



恒基兆業地產有限公司

HENDERSON LAND DEVELOPMENT COMPANY LIMITED

STOCK CODE:12

Celebrating



years of

TOGETHERNESS

Annual Report 2025

The Henderson
WORLD'S BEST PROPERTY
International Property Awards 2025-2026



The Henderson
Central | Hong Kong

CONTENTS



Central Yards, Central, Hong Kong
(artist's impression)

5	Corporate Profile
6	Land Bank – Hong Kong and Chinese Mainland
8	Awards & Accolades
12	Group Structure
13	2025 Final Results Highlights
14	Chairmen's Statement
	Review of Operations
	Business in Hong Kong
58	Progress of Major Development Projects
70	Major Completed Investment Properties
	Business in Chinese Mainland
76	Progress of Major Development Projects
83	Major Completed Investment Properties
84	Corporate Culture, Business Model and Strategic Direction
86	Financial Review
102	Five Year Financial Summary
104	Sustainability
134	Corporate Governance Report
160	Report of the Directors
182	Biographical Details of Directors and Senior Management
193	Financial Statements
194	Report of the Independent Auditor
331	Corporate Information
334	Financial Calendar

Inside back Forward-Looking Statements

Celebrating

50 YEARS OF

TOGETHERNESS

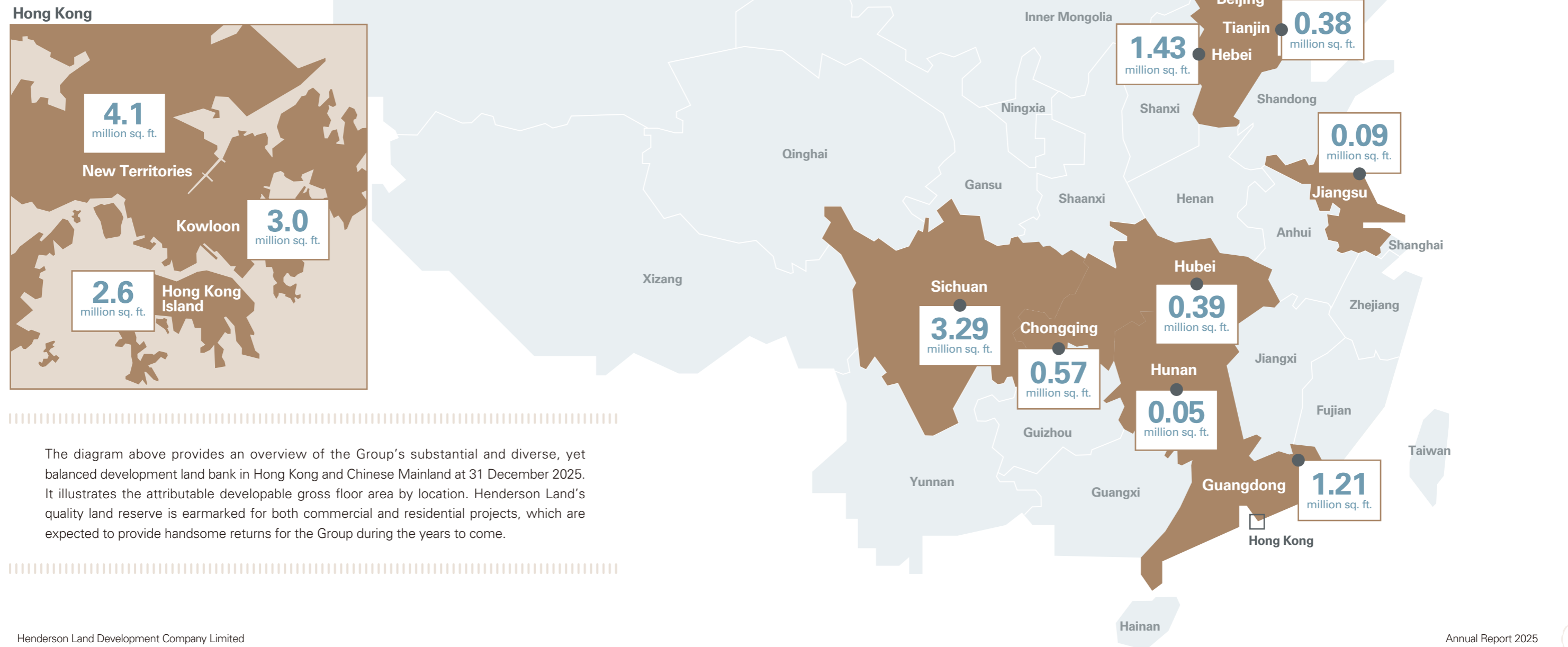
CORPORATE PROFILE

Founded in 1976 and listed in Hong Kong since 1981, Henderson Land Development Company Limited (Stock code: 12) is a leading property group, focusing on Hong Kong and Chinese Mainland. Henderson Land is carrying on its legacy into the future, curating a property portfolio that grows from strength to strength and encompasses award-winning landmark projects such as the International Finance Centre complex and The Henderson.

In addition to its core business in property development and property investment, the Group holds strategic investments in two listed subsidiaries (namely, Miramar Hotel and Investment Company, Limited and Henderson Investment Limited) and three listed associates (namely, The Hong Kong and China Gas Company Limited (which in turn has equity stakes in a listed subsidiary, Towngas Smart Energy Company Limited), Hong Kong Ferry (Holdings) Company Limited and Sunlight Real Estate Investment Trust).

Henderson Land is dedicated to the long-term commitment of sustainability and is a pioneer in green building and sustainable practices, which harness innovation and technology to create new, smarter living. The Group is also a strong advocate of social responsibility and invests in a broad range of community causes and initiatives.

LAND BANK – HONG KONG AND CHINESE MAINLAND



The diagram above provides an overview of the Group’s substantial and diverse, yet balanced development land bank in Hong Kong and Chinese Mainland at 31 December 2025. It illustrates the attributable developable gross floor area by location. Henderson Land’s quality land reserve is earmarked for both commercial and residential projects, which are expected to provide handsome returns for the Group during the years to come.



World's Best Property

The Henderson
by Henderson Land Development
Company Limited

IN ASSOCIATION WITH



SUPPORTED BY

ADK • EAHSP • CIAT • IEASA • IDC • IID

Presented by the International Property Awards
www.propertyawards.net

The Henderson

25
6
INTERNATIONAL
PROPERTY AWARDS
2025-2026

- 1 World's Best Property
- 2 Best International Commercial High Rise Development
- 3 Best Commercial High Rise Development Asia Pacific

INTERNATIONAL

1 2025 CTBUH Awards

- Best Tall Building, by Region, Asia (The Henderson)
- Façade Award (The Henderson)

2 WiredScore

- Platinum
(Site 3, New Central Harbourfront (Phase 1))

3 The Sustainable Sites Initiative V2 (SITES)

- Rating for Sustainable Land Design and Development - Precertified Gold
(Site 3, New Central Harbourfront (Phase 1))

4 Global Most Innovative Knowledge Enterprise (MIKE) Award 2025

5 2025 buildingSMART International openBIM Awards

- Operation Category Winner (The Henderson)

6 2025 CIBSE SFE Façade Design and Engineering Awards

- Project of the Year - Innovation (International)
(Cloud 39, The Henderson)

7 ActiveScore

- Platinum (The Henderson)

8 ModeScore

- Platinum (The Henderson)



The Henderson, Central, Hong Kong



Central Yards, Central, Hong Kong (artist's impression)



Anatomy of Time, The Henderson,
Central, Hong Kong

SUSTAINABILITY

1 GRESB Global ESG Benchmark

- Global Sector Leader
- Regional Sector Leader

2 Green Building Award 2025

- Green Building Leadership - Facility Management - Pioneer Award
- New Building Category Completed Projects – Commercial - Grand Award (The Henderson)
- New Buildings Category - Projects Under Construction and/or Design – Residential – Merit Award (Highwood)
- Special Citation on Green Financing (The Henderson)

3 BEAM Plus (New Buildings)

- Final Platinum Rating (The Henderson)
- Final Gold Rating (The Knightsbridge)
- Provisional Gold Rating (Bailey Street & Wing Kwong Street, Baker Circle - Euston, Highwood, Parkwood, The Haddon, 105 Robinson Road, 33-39 Elgin Street, 41-47A Elgin Street, Kwu Tung North)

4 Certificate of Green Building Pre-assessment 3-Star

- (Belgravia Place, Parkwood, The Paddington)

5 LEED Certification

- Platinum (The Henderson)

6 WELL Pre-certification (The Haddon)

7 China Smart Building

- Three Star Pioneer Rating (The Henderson)

REGIONAL & LOCAL

1 Asia Corporate Excellence & Sustainability Awards

- 2025 Asia's Most Sustainable Company of the Year

2 PropertyGuru Asia Property Awards 2025

- Best Developer (Asia)
- Best Completed Ultra Luxury Condo Development (Asia) (The Legacy)
- Best Ultra Luxury Condo Interior Design (Asia) (The Legacy)
- Best Mixed Use Development (HK & Macau) (Highwood)
- Best Condo Development (Hong Kong) (33-47A Elgin Street)

3 2025 APIGBA Design Award

- Platinum (The Henderson)

4 Real Estate Asia Awards 2025

- Developer of the Year - Hong Kong
- Luxury Residential Development of the Year - Hong Kong (The Legacy)

