out below.

On 9 March 2023, the Group acquired from CIFI Holdings (Group) Co. Ltd. its entire interest in a joint venture which is engaged in property development in Shijiazhuang, Hebei Province, mainland China, for an aggregate consideration of RMB948 million (equivalent to approximately HK$1,072 million) (the "Shijiazhuang Transaction"). As a result, the Group's interest in the Shijiazhuang project has increased from 50% before the completion of the Shijiazhuang Transaction to 100% at 31 December 2023.

The fair value of the assets acquired and liabilities assumed at the respective dates of acquisitions of the subsidiaries were as follows:

	2024 **HK$ million**	2023 HK$ million
Investment properties (note 16(a))	**299**	–
Other property, plant and equipment (note 16(a))	**–**	1
Interest in joint ventures	**–**	109
Inventories	**84**	3,351
Trade and other receivables	**4**	653
Cash and bank balances	**–**	148
Trade and other payables	**(31)**	(269)
Tax payable	**(18)**	–
Bank loans (note 28(b))	**–**	(734)
Fair value of identifiable net assets	**338**	3,259
Represented by:		
Cash consideration paid	**338**	36
Consideration payable	**–**	31
Carrying amount of interest in an associate	**–**	230
Fair value of the Group's previously held interest in joint ventures prior to the acquisitions	**–**	2,962
	338	3,259
Net cash (outflow)/inflow in respect of the acquisitions:		
Cash consideration paid	**(338)**	(36)
Cash and bank balances acquired	**–**	148
Net cash (outflow)/inflow	**(338)**	112

39 ACQUISITIONS AND TRANSFER OF SUBSIDIARIES (CONTINUED)

(b) Transfer of a subsidiary

During the year ended 31 December 2024, the Group transferred 100% equity interest in a wholly-owned subsidiary which owns "Harbour East" (being an investment property at No. 218 Electric Road, North Point, Hong Kong). Details of the transaction are set out in note 37 to these financial statements.

The transfer had the following effect on the Group's assets and liabilities:

	2024 HK$ million
Investment properties (note 37)	**2,208**
Trade receivables	**5**
Prepayments and deposits	**2**
Creditors and accrued expenses	**(5)**
Rental and other deposits received	**(11)**
Net assets	**2,199**
Selling expenses and professional charges	**24**
Net loss on transfer (notes 7(i) and 37)	**(2)**
Total consideration	**2,221**
Net cash inflow in respect of the transfer:	
Total consideration	**2,221**

40 CAPITAL COMMITMENTS

At 31 December 2024 and 31 December 2023, the Group had capital commitments not provided for in these financial statements as follows:

		2024 HK$ million	2023 HK$ million
(a)	Contracted for the acquisition of property and future development expenditure and the related costs of internal fixtures and fittings	**10,062**	5,939
	Future development expenditure and the related costs of internal fixtures and fittings approved by the Directors but not contracted for	**8,968**	14,191
		19,030	20,130
(b)	**In relation to the capital commitments undertaken by joint ventures and certain associates attributable to the Group:**		
	Contracted for the acquisition of property and future development expenditure and the related costs of internal fixtures and fittings	**3,288**	4,120
	Future development expenditure and the related costs of internal fixtures and fittings approved by the Directors but not contracted for	**2,378**	4,701
		5,666	8,821

41 SIGNIFICANT LEASING ARRANGEMENTS

(a) Lessor

The Group leases out a number of land/building facilities. The leases typically run for an initial period of one to three years, with an option to renew the lease after that date at which time all the terms are re-negotiated. Further details of the carrying value of the properties are contained in note 16.

The total future minimum lease payments under non-cancellable leases are receivable as follows:

	2024 **HK$ million**	2023 HK$ million
Within 1 year	**4,966**	5,032
After 1 year but within 2 years	**3,311**	3,344
After 2 years but within 3 years	**1,996**	1,703
After 3 years but within 4 years	**1,202**	934
After 4 years but within 5 years	**754**	581
After 5 years	**1,047**	507
	13,276	12,101

(b) Lessee

The Group leases a number of building facilities under operating leases. The leases typically run for an initial period of one to five years, with an option to renew the lease after that date at which time all the terms are re-negotiated.