GROUP STRUCTURE

Henderson Land Group Structure

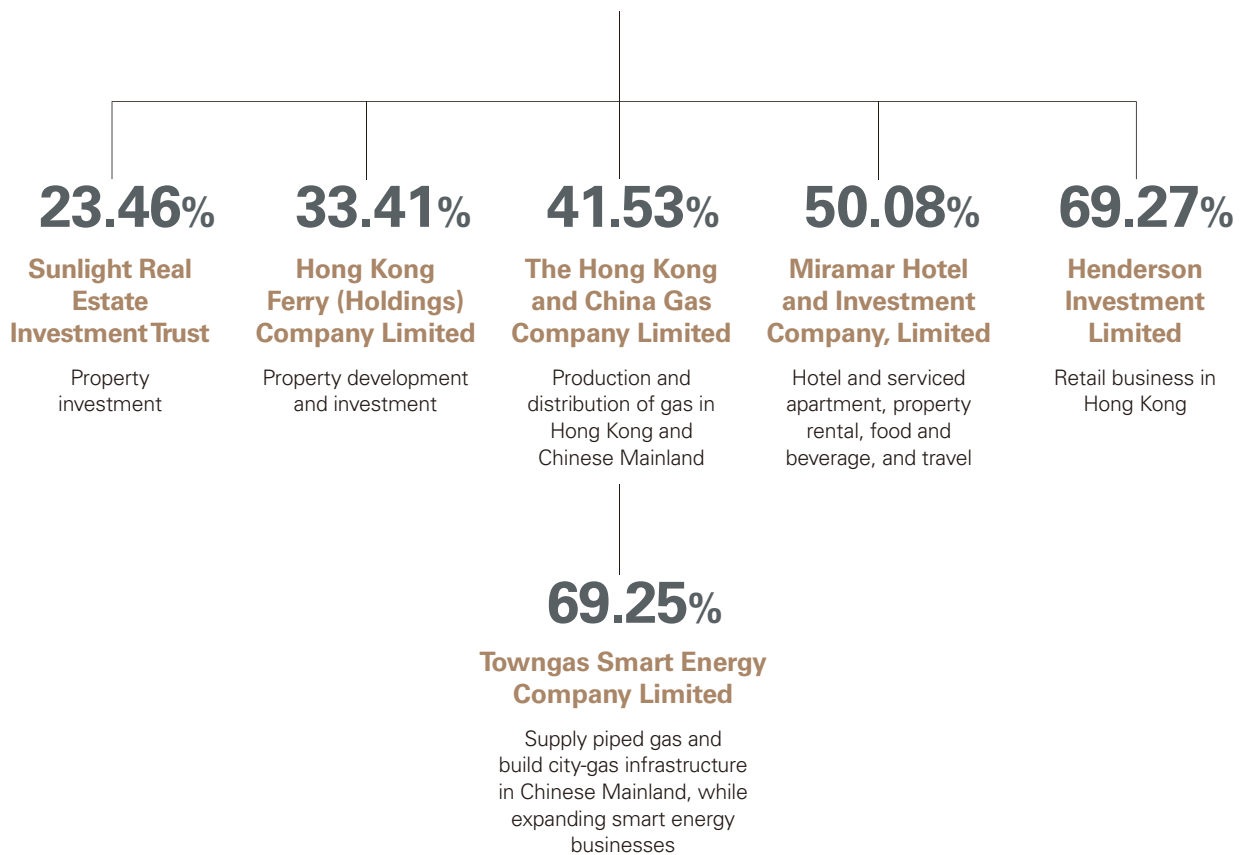
Market capitalisation as at 31 December 2025

Henderson Land Development Company Limited: HK\$136 billion

Seven listed companies of Henderson Land Group: HK\$295 billion

Henderson Land Development Company Limited

Investment holding, property development and investment in Hong Kong and Chinese Mainland, construction, project and property management



Note: All attributable interests shown above were figures as of 31 December 2025.

2025 FINAL RESULTS HIGHLIGHTS

	Note	For the year ended 31 December		Change
		2025 HK\$ million	2024 HK\$ million	
Property development				
– Revenue	1	18,638	20,548	-9%
– Pre-tax profit contribution	1	1,313	5,632	-77%
Property leasing				
– Gross rental income	1	8,742	8,942	-2%
– Pre-tax net rental income	1	6,176	6,507	-5%
Profit attributable to equity shareholders				
– Underlying profit	2	6,063	9,774	-38%
– Reported profit		5,653	6,296	-10%
		HK\$	HK\$	
Earnings per share				
– Based on underlying profit	2, 3	1.25	2.02	
– Based on reported profit	3	1.17	1.30	
Dividends per share		1.26	1.80	-30%
		At 31 December 2025 HK\$	At 31 December 2024 HK\$	
Net asset value per share	3	66.61	66.55	+0.1%
Net debt to shareholders' equity		18.7%	21.1%	-2.4 percentage points
		Million square feet	Million square feet	
Properties in Hong Kong				
Land bank (attributable floor area)				
– Projects pending sale and pending/ under development	4	9.7	10.9	
– Unsold units of major development projects offered for sale		1.5	1.4	
	Sub-total:	11.2	12.3	
– Completed investment properties (including hotels)	5	11.2	10.9	
	Total:	22.4	23.2	
New Territories land (attributable land area)		40.5	42.0	
Properties in Chinese Mainland				
Land bank (attributable floor area)				
– Projects pending/under development		7.5	10.6	
– Completed stock for sale		3.1	2.6	
– Completed investment properties		13.8	13.0	
	Total:	24.4	26.2	

Note 1: This amount includes the Group's attributable share of contributions or losses from subsidiaries, associates and joint ventures ("JVs") in Hong Kong and the Mainland.

Note 2: Excluding the Group's attributable share of fair value change (net of tax) of the investment properties held by subsidiaries, associates and JVs.

Note 3: The earnings per share were calculated based on the weighted average number of shares under Hong Kong Accounting Standard 33, "Earnings Per Share". The net asset value per share was calculated based on the number of issued shares outstanding at 31 December 2025 and 31 December 2024.

Note 4: The above includes plots in Hung Shui Kiu and other project sites with a total developable area of approximately 3.2 million sq. ft., attributable to the Group which will be confirmed after reaching an agreement with the Government on the amount of land premium payable.

Note 5: This includes an attributable gross floor area of approximately 500,000 square feet of the Group's hotels.

CHAIRMEN'S STATEMENT



Dr LEE Ka Kit
GBM, GBS, JP,
DBA (Hon)
*Chairman and
Managing Director*

Dr LEE Ka Shing
GBS, JP,
DSSc (Hon)
*Chairman and
Managing Director*



The Legacy, Mid-Levels West, Hong Kong

Profit Attributable to Shareholders

The Group's underlying profit attributable to equity shareholders for the year ended 31 December 2025 amounted to HK\$6,063 million, representing a decrease of HK\$3,711 million or 38% from HK\$9,774 million for the previous year. The underlying earnings per share was HK\$1.25 (2024: HK\$2.02). The decrease in underlying profit was mainly due to the recognition in the previous year of an attributable gain in the aggregate amount of approximately HK\$4,768 million, arising from the Government's resumption of certain land lots in the New Territories and the disposal of the company holding Harbour East, an investment property located in North Point, whereas in the year under review, the attributable gain arising from land resumption amounted to only HK\$599 million.

In 2025, the Group recorded a fair value loss of HK\$410 million (2024: HK\$3,478 million) after revaluation of the Group's completed investment properties

and investment properties under development. This included the adjustments of cumulative changes in the fair value of disposed investment properties. After taking into account the fair value loss, the reported profit attributable to equity shareholders for the year ended 31 December 2025 was HK\$5,653 million, representing a decrease of HK\$643 million or 10% from HK\$6,296 million for the previous year. The reported earnings per share was HK\$1.17 (2024: HK\$1.30).

Dividends

Over the past three weeks, the war involving Iran in the Middle East has created significant economic uncertainties. Notwithstanding the Group's satisfactory residential sales performance over the past six months, the Board, for prudent financial management, recommends reducing the final dividend from HK\$1.30 per share to HK\$0.76 per share. The dividend will be paid to shareholders whose names appear on the Register of Members of the Company on Wednesday,

10 June 2026, and will not be subject to any withholding tax in Hong Kong. Together with the interim dividend payment of HK\$0.50 per share, the total dividend for the year will amount to HK\$1.26 per share (2024: HK\$1.80 per share), representing a decrease of 30% compared to the previous year.

The proposed final dividend is expected to be distributed to shareholders on Tuesday, 23 June 2026.

Business Review

Hong Kong

Property Sales

During the year under review, the Hong Kong SAR Government introduced various talent admission policies and committed to developing Hong Kong into an international education hub. In the 2025-26 Budget, the Government announced a reduction in stamp duty for certain property transactions. In addition, the U.S. Federal Reserve implemented three consecutive interest rate cuts starting from September 2025. The talent admission policies, together with the reduction in stamp duty and the consecutive interest rate cuts, have all provided support to Hong Kong's property market.

The Group's attributable revenue from property development in Hong Kong amounted to approximately HK\$15,212 million in 2025, representing a year-on-year increase of 23%. The Group's attributable reported profit before taxation from property development in Hong Kong amounted to approximately HK\$1,566 million (2024: HK\$4,647 million). The decrease in profit was mainly due to the recognition in the previous year of an attributable net gain before taxation of approximately HK\$3,320 million, arising from the Government's resumption of certain land lots in the New Territories, whereas in the year under review, the attributable gain before taxation arising from land resumption amounted to only HK\$599 million.