42 CONTINGENT LIABILITIES

At 31 December 2024 and 31 December 2023, contingent liabilities of the Group were as follows:

(a) an amount of HK$11 million (2023: HK$11 million) relating to the Group's undertaking to indemnify Sunlight REIT for any tax liabilities relating to events occurred on or before the completion of the sale of certain subsidiaries and shareholders' loans to Sunlight REIT (the "Completion") in December 2006, clawback of commercial building allowances and capital allowances granted up to the Completion and reclassification of the properties before or upon the Completion, pursuant to Deeds of Tax Covenant entered into between the Group and Sunlight REIT;

(b) an aggregate attributable amount of HK$245 million (2023: HK$890 million) relating to performance bonds, guarantees and undertakings for the due and proper performance of the obligations of the Group's projects held by subsidiaries and joint ventures, the decrease of which was mainly attributable to (i) the release of the Group's guarantees to certain banks in relation to the finance undertakings by such banks in favour of the HKSAR Government following the project completion in November 2023 and June 2024 of "Double Coast" and "The Knightsbridge" respectively, being the Group's joint venture residential development projects at The Kai Tak Development Area in Hong Kong under the terms and conditions of the relevant land grants; and (ii) the decrease in the amount of the Group's surety bond in favour of the joint venture project company of "The Knightsbridge" following the completion of the construction works undertaken by the Group for such joint venture project;

42 CONTINGENT LIABILITIES (CONTINUED)

At 31 December 2024 and 31 December 2023, contingent liabilities of the Group were as follows: (continued)

(c) an amount of HK$2,647 million (2023: HK$1,394 million) relating to guarantees given by the Group to financial institutions on behalf of purchasers of property units of the Group's development projects in mainland China in relation to which the related Building Ownership Certificate (房產證) had not yet been issued at 31 December 2024 (and such guarantees will be released upon the issuance of the Building Ownership Certificate), and the increase of which is mainly attributable to the sales of properties of the completed phases of the Group's project in Shijiazhuang in mainland China;

(d) an amount of HK$430 million (2023: HK$430 million) relating to the Group's attributable and proportional share (in accordance with the Group's attributable interest in a joint venture engaged in the development of commercial properties in "Citygate", Tung Chung, Lantau Island, Hong Kong and in which the Group has a 20% interest) of contingent liabilities in respect of an irrevocable, unconditional and several guarantee given by the Group to the lending bank in relation to the amount drawn down on a loan facility which was entered into on 26 April 2021 between such lending bank and the joint venture;

(e) amounts of HK$1,670 million (2023: HK$1,670 million), HK$2,100 million (2023: HK$2,100 million), HK$1,314 million (2023: HK$1,314 million) and HK$2,940 million (2023: HK$2,940 million) relating to the Group's attributable and proportional shares (in accordance with the Group's attributable interests in four joint ventures engaged in the development of residential properties at The Kai Tak Development Area, and in which the Group has 29.3% interest, 30% interest, 18% interest and 30% interest respectively) of contingent liabilities in respect of irrevocable, unconditional and several guarantees given by the Group to certain lending banks in relation to the maximum amounts which may be drawn down on certain loan facilities which were entered into on 8 July 2019, 4 December 2019, 1 June 2020 and 30 October 2020 respectively between such lending banks and the four joint ventures;

(f) an irrevocable and unconditional guarantee issued by the Company in favour of Urban Renewal Authority ("URA") to undertake and guarantee the fulfilment of all the obligations of a wholly-owned subsidiary of the Company (the "Developer") under the Development Agreement dated 12 October 2021 between URA and the Developer which relates to the development of a site owned by URA at Bailey Street/Wing Kwong Street, To Kwa Wan, Kowloon, Hong Kong. The said guarantee has been replaced by a new guarantee dated 24 February 2022 ("New Guarantee") which was executed by the Company, Empire Development Hong Kong (BVI) Limited ("Empire") and Hysan Development Company Limited ("Hysan") as guarantors in favour of URA in relation to the change in the shareholding structure of the Developer which was completed on 24 February 2022, as a result of which the Group, Empire and Hysan are beneficially interested in 50%, 25% and 25% respectively in the resultant issued share capital of the Developer. Under the New Guarantee, the Group's contingent liabilities shall be reduced to such amount representing the Group's 50% attributable interest in the Developer as a joint venture; and

(g) as a consequence of a loan facility of up to HK$6,556 million entered into between two lending banks and the Developer (as defined above) on 29 December 2023 (and upon drawdown, part of such proceeds refinanced the previous loan pursuant to the loan facility agreement dated 25 July 2022 of up to HK$3,276 million entered into between a lending bank and the Developer and which matured on 28 January 2024), the Group was exposed to contingent liabilities of up to HK$3,278 million at 31 December 2024 (2023: up to HK$1,638 million) in respect of an irrevocable, unconditional and several guarantee given by the Group to the said lending banks in relation to the repayment obligations for 50% of the maximum amount which may be drawn down by the Developer on such loan facility, and which is attributable and proportional to the Group's 50% equity interest in the Developer as a joint venture.

43 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions during the years:

(a) Transactions with fellow subsidiaries *(note (iv))*

Details of material related party transactions during the years between the Group and its fellow subsidiaries are as follows:

	2024 **HK$ million**	2023 HK$ million
Rental income *(note (iii))*	**6**	6
Other interest expense and borrowing costs *(note (i))*	**2,877#**	2,797#
Administration fee income *(note (ii))*	**11**	11
Consideration paid for the acquisition of properties through acquisition of subsidiaries *(note (iii))*	**44**	–

(b) Transactions with associates and joint ventures *(note (iv))*

Details of material related party transactions during the years between the Group and its associates and joint ventures are as follows:

	2024 **HK$ million**	2023 HK$ million
Construction income *(note (iii))*	**1,175**	1,170
Rental income *(note (iii))*	**15**	20
Cash rental paid *(notes (iii) and (v))*	**176**	208
Management fee income *(note (iii))*	**8**	15
Security guard service fee income *(notes (iii) and (vii))*	**32**	31
Other interest income *(note (i))*	**119**	396
Other interest expenses *(note (i))*	**54**	104
Rental commission income *(note (iii))*	**9**	9
Telecommunication network installation expenses *(note (iii))*	**15**	15
Sale of properties income *(note (iii))*	**–**	81
Property and leasing management service fee income and other ancillary property service fee income *(note (vi))*	**48#**	24#
Asset management service fee income *(note (vi))*	**89#**	46#

43 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Transactions with related companies *(note (iv))*

(i) Details of material related party transactions during the years between the Group and its related companies which are controlled by private family trusts of a director of the Company are as follows:

	2024 **HK$ million**	2023 HK$ million
Rental income *(note (iii))*	**78#**	78#

(ii) During the year ended 31 December 2024, the Group's interest expenses (note (i)) payable to related companies controlled by relatives of certain directors of the Company amounted in aggregate to HK$97 million (2023: HK$99 million).

Notes:

(i) Interest income and expense were calculated on the balance of loans outstanding from time to time by reference to Hong Kong Interbank Offered Rate, Hong Kong dollar prime rate, Renminbi Loan Prime Rate, Renminbi benchmark loan rates announced by the People's Bank of China or interest rates stipulated in the loan agreements (as appropriate).

(ii) This transaction represented cost reimbursements or cost reimbursements plus certain percentage thereon as service fees.

(iii) In the opinion of the Directors, these transactions were carried out on normal commercial terms and in the ordinary course of business.

(iv) The amount due to a fellow subsidiary and the amounts due to related companies at 31 December 2024 and 31 December 2023 are referred to in the Group's consolidated statements of financial position at 31 December 2024 and 31 December 2023, and the terms of which are set out in notes 33 and 34 respectively. The amounts due from/to associates and joint ventures at 31 December 2024 and 31 December 2023 are set out in notes 21, 22, 26 and 29.

(v) The amount of HK$176 million for the year ended 31 December 2024 included the cash rental paid to Sunlight REIT in the amount of HK$11 million for the year (2023: the amount of HK$208 million for the corresponding year ended 31 December 2023 included the cash rental paid to Sunlight REIT in the amount of HK$5 million for the period from 30 June 2023 to 31 December 2023). Such transaction was conducted in accordance with the terms of the respective agreements/deeds entered into between the Group and Sunlight REIT.

(vi) The amounts for the year ended 31 December 2024 related to fee incomes from Sunlight REIT for the year (2023: the amounts for the corresponding year ended 31 December 2023 related to fee incomes from Sunlight REIT for the period from 30 June 2023 to 31 December 2023). These transactions were conducted in accordance with the terms of the respective agreements/deeds entered into between the Group and Sunlight REIT.