During the year, the Group successfully capitalised on favourable market conditions to launch The Legacy in Mid-Levels West, along with several luxury harbourfront developments located along the former Kai Tak airport

runway, including Victoria Voyage (Phases 1A and 1B), Miami Quay (Phase 2) and Double Coast (Phase 3). In addition, an array of urban projects, namely, Belgravia Place (Phase 2) in Cheung Sha Wan, woodis in Wanchai, Eight Southpark and Highwood (Phase 1) in Ma Tau Kok were also launched for sale during the year. Other previously launched projects also achieved satisfactory sales results, with the first five phases of Square Mile series in Mong Kok nearly sold out. Together with the sale of other properties (including car parking spaces), contracted sales attributable to the Group in Hong Kong amounted to approximately HK\$19,271 million for the year ended 31 December 2025, representing a year-on-year increase of 71%.

At the end of December 2025, attributable contracted sales of approximately HK\$10,926 million were yet to be recognised as revenue, of which approximately HK\$8,846 million is expected to be recognised in 2026 upon completion of the relevant developments and handover of the completed units to buyers.



woodis, Wan Chai, Hong Kong (artist's impression)



Highwood, Ma Tau Kok, Hong Kong (artist's impression)

Property Development

In 2025, the Group and another owner completed the in-situ land exchange for the following land lot in Hung Shui Kiu/Ha Tsuen New Development Area:

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 0.7 million square feet attributable to the Group has been earmarked for sales launch in 2026. In addition, urban redevelopment projects for which the Group has acquired 100% ownership interest or which have met the relevant compulsory sale application threshold are expected to provide an additional attributable gross floor area of approximately 1.6 million square feet, to be launched for sale or lease in 2027 or beyond.

The Group will continue to replenish its land bank in Hong Kong through a variety of channels. Excluding sites earmarked for rental purposes, the Group's land bank will be sufficient to meet its development needs in the next few years. Details of the Group's projects are set out in the tables below:

Below is a summary of projects pending/under development and major completed projects:

		Saleable/gross floor area attributable to the Group (million sq. ft.) (Note 1)	Remarks
(A) Projects available for sale in 2026			
1.	Unsold units of major development projects offered for sale (Table 1)	1.5	
2.	Projects to be launched for sale in 2026 (Table 2)	0.9	
Sub-total:		2.4	
(B) Projects in Urban Areas			
3.	Urban Redevelopment Projects		
3.1	with 100% ownership interest acquired or the relevant compulsory sale application threshold has been met (Table 3)	1.6	
3.2	with more than 20% ownership interest acquired, but the relevant compulsory sale application threshold has not been met (Table 4)	0.6	Redevelopment is subject to the successful acquisition of 100% ownership interest
4.	Central Yards Site 3 of New Central Harbourfront	1.6	To be held for rental purposes upon completion
5.	Yau Tong Bay project	0.9	(Note 2)
6.	Others	0.3	
Sub-total:		5.0	
(C) Projects in the New Territories			
7.	Area 34B, Hung Shui Kiu/Ha Tsuen New Development Area	0.6	
8.	Hung Shui Kiu projects	2.8	(Note 2)
9.	Others	0.4	(Note 2)
Sub-total:		3.8	
Total:		11.2	

Note 1: Gross floor area is calculated based on the general building plans approved by the Buildings Department or the Government's latest town planning parameters, as well as the Company's development plans and is subject to change.

Note 2: Developable area will be confirmed after reaching an agreement with the Government on the amount of land premium payable. The Yau Tong Bay project shifted to a phased development approach and the Government has issued the provisional basic terms offer for Phase 1.

(Table 1) Unsold units of major development projects offered for sale

There are 26 major development projects with unsold units:

		As at 31 December 2025				
Project name and location	Gross floor area (sq. ft.)	Type of development	No. of unsold residential units	Saleable area of unsold units (sq. ft.)	Interest of the Group (%)	Saleable area of unsold units attributable to the Group (sq. ft.)
1. The Legacy 8 Castle Road Mid-Levels West	472,067	Residential	149	363,346	65.00	236,175
2. The Henley 7 Muk Tai Street Kai Tak	654,602	Commercial/ Residential	321	184,481	100.00	184,481
3. Henley Park 8 Muk Tai Street Kai Tak	397,967	Residential	275	152,115	100.00	152,115
4. Victoria Voyage (Phases 1A and 1B) 18 Shing Fung Road Kai Tak (formerly known as the project at New Kowloon Inland Lot No. 6554, Kai Tak)	632,413	Commercial/ Residential/ Government facilities	989	422,171	30.00	126,651
5. Miami Quay 23 Shing Fung Road Kai Tak	574,614	Residential	1,054	425,932	29.30	124,798
6. Highwood (Phase 1) 70 To Kwa Wan Road Ma Tau Kok	213,002	Commercial/ Residential	274	84,145	100.00	84,145
7. Eden Manor 88 Castle Peak Road Kwu Tung	555,399	Residential	68	80,023	100.00	80,023
8. Double Coast (Phases 1 and 3) 19 Shing Fung Road Kai Tak	432,458	Residential	574	246,120	30.00	73,836
9. The Knightsbridge 22 Shing Fung Road Kai Tak	641,165	Commercial/ Residential	335	254,301	18.00	45,774

		As at 31 December 2025					
Project name and location	Gross floor area (sq. ft.)	Type of development	No. of unsold residential units	Saleable area of unsold units (sq. ft.)	Interest of the Group (%)	Saleable area of unsold units attributable to the Group (sq. ft.)	
10. Baker Circle One (Phases 1-3) 38 Gillies Avenue South, 33 Whampoa Street and 18 Bulkeley Street Hung Hom	339,993	Commercial/ Residential	169	43,334	100.00	43,334	
11. One Innovale 8 Ma Sik Road, Fanling	612,685	Residential	60	31,670	100.00	31,670	
12. woodis 15 Wood Road Wan Chai	86,557	Commercial/ Residential	62	25,485	100.00	25,485	
13. The Haddon 1 Whampoa Street Hung Hom	186,539	Commercial/ Residential	79	24,245	100.00	24,245	
14. The Harmonie 233 Castle Peak Road Cheung Sha Wan	159,748	Commercial/ Residential	61 <i>(Note 1)</i>	21,170 <i>(Note 1)</i>	100.00	21,170 <i>(Note 1)</i>	
15. Wellesley 23 Robinson Road Mid-Levels West	156,900 <i>(Note 2)</i>	Residential	20	35,459	50.00 <i>(Note 2)</i>	17,730	
16. Belgravia Place 1 Berwick Street Cheung Sha Wan	416,317	Commercial/ Residential	53	13,758	100.00	13,758	
17. The Upper South 71 Main Street Ap Lei Chau	40,318	Commercial/ Residential	47	9,509	100.00	9,509	
18. Eight Southpark 8 Nam Kok Road Ma Tau Kok	117,994	Commercial/ Residential	42	11,254	76.468	8,606	
19. The Paddington 456 Sai Yeung Choi Street North Cheung Sha Wan	171,664	Residential	28	7,959	100.00	7,959	
20. The Hampstead Reach 8 Ping Kin Lane Yuen Long	27,868	Residential	3	5,427	100.00	5,427	

		As at 31 December 2025					
Project name and location	Gross floor area (sq. ft.)	Type of development	No. of unsold residential units	Saleable area of unsold units (sq. ft.)	Interest of the Group (%)	Saleable area of unsold units attributable to the Group (sq. ft.)	
21. The Royale 8 Castle Peak Road – Castle Peak Bay Tuen Mun	663,062	Residential	34	24,271	16.705	4,054	
22. South Walk • Aura 12 Tin Wan Street Aberdeen	37,550	Commercial/ Residential	14	3,443	100.00	3,443	
23. The Addition 350 Un Chau Street Cheung Sha Wan	79,903	Commercial/ Residential	7	2,536	100.00	2,536	
24. Global Gateway Tower 61A-61E and 63 Wing Hong Street Cheung Sha Wan	336,052	Industrial	Not applicable	75,693 (Note 3)	100.00	75,693 (Note 3)	
25. E-Trade Plaza 24 Lee Chung Street Chai Wan	173,850	Office	Not applicable	58,935 (Note 3)	100.00	58,935 (Note 3)	
26. Mega Cube 8 Wang Kwong Road Kowloon Bay	171,194	Office	Not applicable	48,622 (Note 3)	100.00	48,622 (Note 3)	
Total:			4,718	2,655,404		1,510,174	

Note 1: Representing the Group's entitlement for this Urban Renewal Authority project.

Note 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.

Note 3: Representing the saleable area of the office, industrial or shop area.

(Table 2) Projects to be launched for sale in 2026

The following projects will be launched for sale in 2026, unless the launch is delayed due to unforeseen circumstances:

	Project name and location	Gross floor area (sq. ft.)	Type of development	No. of residential units	Gross floor area of residential units (sq. ft.)	Interest of the Group (%)	Gross floor area of residential units attributable to the Group (sq. ft.)
1.	Chester 8 Whampoa Street Hung Hom	134,874	Commercial/ Residential	241	94,559 (Note)	100.00	94,559 (Note)
2.	1 Bailey Street Hung Hom	717,464	Commercial/ Residential	1,296	597,886	50.00	298,943
3.	Fanling Sheung Shui Town Lot No. 263 Kwu Tung	339,066	Commercial/ Residential	682	282,555	90.10	254,582
4.	Highwood (Phase 2) 70 To Kwa Wan Road Ma Tau Kok	169,196	Residential	415	169,196	100.00	169,196
5.	18 Man On Street Mong Kok	57,763	Commercial/ Residential	126	52,343	100.00	52,343
6.	33 Elgin Street Central	42,572	Commercial/ Residential	93	40,990	100.00	40,990
7.	16-20 Temple Street Yau Ma Tei	20,286	Commercial/ Residential	48	19,159	100.00	19,159
8.	29A Lugard Road The Peak	11,703	Residential	1	11,703	100.00	11,703
	Total:			2,902	1,268,391		941,475

Note: Representing the saleable area of the residential units.