(vii) The amount of HK$32 million for the year ended 31 December 2024 included the security guard service fee income from Sunlight REIT in the amount of HK$0.2 million for the year (2023: the amount of HK$31 million for the corresponding year ended 31 December 2023 included the security guard service fee income from Sunlight REIT in the amount of HK$Nil for the period from 30 June 2023 to 31 December 2023). Such transaction was conducted in accordance with the terms of the respective agreements/deeds entered into between the Group and Sunlight REIT.

43 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Transactions with Sunlight REIT (as a connected person of the Company)

Details of the material related party transactions during the year between the Group and Sunlight REIT (which is deemed as a connected person of the Company under the Listing Rules as from 30 April 2009) are as follows:

	2024 HK$ million	2023 HK$ million
Property and leasing management service fee income and other ancillary property service fee income	–	22#
Asset management service fee income	–	47#
Cash rental paid	–	5

For the corresponding year ended 31 December 2023, the amounts related to transactions between the Group and Sunlight REIT during the period from 1 January 2023 to 29 June 2023 (being the date immediately before Sunlight REIT became a listed associate of the Group), and during which period Sunlight REIT was classified as an investment measured as financial asset at FVPL held by the Group (see note 5). Accordingly, commencing from 30 June 2023 (being the date on which Sunlight REIT became a listed associate of the Group), the transactions with Sunlight REIT have been disclosed in note 43(b) above.

The above transactions were conducted in accordance with the terms of the respective agreements/deeds entered into between the Group and Sunlight REIT.

(e) Transactions with a director of the Company and a company owned by him

(i) Dr Lee Ka Kit, a director of the Company, made an advance ("advance") in the outstanding balance of HK$44 million at 31 December 2024 (2023: HK$44 million) to Henderson (China) Investment Company Limited ("HCI"), an indirect wholly-owned subsidiary of the Company, for the purpose of funding HCI's business operation in mainland China. The advance is unsecured, interest-free and has no fixed terms of repayment.

(ii) Dr Lee Ka Kit, through a company owned by him (the "entity"), has separate interest in an associate of the Group and through which the Group holds its interest in a development project in mainland China. The entity agreed to provide and had provided finance in the form of interest-free advances to such associate in accordance with the percentage of its equity interest in such associate. At 31 December 2024, the outstanding balance of the advance by the entity to the abovementioned associate amounted to HK$80 million (2023: HK$80 million). Such amount is unsecured and has no fixed terms of repayment.

(f) Key management personnel

Remuneration for key management personnel are disclosed in note 9.

These related party transactions (and, included in the rental income of HK$78 million (2023: HK$78 million) from related companies during the year ended 31 December 2024 as referred to in note (c) above, an amount of HK$42 million (2023: HK$42 million)) also constitute connected transactions and/or continuing connected transactions under the Listing Rules, details of which are set out in the paragraph headed "Interests in Transactions, Arrangements or Contracts and Connected Transactions/Continuing Connected Transactions" in the Report of the Directors set out in the Company's annual reports for the years ended 31 December 2024 and 31 December 2023.

44 STATEMENT OF FINANCIAL POSITION AND CHANGES IN EQUITY OF THE COMPANY

(a) Statement of financial position

	Note	At 31 December 2024 HK$ million	At 31 December 2023 HK$ million
Non-current assets			
Investment properties		**14**	14
Interest in subsidiaries	20	**131,446**	130,001
Interest in associates		**97**	95
Interest in joint ventures		**1,328**	1,270
		132,885	131,380
Current assets			
Trade and other receivables		**65**	65
Cash and bank balances		**5**	2
		70	67
Current liability			
Trade and other payables		**38**	34
		38	34
Net current assets		**32**	33
Total assets less current liability		**132,917**	131,413
Non-current liabilities			
Amounts due to subsidiaries		**20,079**	18,864
Amounts due to associates		**2**	2
Amounts due to joint ventures		**85**	41
		20,166	18,907
NET ASSETS		**112,751**	112,506
CAPITAL AND RESERVE	44(b)		
Share capital	44(c)	**52,345**	52,345
Retained profits		**60,406**	60,161
TOTAL EQUITY		**112,751**	112,506

Approved and authorised for issue by the Board of Directors on 20 March 2025.

Dr Lee Ka Kit
Dr Lee Ka Shing
Directors

44 STATEMENT OF FINANCIAL POSITION AND CHANGES IN EQUITY OF THE COMPANY (CONTINUED)

(b) Movements in equity

	Note	Share capital HK$ million	Retained profits HK$ million	Total HK$ million
Balance at 1 January 2023		52,345	60,233	112,578
Changes in equity for 2023:				
Profit and total comprehensive income for the year		–	8,643	8,643
Dividend approved and paid in respect of the previous financial year	12(b)	–	(6,294)	(6,294)
Dividend declared and paid in respect of the current year	12(a)	–	(2,421)	(2,421)
Balances at 31 December 2023 and 1 January 2024		**52,345**	**60,161**	**112,506**
Changes in equity for 2024:				
Profit and total comprehensive income for the year		**–**	**8,960**	**8,960**
Dividend approved and paid in respect of the previous financial year	12(b)	**–**	**(6,294)**	**(6,294)**
Dividend declared and paid in respect of the current year	12(a)	**–**	**(2,421)**	**(2,421)**
Balance at 31 December 2024		**52,345**	**60,406**	**112,751**

(c) Share capital

	The Group and the Company			
	Number of shares		Amount	
	2024 million	2023 million	**2024 HK$ million**	2023 HK$ million
Ordinary shares, issued and fully paid:				
At 1 January and 31 December	**4,841**	4,841	**52,345**	52,345

In accordance with section 135 of the Hong Kong Companies Ordinance, the shares of the Company do not have a par value.

There is no change to the Company's share capital as the Company's shares no longer have a par or nominal value in accordance with section 135 of the Hong Kong Companies Ordinance.

44 STATEMENT OF FINANCIAL POSITION AND CHANGES IN EQUITY OF THE COMPANY (CONTINUED)

(d) Distributability of reserves

At 31 December 2024, the aggregate amount of reserves available for distribution to equity shareholders of the Company, as calculated under the provisions of Part 6 of the Hong Kong Companies Ordinance, was HK$60,406 million (2023: HK$60,161 million). As stated in note 12(a), after the end of the reporting period, the Directors proposed a final dividend of HK$1.30 (2023: HK$1.30) per ordinary share, amounting to HK$6,294 million (2023: HK$6,294 million). This dividend has not been recognised as a liability at the end of the reporting period.

45 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) After the end of the reporting period, the Directors proposed a final dividend. Further details are disclosed in note 12.

(b) On 15 January 2025, a wholly-owned subsidiary of the Group (as the Vendor) together with the Company as the Vendor's guarantor entered into a conditional agreement with a wholly-owned subsidiary of Miramar, a 50.0753% owned subsidiary of the Group (as the Purchaser) pursuant to which the Purchaser has agreed conditionally to acquire from the Vendor the entire issued share capital and the shareholder's loan of the Vendor's wholly-owned subsidiary who, through its indirect wholly-owned subsidiary (the "Subsidiary"), owns a land lot and the property erected thereon known as "Champagne Court (香檳大廈)" (the "Property") at No.16 Kimberley Road, Kowloon, Hong Kong, for a total consideration of HK$3,120 million (subject to adjustments), which is conditional upon (i) the approval of the transaction by Miramar's independent shareholders; and (ii) the Purchaser being satisfied with the Subsidiary's good title to the Property.

46 IMMEDIATE PARENT AND ULTIMATE CONTROLLING PARTY

At 31 December 2024, the Directors considered that the immediate parent and ultimate controlling party of the Group to be Henderson Development Limited, which is incorporated in Hong Kong. Henderson Development Limited does not produce financial statements available for public use.