(Table 3) Urban Redevelopment Projects – with 100% ownership interest acquired or the relevant compulsory sale application threshold has been met

There is an array of urban redevelopment projects with 100% ownership acquired or the relevant compulsory sale application threshold has been met. Based on the general building plans approved by the Buildings Department or the Government's latest town planning parameters, the expected gross floor area attributable to the Group of those projects is as follows:

	With 100% ownership interest acquired		With less than 100% ownership interest but the relevant compulsory sale application threshold has been met*		Total expected gross floor area attributable to the Group (sq. ft.)	
	Site area attributable to the Group (sq. ft.)	Expected gross floor area attributable to the Group upon completion of the redevelopment project (sq. ft.)	Site area attributable to the Group (sq. ft.)	Expected gross floor area attributable to the Group upon completion of the redevelopment project (sq. ft.)		
By District						
Hong Kong						
1.	Mid-Levels	64,294	346,267	6,212	31,060	377,327
2.	Causeway Bay	4,497	47,033	2,019	18,171	65,204
3.	Aberdeen	4,950	42,075	2,868	25,506	67,581
4.	Quarry Bay	21,941	217,534			217,534
	Sub-total:	95,682	652,909	11,099	74,737	727,646

		With 100% ownership interest acquired		With less than 100% ownership interest but the relevant compulsory sale application threshold has been met*		Total expected gross floor area attributable to the Group (sq. ft.)
		Site area attributable to the Group (sq. ft.)	Expected gross floor area attributable to the Group upon completion of the redevelopment project (sq. ft.)	Site area attributable to the Group (sq. ft.)	Expected gross floor area attributable to the Group upon completion of the redevelopment project (sq. ft.)	
By District						
Kowloon						
5.	Tsim Sha Tsui	12,283	147,394			147,394
6.	Hung Hom	41,215	380,654	3,400	30,600	411,254 (Note 1)
7.	Tai Kok Tsui	18,545	166,868			166,868 (Note 2)
8.	Ho Man Tin	4,698	39,634			39,634
9.	Cheung Sha Wan	6,510	58,590			58,590 (Note 3)
10.	Kowloon City	10,954	97,231			97,231 (Note 3)
	Sub-total:	94,205	890,371	3,400	30,600	920,971
	Total:	189,887	1,543,280	14,499	105,337	1,648,617

* To acquire all the undivided shares in the lots, the majority owner will make an application to the Lands Tribunal for an order for sale of the lots by way of public auction under the Land (Compulsory Sale for Redevelopment) Ordinance. If the Lands Tribunal refuses to make an order for sale, the majority owner may not be able to acquire the remaining undivided shares and proceed with the redevelopment projects.

Note 1: Part of an urban renewal plan with a total gross floor area of more than 1 million square feet, of which approximately 660,000 square feet is attributable to projects (namely, Baker Circle • Dover, Baker Circle • Euston, Baker Circle • Greenwich, The Haddon and Chester) which have been launched for sale or are proposed to be launched for sale in 2026.

Note 2: Part of an urban renewal plan with a total gross floor area of more than 1 million square feet, of which approximately 920,000 square feet is attributable to projects (namely, Eitanin • Square Mile, Cetus • Square Mile, Aquila • Square Mile, The Quinn • Square Mile, Gateway • Square Mile and the project at Man On Street) which have been launched for sale or are proposed to be launched for sale in 2026.

Note 3: The developable area may be subject to the Group reaching an agreement with the Government on the amount of land premium payable.

(Table 4) Urban Redevelopment Projects – with more than 20% ownership interest acquired, but the relevant compulsory sale application threshold has not been met

There are other redevelopment projects in various urban districts where acquisition of units in existing buildings is ongoing. Currently, more than 20% ownership interest of each project has been acquired, but the relevant compulsory sale application threshold has not been met. If the remaining interest is acquired, the sites will be redeveloped and upon completion, based on the Government’s latest town planning parameters, the total gross floor area attributable to the Group will be approximately 1,770,000 square feet. Based on the Group’s undivided shares in the lots, the total gross floor area attributable to the Group is approximately 640,000 square feet. However, these redevelopment projects are subject to the successful acquisition of the remaining interest in the relevant lots, which is uncertain.

Land Bank

As at 31 December 2025, the Group’s land bank in Hong Kong amounted to approximately 22.4 million square feet of gross floor area attributable to the Group, which comprised the following:

	Gross floor area attributable to the Group (million sq. ft.)
Projects pending sale or pending/under development (<i>Note</i>)	9.7
Unsold units of major development projects offered for sale	1.5
	Sub-total: 11.2
Completed investment properties (including hotels)	11.2
	Total: 22.4

Note: The above includes plots in Hung Shui Kiu and other project sites with a total developable area of approximately 3.2 million square feet attributable to the Group which will be confirmed after reaching an agreement with the Government on the amount of land premium payable.

Land in Urban Areas

In addition to projects scheduled for sales launch as described above, urban redevelopment projects for which the Group has acquired 100% ownership interest or which have met the relevant compulsory sale application threshold are expected to provide a total gross floor area of approximately 1.6 million square feet attributable to the Group, to be launched for sale or lease in 2027 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”) together with a new hotel to be built and erected thereon by the Group to a wholly-owned subsidiary of Miramar Hotel and Investment Company, Limited, a listed subsidiary of the Group. As the conditions precedent to the completion of the transaction were not fulfilled, the relevant transaction was cancelled. The Group will continue the initiatives to demolish the existing building erected on the Property and redevelop the Property into a new hotel based on the approved general building plans.

As for Central Yards, the Group's flagship project on the New Central Harbourfront, the main contract works are in progress. This mixed-use project will offer over 700,000 square feet of premium office and ancillary space, featuring the largest office floorplate in Central, designed for modern headquarters and innovation-driven financial institutions. It will also offer 900,000 square feet of retail space, featuring the city's one-and-only private Broadway-calibre theatre with seating for over 1,100 guests. In addition, the project provides over 300,000 square feet of green recreational space, including a rooftop sky garden for public enjoyment. Its Phase 1 shopping and office spaces are scheduled to apply for the Occupation Permit in the fourth quarter of 2026, while Phase 2 is scheduled for completion in 2032. This project is poised to become a global harbourfront icon, offering an integrated mix of retail, business, culture, arts, nature and entertainment, transforming the cityscape of Hong Kong. This development has attained the highest standards from world-class green and smart building certifications, including BEAM Plus for New Buildings and Neighbourhood, Leadership in Energy and Environmental Design (LEED), WELL and WiredScore.

The Yau Tong Bay mixed-use development project, in which the Group has a 22.8% interest, shifted to a phased development approach. The 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 once an agreement is reached with the Government on the premium. This harbourfront development is expected to provide a total gross floor area of approximately 910,000 square feet attributable to the Group.

New Territories Land

During the year, the Group acquired additional land lots with a total area of approximately 570,000 square feet in the New Territories. Meanwhile, land lots with a total area of approximately 900,000 square feet in Yuen Long South, Kam Tin, San Tin, Hung Shui Kiu, together with the sites designated for the construction of the Northern Link Main Line, were resumed by the Government for public use, with cash compensation amounting to approximately HK\$940 million. As at 31 December 2025, the Group's land bank in the New Territories amounted to approximately 40.5 million square feet, continuing to represent the largest holding among property developers in Hong Kong:

By District	Land area attributable to the Group (million sq. ft.)
Yuen Long District	24.1
North District	12.4
Tai Po District	3.4
Tuen Mun District and others	0.6
Total:	40.5

In Hung Shui Kiu/Ha Tsuen New Development Area, apart from the above completed in-situ land exchange, the Group and another owner 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 square feet in aggregate upon completion of the land exchange. In the 2025 Policy Address, the Chief Executive introduced new measures to accelerate the development of the Northern Metropolis. These include: (i) introducing dedicated legislation to accelerate the development of the Northern Metropolis; (ii) implementing a "phased development" approach to attract businesses, bringing footfall to the area to create momentum; (iii) adopting a "pay for what you build" approach to reduce the cost of land premiums in the Northern Metropolis; (iv) allowing land owners in the Northern Metropolis to voluntarily surrender land planned to be resumed by the Government to offset the amount payable for in-situ land exchange; (v) introducing a Fast Track Processing System to reduce construction costs and time; and (vi) employing flexible land-grant arrangements, encouraging enterprises to set up businesses and invest in the area with sites granted as tenancy with a term exceeding 7 years. Regarding the above new measures, the Group will monitor the details closely. Apart from the land lots designated for exchange as mentioned above, the Group's land bank in Hung Shui Kiu/Ha Tsuen currently amounts to approximately 2.31 million square feet.

In 2020, the Government announced specific criteria in respect of the implementation framework for its Land Sharing Pilot Scheme. In order to work in line with the 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 square feet 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 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 Government promulgated the Northern Metropolis Development Strategy by 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 Government further promulgated the North Metropolis Action Agenda 2023 in October 2023 to include the 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 Government will resume land from developers for innovation and technology use. In addition, the 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 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). Excluding the land lots resumed by the Government, the Group's land bank in San Tin of Northern Metropolis currently amounts to approximately 5.8 million square feet. In addition, the Group holds a land bank of approximately 4.5 million square feet in Ngau Tam Mei.

Investment Properties

For the year ended 31 December 2025, the gross rental income in Hong Kong attributable to the Group (including gross rental income attributable to subsidiaries, associates and joint ventures) increased by 1% year-on-year to HK\$6,916 million. The corresponding net rental income before taxation attributable to the Group decreased by 1% year-on-year to HK\$4,872 million. For the International Finance Centre ("ifc") project, in which the Group has a 40.77% interest, the gross rental income attributable to the Group remained flat at HK\$1,634 million.