Details of the principal subsidiaries are as follows:

	Note	Particulars of issued shares HK$ (unless otherwise stated)	% of shares held by The Company	% of shares held by Subsidiaries
(A) PROPERTY DEVELOPMENT				
(i) Incorporated and operates in Hong Kong				
Asia Charming Limited	*(i)*	1	–	100
Asia Harbour Investment Limited		1	–	100
Asia Turbo Development Limited	*(i)*	1	–	100
Avion Investment Limited	*(i)*	3,000,000	100	–
Best Galaxy Limited		2	–	100
Charmwide Investment Limited	*(i)*	1	–	100
City Fair Development Limited		1	–	100
Denco Properties Limited	*(i)*	1	–	100
Fairbo Investment Limited	*(i)*	1	–	100
First Mate Development Limited	*(i)*	1	–	100
Fortress Star Limited	*(i)*	1	–	100
Hongkong Island Construction Properties Co., Limited	*(i)*	500,000	–	100
Sino Noble Enterprises Limited		1	–	100
Sky Rainbow Development Limited		10,000	–	100
Sun Crystal Limited	*(i)*	1	–	100
Sunny Perfect Limited		1,000	–	100
Team Glory Development Limited	*(i)*	1,000	–	90.10
Winjoy Development Limited	*(i)*	2	100	–
(ii) Incorporated in the British Virgin Islands and operates in Hong Kong				
Central Profit Investments Limited		US$1	–	100

	Issued/ contributed registered capital	% of equity interest held by The Company	% of equity interest held by Subsidiaries	% of profit sharing by subsidiaries
(iii) Established and operates in mainland China				
Limited Liability Company				
北京恒榆房地產開發有限公司	RMB1,148,690,000	–	100	100

	Note	Particulars of issued shares HK$ (unless otherwise stated)	% of shares held by The Company	Subsidiaries
(B) PROPERTY INVESTMENT				
(i) Incorporated and operates in Hong Kong				
Bloomark Investment Limited	*(i)*	10,000	–	100
Century Base Development Limited	*(i)*	1	–	100
Deland Investment Limited	*(i)*	200	–	100
Easewin Development Limited	*(i)*	100,000	–	100
Evercot Enterprise Company, Limited	*(i)*			
– A Shares		14,990,000	100	–
– B Shares		200	–	–
Great Top Development Limited		1	–	100
Join Fortune Development Limited	*(i)*			
– A Shares		100	100	–
– B Shares		2	–	–
Luxmark Investment Limited		1,000	–	100
Millap Limited	*(i)*	2	100	–
Pacific Gate Development Limited	*(i)*	1	–	100
Shahdan Limited	*(i)*	200,000	–	100
Shung King Development Company Limited	*(i)*			
– Ordinary A Shares		100	100	–
– Non-voting Deferred A Shares		2,000,000	100	–
– B Shares		2	–	–
Smart Bright Development Limited	*(i)*	100,100	–	100
Union Fortune Development Limited	*(i)*	10,000	–	100

	Issued/ contributed registered capital	% of equity interest held by The Company	Subsidiaries	% of profit sharing by subsidiaries
(B) PROPERTY INVESTMENT (CONTINUED)				
(ii) Established and operates in mainland China				
Sino-Foreign Co-operative Joint Venture Enterprises				
Guangzhou Guang An Property Development Limited	US$68,706,000	–	100	100
Guangzhou Guang Hung Property Development Limited	US$73,836,000	–	100	100
Guangzhou Guang Nam Property Development Limited	US$87,458,000	–	100	100
Wholly Foreign-Owned Enterprises				
Beijing Gaoyi Property Development Co., Limited	US$706,000	–	100	100
Guangzhou Jiejun Real Estate Development Co., Limited	HK$21,900,000	–	100	100
上海益基房地產開發有限公司	US$630,000,000	–	100	100
Shanghai Bin Heng Property Development Co., Limited	US$350,000,000	–	100	100
Shanghai Heng Cheng Real Estate Development Co., Ltd.	US$760,000	–	100	100
Shanghai Hengzhi Properties Development Co., Ltd.	US$617,000	–	100	100