As at 31 December 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 various developments (namely, Phase 1 of Belgravia Place, Gateway • Square Mile, The Haddon and Eight Southpark), as at 31 December 2025, the Group's completed investment property portfolio in Hong Kong had increased to approximately 10.7 million square feet. Details of the Group's completed investment property portfolio are as follows:

By type	Gross floor area attributable to the Group (million sq. ft.)	Percentage (%)
Shopping arcade or retail	5.7	53
Office	4.2	39
Industrial	0.3	3
Residential and hotel apartment	0.5	5
Total:	10.7 <i>(Note)</i>	100

By geographical area	Gross floor area attributable to the Group (million sq. ft.)	Percentage (%)
Hong Kong Island	3.0	28
Kowloon	3.6	34
New Territories	4.1	38
Total:	10.7	100

Note: The Group held an additional attributable gross floor area of approximately 500,000 square feet of hotels, along with approximately 9,000 car parking spaces.



MCP Central, Tseung Kwan O, Hong Kong



MOSTown, Ma On Shan, Hong Kong

Retail Portfolio

During the year, the gradual improvement of consumer sentiment among local residents, together with the increase in visitor arrivals to Hong Kong, provided support to the city's retail market. The Group's retail portfolio maintained a high overall occupancy rate, and tenants in certain core projects recorded a recovery in sales turnover.

Apart from continuously upgrading its shopping malls to meet sustainability requirements, the Group also refined its tenant mix to cater to changing consumer preferences. In addition, the Group collaborated with artists to host live performances and autograph signing events. During the 15th National Games of the People's Republic of China, the Group launched the National Games Fiesta and broadcast the competitions live at its malls to encourage public support for this major sporting event. These initiatives attracted extensive media coverage and further increased shoppers traffic at the malls.

The Group's innovative marketing efforts were well recognised by the industry. The "MCP x MOSTown x LEGO Lucky Up New Year" campaign received the Gold Award for Best Launch/Rebranding PR Campaign at the PR Awards 2025. 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. MCP Central was further honoured with the Merit Award – Existing Buildings Category: Facilities Management. In addition, the Group received the Pioneer Award in the Green Building Leadership Category: Facilities Management at the Green Building Award.

The Group's two large-scale urban redevelopment projects in Tai Kok Tsui and Hung Hom are being completed in phases, providing a total retail floor area of approximately 163,000 square feet and 168,000 square feet, respectively. Designed to align with contemporary lifestyle positioning, both shopping complexes will feature a curated mix of distinctive dining, trendy retail and popular leisure facilities. Upon completion, these projects are expected to further enhance the Group's rental income.

Office Portfolio

During the year, the office leasing market in Hong Kong began to show signs of stabilisation. Grade-A office buildings in core districts, in particular, benefited from the increase in fundraising activities through initial public offerings and the improved sentiment in the local stock market, leading to a rebound in both absorption and rental levels.

The Henderson, the 465,000-square-foot office development, is currently 95% leased. Designed by the internationally acclaimed architectural firm Zaha Hadid Architects ("ZHA"), this office development is a landmark destination for global commerce and architectural brilliance. The office lobby features the *Balloon Swan (Red)*, a sculpture by renowned contemporary artist Jeff Koons. Set atop The Henderson, Cloud 39 is the highest all-glass rooftop ballroom in Hong Kong, offering sweeping views of the city's dynamic skyline. In addition, an outdoor space adjacent to The Henderson has been transformed into ZHA's first sculpture park in Asia, open for public enjoyment. The Henderson is the first super Grade-A commercial development in Hong Kong to receive ten top-tier certifications across multiple sustainability and smart technology standards. It is also the first project in China to receive full marks in both the SmartScore Certification and China Smart Building Certification. The Henderson continues to attract top-tier tenants, including Point72, Christie's, Carlyle, Audemars Piguet and Cohen & Steers.



AIA Tower, North Point, Hong Kong



Central Yards, Central, Hong Kong (artist's impression)

Leveraging superior property quality and effective tenant engagement, the Group's other office developments also delivered steady performance during the year. 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 overall occupancy rate of around 90%.

As regards Central Yards, the 1,600,000-square-foot mixed-use development on the New Central Harbourfront, its Phase 1 development is scheduled to top out in the second quarter of 2026 and to open in 2027. 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 square feet across six floors, which accounts for more than 70% of the development's Phase 1 office and ancillary space. The remaining areas are also attracting strong interest from leading multinational companies, which is testimony to the development's unique positioning as a new financial hub.

Construction

Distinguishing itself from over 3,000 entries worldwide, The Henderson in Central was acclaimed as The World's Best Property at the International Property Awards 2025, becoming the first project developed by a Hong Kong developer to receive this honour. The Henderson was also named "Best International Commercial High-Rise Development" and "Best Commercial High-Rise Development Asia-Pacific". In addition, The Henderson received the Grand Award – New Buildings Category: Completed Projects (Commercial) at the biennial Green Building Award. As for residential developments, The Legacy in Mid-Levels West was named Luxury Residential Development of the Year – Hong Kong, whilst the Group was awarded the top honour of Developer of the Year – Hong Kong at the Real Estate Asia Awards 2025. These accolades serve as the finest tribute to celebrate the Group's 50th anniversary and reaffirm its leadership in promoting visionary design and green building.

The Group has always taken a proactive approach in preventing safety hazards at construction sites. In addition to strictly prohibiting smoking within construction areas, it has initiated discussions with relevant government departments and the Construction Industry Council to develop a fire detection and monitoring system for construction sites. The Group is also exploring the adoption of metal scaffolding as a replacement for traditional bamboo scaffolding. Furthermore, the Group is collaborating with a university to develop an AI-powered camera scanning system to ensure that all construction works adhere to original designs, thereby further enhancing construction quality.

The following development projects in Hong Kong were completed during the year:

	Project name and location	Site area (sq. ft.)	Gross floor area (sq. ft.)	Type of development	Interest of the Group (%)	Gross floor area attributable to the Group (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.	The Haddon 1 Whampoa Street Hung Hom	19,721	186,539	Commercial/ Residential	100.00	186,539
4.	Eight Southpark 8 Nam Kok Road Ma Tau Kok	13,113	117,994	Commercial/ Residential	76.468	90,228
5.	Gateway • Square Mile 1 Ka Shin Street Mong Kok	9,642	88,367	Commercial/ Residential	100.00	88,367
6.	Parkwood 3 Mei Sun Lane Tai Po	7,976	49,077	Commercial/ Residential	100.00	49,077
					Total:	879,441

Property Management

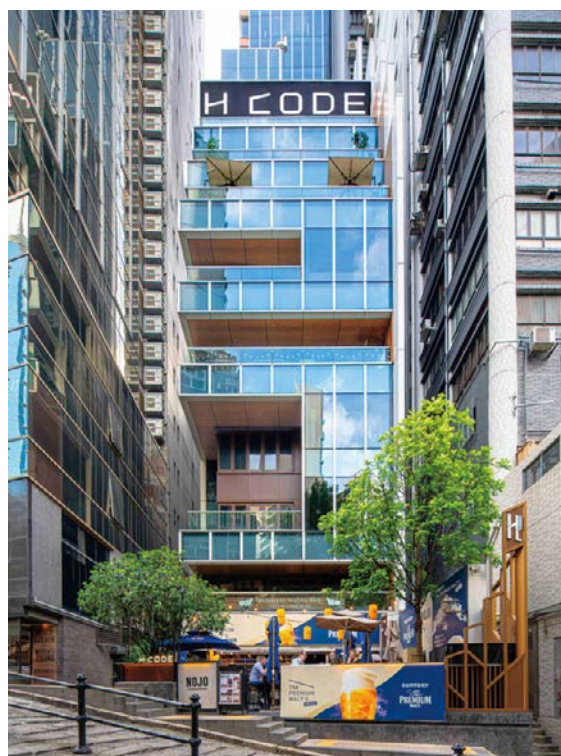
The Group's property management companies consist of Hang Yick Properties Management Limited ("Hang Yick"), Well Born Real Estate Management Limited ("Well Born"), H-Privilege Limited ("H-Privilege", which provides superior management services for the Group's prestigious housing projects – The H Collection), Goodwill Management Limited and H Commerce Management Limited (which provides superior management services for The Henderson – The World's Best Property, as well as commercial properties and shopping malls). These companies, collectively managing over 87,000 apartments and industrial/commercial units, 10 million square feet 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 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). Accordingly, quality, environmental sustainability, health and safety are consistently integrated into every aspect of their services and daily operations.

Upholding the Group's commitment to sustainability, during the year its property management companies, including Hang Yick, Well Born and H-Privilege, built on the success of past initiatives such as making Christmas trees from recycled plastic bottles, second-hand books and aluminum cans and collaborated with the Hong Kong Police to make Christmas trees using collected plush toys together with the police's anti-scam mascot "The Little Grape". These recycled Christmas trees were then displayed at the properties under their management, creating a festive atmosphere while promoting eco-friendly practices and raising the public's anti-deception awareness. In addition, rooftop/urban farms have been established at selected commercial properties to encourage an eco-conscious lifestyle, offering tenants the joy of farming and access to freshly



H Zentre, Tsim Sha Tsui, Hong Kong



H Code, Central, Hong Kong

harvested vegetables. In recognition of their efforts to promote waste reduction and green living, these property management companies received multiple commendations during the year, including "WasteWi\$e Certificate – Excellent Level" from The Hong Kong Green Organisation Certification and "Corporate Environmental Leadership of the Year" from Asia Pacific Customer Service Consortium.