	Note	Particulars of issued shares HK$ (unless otherwise stated)	% of shares held by The Company	Subsidiaries
(C) FINANCE				
(i) Incorporated and operates in Hong Kong				
Ever Supreme Development Limited		1	–	100
Henderson (China) Finance Limited	*(i)*	10,000	–	100
Henland Finance Limited	*(i)*	1,000,000	–	100
Rich Chase Development Limited	*(i)*	2	–	100
Smart Time International Limited		1	–	100
Success Crown Development Limited		2	–	100
(ii) Incorporated and operates in the British Virgin Islands				
Henderson Land Finance Limited		US$1	100	–
Henderson Land MTN Limited	*(i)*	US$1	–	100
(D) CONSTRUCTION				
Incorporated and operates in Hong Kong				
E Man Construction Company Limited		35,000,000	100	–
Ginca Construction Machinery Limited		1	–	100
Granbo Construction Company Limited		1	–	100
Heng Lai Construction Company Limited		2	–	100
Heng Shung Construction Company Limited		2	–	100
Heng Tat Construction Company Limited		200	–	100
Hong Kong Concrete Precasting Product Company Limited		2	–	100
(E) PROPERTY MANAGEMENT				
Incorporated and operates in Hong Kong				
Beverly Hill (Estate Management) Limited		2	–	100
Flora Plaza Management Limited		10	–	60
Goodwill Management Limited		2	–	100
H-Privilege Limited		1	–	100
Hang On Estate Management Limited		2	–	100
Hang Yick Properties Management Limited		10,000,000	100	–
Henderson Sunlight Asset Management Limited	*(i)*	38,800,000	–	100
Henderson Sunlight Property Management Limited	*(i)*	1	–	100
Metro City Management Limited		2	–	100
Metro Harbourview Management Limited		2	–	100
Nathan Hill Management Company Limited		1	–	100
Star Management Limited		2	–	100
Sunshine City Property Management Limited		2	–	100
Well Born Real Estate Management Limited		2	100	–

	Note	Particulars of issued shares HK$ (unless otherwise stated)	% of shares held by The Company	% of shares held by Subsidiaries
(F) INVESTMENT HOLDING				
(i) Incorporated and operates in Hong Kong				
Banshing Investment Limited		2	–	100
Channel Best Limited	*(i)*	1	–	100
Citiright Development Limited		2	100	–
Covite Investment Limited		2	–	100
Darnman Investment Limited		2	–	100
Disralei Investment Limited		2	–	100
Fondoll Investment Limited		200	100	–
Gainwise Investment Limited		2	–	100
Graf Investment Limited	*(i)*	2	–	100
Henderson (China) Investment Company Limited	*(i)*			
– Ordinary Shares		2	–	100
– Non-voting Deferred Shares		2	–	100
Henderson China Properties Limited	*(i)*	3,000,000,000	–	100
Henderson Investment Limited		612,926,901	–	69.27
Macrostar Investment Limited		2	–	100
Main Champion Development Limited	*(i)*	2	100	–
Markshing Investment Limited		2	–	100
Medley Investment Limited		2	–	100
Mightymark Investment Limited		2	100	–
Miramar Hotel and Investment Company, Limited	*(i)*	2,227,023,217	–	50.075
Mount Sherpa Limited	*(i)*	2	–	100
Paillard Investment Limited	*(i)*	2	–	100
Wellfine Development Limited		55	100	–
Wiselin Investment Limited	*(i)*	2	–	100
(ii) Incorporated in Hong Kong and operates in mainland China				
Hang Seng Quarry Company Limited	*(i)*	10,000	64	–

	Note	Particulars of issued shares HK$ (unless otherwise stated)	% of shares held by The Company	% of shares held by Subsidiaries
(F) INVESTMENT HOLDING (CONTINUED)				
(iii) Incorporated and operates in the British Virgin Islands				
Cobase Limited		US$1	–	100
Higgins Holdings Limited		US$1	–	100
Landso Investment Limited		US$100	–	65
Midlink Limited	*(i)*	US$1	–	100
Multiglade Holdings Limited		US$1	–	100
Richful Resources Limited		US$1	–	100
Starland International Limited		US$1	100	–
Sunnice Investment Limited		US$1	–	100
Threadwell Limited		US$1	–	100
(G) DEPARTMENT STORES AND SUPERMARKET-CUM-STORES OPERATION AND MANAGEMENT				
Incorporated and operates in Hong Kong				
Citistore (Hong Kong) Limited		1	–	100
Unicorn Stores (HK) Limited		35,000,000	–	100
(H) HOTEL OPERATION AND MANAGEMENT				
Incorporated and operates in Hong Kong				
Contender Limited	*(i)*	200,000	–	100
Intelligent House Limited	*(i)*	10,000	–	100
Mira Moon Limited	*(i)*	1	–	100
Miramar Hotel Management Company Limited	*(i)*	10,000	–	100
(I) FOOD AND BEVERAGE OPERATION				
Incorporated and operates in Hong Kong				
Tsui Hang Village Restaurant Limited	*(i)*	500,000	–	100
(J) TRAVEL OPERATION				
Incorporated and operates in Hong Kong				
Miramar Travel Limited	*(i)*	13,000,000	–	53.85
YMT Travel Limited	*(i)*	3,500,000	–	100

	Note	Particulars of issued shares HK$ (unless otherwise stated)	% of shares held by The Company	Subsidiaries
(K) MANAGEMENT AND AGENCY SERVICES				
Incorporated and operates in Hong Kong				
Henderson Car Park Management Limited	*(i)*	2	–	100
Henderson Leasing Agency Limited	*(i)*	1	–	100
Henderson Property Agency Limited		200,000	–	100
Henderson Real Estate Agency Limited	*(i)*	200	100	–
(L) PROFESSIONAL SERVICES AND OTHERS				
Incorporated and operates in Hong Kong				
Hang Oi Charitable Foundation Limited		–	–	100
Henderson Corporate Services Limited		1	–	100
Henderson Warmth Foundation Limited		–	100	–
Megastrength Security Services Company Limited	*(i)*			
– Ordinary Shares		10,000	–	100
– Non-cumulative Preference Shares		400	–	100

Note:

(i) Companies audited by KPMG.

The above list gives the principal subsidiaries of the Group which, in the opinion of the Directors, materially affected the results, assets or liabilities of the Group or whose business activities are representative of the Group's business portfolio.

Principal Associates

at 31 December 2024

Details of the principal associates, which are incorporated and operate in Hong Kong, are as follows:

	% of equity interest held by		
	The Company	**Subsidiaries**	**Principal activities**
Listed			
Hong Kong Ferry (Holdings) Company Limited	–	33.41	Property development, property investment, ferry, shipyard and related operations, healthcare, medical aesthetic and beauty services and securities investment
Sunlight Real Estate Investment Trust	–	22.095	Property investment
The Hong Kong and China Gas Company Limited	–	41.53	Production, distribution and marketing of gas, water supply, renewable energy businesses and emerging energy businesses
Unlisted			
Star Play Development Limited	–	33.33	Property investment
Start Treasure Limited	–	22.80	Property development

The above list gives the principal associates of the Group which, in the opinion of the Directors, materially affected the results, assets or liabilities of the Group or whose business activities are representative of the Group's business portfolio.

Principal Joint Ventures

at 31 December 2024

Details of the principal joint ventures, which are incorporated and operate in Hong Kong unless otherwise stated, are as follows:

	% of equity interest held by		
	The Company	Subsidiaries	Principal activities
Billion Ventures Limited (incorporated in the British Virgin Islands and operates in Hong Kong)	–	50	Investment holding
Central Waterfront Property Investment Holdings Limited (incorporated in the British Virgin Islands and operates in Hong Kong)	–	34.21	Investment holding
Double Cove Management Limited	–	50	Provision of property management services
Honster Investment Limited (incorporated in the British Virgin Islands and operates in Hong Kong)	–	50	Investment holding
Infinite Sun Limited	–	30	Property development
Long Global Investment (Chengdu) Limited (established and operates in mainland China)	–	30	Property development
Marble Edge Investments Limited	–	18	Property development
Nation Star Development Limited	–	50	Property development
Newfoundworld Holdings Limited	–	20	Property investment and hotel operation
Special Concept Development Limited	–	25	Property development
Surbana-Henderson (Xian) Property Development Co., Ltd. (established and operates in mainland China)	–	50	Property development
Surbana-Henderson II (Xian) Property Development Co., Ltd. (established and operates in mainland China)	–	50	Property development
Teamfield Property Limited	–	49.18	Property development
The Reach Management Limited	–	50	Provision of property management services
Ultra Keen Holdings Limited	–	30	Property development
Voyage Mile Limited	–	29.30	Property development
上海富洲濱江開發建設投資有限公司 (established and operates in mainland China)	–	51	Property development
廣州奧昇置業有限公司 (established and operates in mainland China)	–	50	Property development
北京恒合天基房地產開發有限公司 (established and operates in mainland China)	–	50	Property development

The above list gives the principal joint ventures of the Group which, in the opinion of the Directors, materially affected the results, assets or liabilities of the Group or whose business activities are representative of the Group's business portfolio.

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