As for community services, these property management companies launched the "Year of Vitality" campaign during the year to raise public awareness of both physical and mental well-being. They also partnered with a charitable institution to organise a wide range of sports, music and environmental protection activities, injecting more vitality into the community. In addition, their volunteer teams actively participated in various caring activities and received the "Corporate – Top 10 Highest Volunteer Hour Award", "Corporate – Most Active Award (Volunteer Hours)", as well as "Top 10 Caring Estate" at the Hong Kong Volunteer Award 2025.

Chinese Mainland

In 2025, many cities in their efforts to transform the real estate sector towards high-quality development, successively introduced new residential construction standards built around four core principles: safety, comfort, environmental sustainability and smart living. The goal was to foster the development of "good houses" that meet the demands of a new era and enhance the overall quality of urban living. Supported further by the most accommodative policy environment, the first half of the year recorded active transactions in new residential sales, pushing prices upward. However, momentum weakened in the second half of the year as the market showed signs of cooling, with increasing differentiation particularly affecting projects developed under older standards. As for the land market, conditions of public land sales commonly stipulated requirements for compliance with the "good housing" standards. While land transfer prices varied significantly across cities, the land transfer price for prime sites in first-tier cities continued to rise.



Dongxihu Project, Wuhan



Dongli Project, Tianjin



Yubei Project, Chongqing

The following development projects were completed during the year:

Project name	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. Panyu Project, Guangzhou (Phase 2 (first batch))	Residential	50	0.05
3. Yunhui Tower, Shenzhen	Technology R&D and Ancillary Facilities	50	0.21
4. Xindu Project, Chengdu (Phase 2)	Residential	50	0.28
5. CIFI Centre, Chengdu (Phase 2)	Residential	50	0.21
6. Yubei Project, Chongqing (Phase 2)	Residential	50	0.08
7. Shijie Project, Dongguan (Phase 1 (second batch))	Residential and Commercial	50	0.05
8. Changan Project, Shijiazhuang (Phase 3)	Residential	100	0.95
9. Dongli Project, Tianjin (Phase 2)	Residential and Commercial	50	0.26
10. Dongxihu Project, Wuhan (Phase 1 (second batch))	Residential	50	0.06
11. La Botanica, Xian (Phase 4M1-2)	Commercial	50	0.55
		Total:	3.12



The Pier, Shanghai

The Group's strategy in Chinese Mainland was as follows:

Property Investment: During the year, the Group strategically directed its resources towards 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 initiative achieved notable success, with year-end leasing rates exceeding 80% for both the 970,000-square-foot Grade-A office twin towers at Lumina Guangzhou and the 1,000,000-square-foot Lumina Shanghai II. The Group also newly completed two joint venture commercial composite projects, namely, the 830,000-square-foot The Pier in Pudong, Shanghai and the 400,000-square-foot Yunhui Tower in Nanshan, Shenzhen, for which leasing campaigns are currently underway. With the successive

commencement of operations of these new projects, the Group's rental income is expected to establish a positive trajectory for recurring income in the years ahead.

Property Development: The Group continued to focus on new development opportunities in first-tier and leading second-tier cities, as well as the Greater Bay Area strategic plan.

As at 31 December 2025, in addition to approximately 3.1 million square feet of attributable gross floor area in completed property stock, the Group's land bank in 12 cities amounted to approximately 7.46 million square feet of gross floor area attributable to the Group, with approximately 66% designated for the development of residential properties:

Land Bank Under Development or Pending Future Development

	Estimated developable gross floor area attributable to the Group* (million sq. ft.)
First-tier cities	
Beijing	0.05
Guangzhou	0.87
Sub-total:	0.92
Second-tier cities	
Changsha	0.05
Chengdu	3.29
Chongqing	0.57
Dongguan	0.10
Foshan	0.24
Shijiazhuang	1.43
Suzhou	0.03
Tianjin	0.38
Wuhan	0.39
Xuzhou	0.06
Sub-total:	6.54
Total:	7.46



Lumina Shanghai, Shanghai

Utilisation of Land Bank

	Estimated developable gross floor area attributable to the Group* (million sq. ft.)	Percentage (%)
Residential	4.88	66
Office	1.21	16
Commercial	1.14	15
Others (including clubhouses, schools and community facilities)	0.23	3
Total:	7.46	100

* Excluding the developable gross floor area attributable to basement areas and car parks.

Property Sales

During the year, the volume of pre-sold residential units completed and delivered to buyers experienced a decline compared to the previous year. Revenue attributable to the Group's property development in the Mainland as recognised in the financial statements for the year under review amounted to approximately RMB3,148 million (equivalent to approximately HK\$3,426 million), representing a year-on-year decrease of 58% in Renminbi terms from RMB7,501 million recorded in the previous year. The Group recorded a loss before taxation of RMB231 million (equivalent to approximately HK\$253 million), compared with a profit before taxation of RMB897 million (equivalent to approximately HK\$985 million) in the previous year.

During the year, contracted sales attributable to the Group decreased by 45% in Renminbi terms year-on-year to approximately RMB1,707 million (equivalent to approximately HK\$1,877 million) from RMB3,085 million (equivalent to approximately HK\$3,379 million) in the previous year. In terms of attributable gross floor area, contracted sales decreased by 36% to approximately 1.4 million square feet. Major projects included the Changan project in Shijiazhuang, La Botanica in Xian, a mixed-use project in Chaoyang District, Beijing, as well as the Xindu project and CIFI Centre in Chengdu.

As at 31 December 2025, attributable contracted sales of approximately HK\$1,858 million are yet to be recognised in the accounts. It is anticipated that approximately HK\$1,590 million will be recognised in 2026 upon completion of the relevant developments and handover of the completed units to buyers.

Investment Properties

With the successive completion of The Pier in Shanghai, Yunhui Tower in Shenzhen and the shopping mall at La Botanica (Phase 2) in Xian, as at 31 December 2025, the completed investment property portfolio attributable to the Group in the Mainland increased to approximately 13.8 million square feet, the details of which are as follows:

By type	Gross floor area attributable to the Group* (million sq. ft.)	Percentage (%)
Office	9.6	70
Commercial	4.2	30
Total:	13.8	100

By geographical area	Gross floor area attributable to the Group* (million sq. ft.)	Percentage (%)
Beijing	2.2	16
Shanghai	7.3	53
Guangzhou	2.5	18
Other	1.8	13
Total:	13.8	100

* Including lettable areas in the basement.

Some corporate tenants continued to maintain a prudent approach, prioritising cost reduction and operational efficiency. This restrained spending, together with the significant volume of new supply, continued to weigh on the Mainland leasing market. During the year, gross rental income attributable to the Group decreased by 12% year-on-year in Renminbi terms. After accounting for the approximately 1% year-on-year depreciation of the Renminbi against the Hong Kong Dollar, gross rental income attributable to the Group decreased by 13% year-on-year to HK\$1,826 million. Net rental income before taxation attributable to the Group also decreased by 18% year-on-year to HK\$1,304 million during the year.

In Beijing, foreign companies opted to tighten cost controls given the economic outlook, while some large-scale domestic enterprises downsized their operations to reduce costs. The leasing rate of World Financial Centre in Chaoyang Central Business District fell to just over 50% at the end of December 2025. The Group will continue to adopt flexible leasing strategies to navigate market changes. Due to its reputable building quality, this international Grade-A office complex is expected to attract leasing interest from corporations that prioritise quality.

In Shanghai, as at 31 December 2025, Henderson Metropolitan near the Bund achieved a leasing rate of 96% for its office and 91% 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 90% and 93%, respectively. The office developments at Grand Gateway II, located above the Xujiahui subway station, recorded a leasing rate of over 70%. The leasing rates of Greentech Tower and Centro adjacent to the Shanghai Railway Station were approximately 80% and 60%, respectively. Lumina Shanghai, an integrated development with direct access to Longyao subway station, is strategically located in the Xuhui Riverside Area. This area is one of the key riverside developments under the Shanghai 14th Five-year Plan and has become a hub for culture, media and digital technology development in the city. The 61-storey iconic office tower of Phase 1 of Lumina Shanghai provides approximately 1,800,000 square feet of Grade-A office space. During the year, BOSCH, a leading European home appliance company, was

secured as a tenant, which boosted the leasing rate of this development to nearly 70%. Its 200,000-square-foot shopping mall hosts numerous food and beverage outlets, offering diverse dining options to customers. The neighbouring 1,000,000-square-foot Phase 2 development, Lumina Shanghai II, is home to many renowned automotive corporations. Pop Mart, an industry-leading pop culture company, also expanded its leased floor space, boosting the leasing rate of this development to more than 80% at the end of December 2025. The joint venture commercial composite development in Pudong, namely, The Pier, was newly completed during the year. Located in Xinminyang area, positioned as a world-class waterfront mixed-functional belt with close proximity to Lujiazui business hub, The Pier comprises two 11-storey office buildings, one 12-storey office building and five commercial buildings, providing a total gross floor area of about 830,000 square feet. Active negotiations are underway with a number of financial institutions and multinational corporations for the leasing of premises at The Pier.



World Financial Centre, Beijing



Henderson 688, Shanghai

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. During the year, in addition to securing BANDAI NAMCO, a leading entertainment group, as tenant, many existing tenants (including BASF, the world-renowned chemical company and SANOFI, the multinational pharmaceutical company) expanded their leased floor space. This boosted the leasing rate of this office development to more than 80% at the end of December 2025. Its 900,000-square-foot shopping podium and underground commercial area host a wide variety of specialty eateries and movie theatres, offering

customers a diverse dining and leisure experience. Hengbao Plaza, located above the Changshou Road subway station, continued to optimise its tenant mix to enhance its attractiveness, achieving a leasing rate of approximately 80% at the end of December 2025.

In Shenzhen, Yunhui Tower in Nanshan District was newly completed during the year. Situated close to the Nanyou West and Nanyou subway stations, this joint venture commercial composite development comprises industrial R&D offices, supporting dormitory and commercial facilities, providing a total gross floor area of approximately 400,000 square feet. The leasing response for its office space has been positive, with the committed rate exceeding 80% at the end of December 2025.

Property Management

During the year, Shanghai Starplus Property Management Co., Ltd. ("Starplus") took over the management of the newly completed The Pier in Shanghai and Yunhui Tower in Shenzhen. Together with eight 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 more than 14,000,000 square feet, including 5,600 car parking spaces in Chinese Mainland.

In order to ensure that the best service is provided to all the properties under its management, Starplus has adopted management practices and professional accreditation standards which comply with the requirements of ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System), ISO 45001 (Occupational Health and Safety Management System) and ISO 50001 (Energy Management System). Its commitment to professionalism has also been extended to cover all properties under its management.

In support of the national "dual-carbon" policy objectives of carbon peaking and carbon neutrality, Starplus undertook a comprehensive carbon footprint verification this year in accordance with the ISO 14064-1 standard (Specification with guidance at

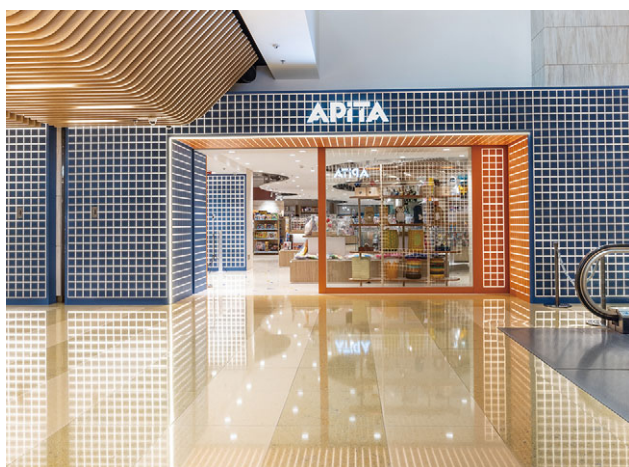
the organisation level for quantification and reporting of greenhouse gas emissions and removals) and succeeded in obtaining third-party certification. Tower 2 of Lumina Shanghai II was awarded the WELL Core v2 Platinum certification. In addition, together with Henderson 688, Henderson Metropolitan, Greentech Tower, Centro and Lumina Guangzhou, this development succeeded in maintaining the WELL Health-Safety Rating from the International WELL Building Institute (IWBI). Henderson Metropolitan was further awarded the Zero Waste certification by LEED. Through its commitment to sustainability, Starplus has established a brand which is well recognised in the market, gaining wide support and trust from the public. In acknowledgement of these achievements, Starplus was honoured with the "2025 Guancha.cn ESG Exemplary Enterprise – ESG Potential Award".

Henderson Investment Limited ("HIL")

HIL's loss attributable to equity shareholders for the year ended 31 December 2025 amounted to HK\$67 million (2024: HK\$125 million).

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 (namely, "APITA" and "UNY") and two supermarkets under the name of "UNY" (hereinafter collectively referred to as "Unicorn").

For many years, HIL has been dedicated to integrating the operations of Citistore and Unicorn. At the end of 2024, their common membership loyalty programme CU APP was integrated with H • COINS, the membership loyalty programme of the Company. This strategic integration has resulted in CU APP membership exceeding 910,000, thereby establishing a solid foundation for HIL's sustainable development.



APITA, Quarry Bay, Hong Kong



Citistore, Ma On Shan, Hong Kong

(I) Citistore

Citistore recorded a year-on-year decrease of 14% in the aggregate sales proceeds from the sales of own goods, consignment sales and concessionaire sales for the year ended 31 December 2025.

During the year, Citistore's sales of own goods decreased by 14% year-on-year to HK\$248 million, while the gross margin remained stable at 31%.

Citistore's consignment sales comprise the sales of consignors' products on consignment basis on designated shelves or in designated areas, while concessionaire sales are conducted by concessionaires operating from their own shop spaces within Citistore's stores under licence agreements. From all consignment and concessionaire sales Citistore receives a revenue-based commission or base commission (if any), whichever is higher, as its commission income. During the year, due to the decrease in the aggregate sales proceeds from consignment and concessionaire sales, the total commission income from such sales decreased by 13% year-on-year to HK\$267 million.

After deducting its operating expenses, Citistore recorded a profit after taxation of HK\$1 million for the year ended 31 December 2025, as compared with a loss after taxation of HK\$20 million for the previous year.

(II) Unicorn

Unicorn's sales of own goods and consignment sales for the year ended 31 December 2025 decreased by 2% year-on-year to HK\$1,148 million.

After deducting its operating expenses, Unicorn recorded a loss after taxation of HK\$60 million for the year ended 31 December 2025 (2024: HK\$96 million).

Looking ahead, the business environment of Hong Kong's retail sector is expected to remain challenging. HIL will continue to streamline its operations and endeavour to control operating expenses. In addition, HIL will continue to closely monitor market trends and adjust its merchandise mix to cater to customers' ever-changing preferences. These strategies, combined with the continuous expansion of its membership base, are expected to drive improvement in the HIL's overall performance.

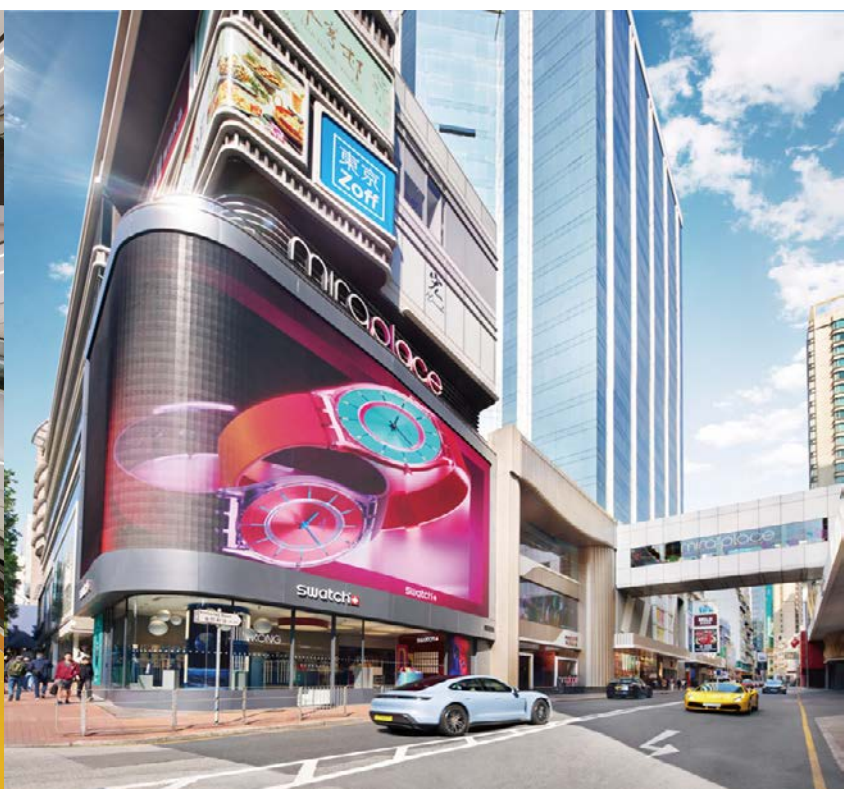
Miramar Hotel and Investment Company, Limited ("Miramar")

For the year ended 31 December 2025, Miramar's revenue amounted to HK\$2,581.4 million, a decrease of 9.7% against last year. Profit attributable to shareholders decreased by 9.3% year-on-year to HK\$677.5 million. Excluding the post-tax effects of net decrease in the fair value of investment properties, the underlying profit attributable to shareholders decreased by 16.2% year-on-year to HK\$695.6 million.

Hotels and Serviced Apartments Business

During the year, the overall revenue from Miramar's hotel and serviced apartment business amounted to HK\$561.9 million, representing a decrease of 5.9% compared with last year. Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to HK\$116.3 million, representing a decrease of 16.9% compared with last year. Miramar deepened its commitment to Muslim-friendly services. Both The Mira Hong Kong and Mira Moon were accredited Level

5 Ratings from CrescentRating. The Mira Hong Kong was honoured with the "Muslim-Friendly Hotel of the Year" recognition at the "Halal in Travel Global Summit 2025" (only two hotels in Hong Kong have received this distinction). Cuisine Cuisine at The Mira Hong Kong has become the only Michelin-recommended halal-friendly Cantonese restaurant in Hong Kong. In addition, both of Miramar's hotels were ranked among the top ten hotels in Hong Kong in the Condé Nast Traveller UK "Readers' Choice Awards 2025". Miramar leveraged periods of softer demand to comprehensively enhance guest room facilities through accelerated hotel refurbishments and smart Internet of Things (IoT) upgrades. The project, which began in June 2025, affects the availability of about 10% of rooms each month and is scheduled for full completion in the second half of 2026. During the year, The Mira Hong Kong recorded an average occupancy rate of 88.5%, a decrease of 3.6 percentage points compared to last year; while Mira Moon achieved an average occupancy rate of 93.0%, a decrease of 2.4 percentage points from last year.



Mira Place, Tsim Sha Tsui, Hong Kong



Mue Mue, Mira Place, Tsim Sha Tsui, Hong Kong

Property Rental Business

The revenue from Miramar's property rental business amounted to HK\$772.8 million during the year, while EBITDA amounted to HK\$649.6 million, representing a decrease of 2.3% and 2.2% respectively. Miramar offered competitive leasing solutions to secure longer-term tenancies, thereby stabilising rental income. At the same time, Miramar continued to optimise its tenant mix, increasing the proportion of semi-retail businesses to nearly 60%, which effectively raised the average rent per square foot. During the period, the office portfolio demonstrated outstanding performance with steady growth in both occupancy and rental rates. In the shopping mall segment, the year was a crucial transitional period for optimising the tenant mix. Miramar actively introduced experiential retail, distinctive dining concepts and lifestyle brands, while several key tenants expanded their leased areas during the period. Complementing these efforts, renovations to the street-front shops were successfully completed, imbuing the mall with a refreshed and contemporary appearance. Although some rental income was affected by one-off factors related to tenant handover as part of the tenant mix optimization, the overall occupancy rate and rental levels remained stable when excluding these factors.

Food and Beverage Business

The food and beverage business navigated a challenging operating environment, impacted by the diversion of consumer spending and intensified market competition. During the year, Miramar's food and beverage business recorded revenue of HK\$264.1 million, representing a decrease of approximately 9.1% compared with the previous year. EBITDA for the year was HK\$3.2 million, which included one-off expenses of HK\$6.1 million arising from the write-off, reinstatement, and other costs associated with the closure of two restaurants. Excluding these non-recurring items, EBITDA amounted to HK\$9.3 million.

Travel Business

For the travel business, amid the easing of the post-pandemic tourism surge, operations during the year were affected by a series of external uncertainties. During the year, Miramar's travel business recorded revenue of HK\$982.6 million, representing a decline of 16.7% from the previous year. EBITDA for the year amounted to HK\$35.8 million, a decrease of 64.9% compared with last year.

Associated Companies

The Hong Kong and China Gas Company Limited ("HKCG")

In 2025, HKCG's after-tax operating profit and core operating profit were HK\$7,500 million and HK\$6,000 million respectively, representing respective increase of 2% and 4%. After taking into account non-operating gains and losses and changes on revaluation of properties, profit attributable to shareholders reached HK\$5,700 million, at similar level as last year.

Utility Businesses

Hong Kong Gas Business

Residential gas consumption recorded a year-on-year increase of 2.4%. In 2025, HKCG acquired over 19,000 new customers in Hong Kong, bringing the total to 2.06 million. A decline in commercial and industrial gas consumption of 2.6% partially offset the increase in residential gas volumes. Overall domestic gas sales volume in Hong Kong recorded a slight increase of 0.1% in 2025.

To tie in with the HKSAR Government's Northern Metropolis development plans, HKCG has been investing in the construction of gas infrastructure to ensure the early availability of regional energy supply. Plans for medium- and low-pressure pipeline works were progressively completed in 2025, and by year end gas supply had been successfully initiated. In its ongoing pipeline replacement project at the Tai Po Gas Production Plant, following the work done the previous year, HKCG completed pipeline replacement for another four production furnaces during the year. HKCG's plan is to replace the relevant pipeline sections of the remaining two furnaces in 2026. Improvements were also made in customer service. During the year, HKCG actively introduced artificial intelligence and large language model technology. With smart systems now fully applied to the customer service hotline, more than 60% of customers' enquiries being answered via digital channels.

Mainland Gas Business

Including contributions from its subsidiary, Towngas Smart Energy Company Limited (stock code: 1083), HKCG operated a total of 325 city-gas projects across 23 provincial regions on the Chinese mainland and acquired 1.78 million new customers. This brought the total number of customers to 44.27 million. The total gas sales volume of HKCG for the year was 36,350 million cubic metres, which remained stable as compared with 2024.

In 2025, HKCG aligned with national policy by accelerating the promotion of the upstream and downstream natural gas price linkage mechanism for residential customers. 90% of residential customers completed the cost pass-throughs or determined their cost pass-through plans during the year, with all industrial and commercial customers completing the cost pass-throughs. The average dollar margin of city gas was RMB0.54 per cubic meter, representing an increase of RMB0.02 compared with 2024.

HKCG continued to expand its "Gas+" energy services business and focused on energy trusteeship of public institutions and industrial equipment renewal. During the year, this business achieved energy sales volume of 2,870 million kWh (equivalent to approximately 290 million cubic metres of natural gas), driving the sales volume of natural gas of 210 million cubic metres.

In 2025, HKCG signed medium- and long-term procurement contracts with Central State-Owned Oil Enterprises for a total contracted procurement volume of 15,000 million cubic metres. HKCG's unified gas dispatch volume during the year amounted to 4,640 million cubic metres, accounting for 13% of the total annual gas sales volume, thus saving procurement costs of RMB740 million. The first two new gas wells from the second phase of the underground salt-cavern facility located in Jintan, Jiangsu were commissioned during the year, increasing total storage capacity to nearly 480 million cubic metres. The emergency peak-shaving storage and distribution base (Phase I) in Weiyuan, Sichuan, also officially commenced operation in 2025.



HKCG deployed drones for AI-powered intelligent inspections to efficiently monitor equipment status and environmental risks, which significantly reduces both safety risks and inspection costs.

HKCG has carried out 11 low-carbon transition projects in Jiangsu, Zhejiang, Shandong, Sichuan and other provinces, providing an additional gas access volume of 4.5 million cubic metres in 2025 and a total accumulated gas access volume of 34.5 million cubic metres.

Water and Environmental Businesses

HKCG's water and environmental businesses grew steadily during the year, with water sales volume and solid waste treatment volume reaching 1,660 million tonnes (a 0.6% increase year-on-year) and 1.72 million tonnes (a 7% increase year-on-year) respectively. HKCG's two food waste treatment plants, in Suzhou and Tongling, recovered approximately 8,000 tonnes of used cooking oil from food waste throughout the year. This recovered oil is the primary raw material for the production of sustainable aviation fuel ("SAF") by EcoCeres. Beyond SAF, food waste treatment plants produced nearly 10 million cubic metres of biogas that was fed into the city gas pipeline network, reinforcing the economic and environmental value of its city gas projects.

Growth Businesses

Renewable Energy

By the end of 2025, HKCG's renewable energy business covered 25 provinces, autonomous regions and municipalities, serving a stable, high-quality customer base of more than 2,000 industrial customers. New installed capacity of distributed PV increased by 500 MW during the year, with cumulative grid-connected installed capacity reaching 2.8 GW. PV power generation rose 36% to 2,480 million kWh. Commercial and industrial energy storage contracts amounted to 1.041 million kWh, and electricity sales volume reached 8,400 million kWh.

Building on its high-quality portfolio of 128 zero-carbon smart industrial parks, HKCG is contributing to the national dual carbon goals while achieving industry-leading economies of scale and cost advantages. This is further reinforced by greater synergies with the gas business segment through "gas-electricity complementarity, scenario sharing and customer linkage", further unlocking new market growth potential.

To deepen its Assets under Management ("AuM") strategy, HKCG brought in strategic investors to diversify investment risks and foster ecosystem cooperation. During the year, HKCG launched a second and third tranche of its Quasi-REITs, bringing cumulative AuM financing to RMB3,500 million.

Sustainable Aviation Fuel

EcoCeres, incubated by HKCG and in which it remains a strategic shareholder, continued to strengthen its leadership in SAF industry in 2025. Following the start of full-capacity operation at the SAF plant in Zhangjiagang, Jiangsu Province, a new plant in Malaysia was commissioned during the year. This expansion increased the total annual production capacity of renewable fuels from 350,000 tonnes to 770,000 tonnes. EcoCeres also broadened its cooperation with a number of international airlines. Most notably, these included a multi-year SAF supply agreement with British Airways, which is expected to help the airline reduce its lifecycle carbon emissions by approximately 400,000 tonnes.

Green Methanol

Backed by ISCC dual certification and stable production capacity, green methanol produced by the plant in Ordos, Inner Mongolia, has commenced supply operations at major Asian ports. During the year, HKCG established a joint venture, VENEX Holding Company Limited ("VENEX"), with Foran Energy Group Company Limited, simultaneously injecting the Inner Mongolia plant into VENEX to further increase production scale. The VENEX plant will increase annual production capacity to 150,000 tonnes in 2026 and aims to raise capacity to 300,000 tonnes by 2028. A new plant in Foshan, Guangdong will be completed by the end of 2027, with an expected initial production capacity of 200,000 tonnes by 2028. Upon completion, the combined annual production capacity of the two plants – one in the north and one in the south – will reach 500,000 tonnes. The Inner Mongolia plant obtained ISCC dual certification for four consecutive years, and received a Product Carbon Footprint Verification Statement by TÜV SÜD during the year, becoming the first green methanol project to receive this certification. Early in the year, HKCG conducted the first large-scale bunkering of domestically



HKCG signed an MOU with Singapore's Global Energy to jointly advance the supply and distribution of green methanol as a maritime fuel.

produced green methanol at the Port of Shanghai. In the second half of the year, it also began supplying large volumes of methanol to two major Singapore-based bunker suppliers – Global Energy and Golden Island.

Hydrogen Energy

HKCG launched Hong Kong's first integrated hydrogen power generator, and provided green electricity for the facilities at the golf competition of the 15th National Games, demonstrating the strong potential of hydrogen energy in temporary power generation scenarios. HKCG has also been progressively conducting a variety of pilot projects, among which power generation at construction sites represents a promising application. HKCG will continue to take up government-approved hydrogen fuel technology pilot projects, including a construction site generator in Shau Kei Wan, where hydrogen will be extracted from the existing town gas network to power site offices. In terms of charging station applications, HKCG signed a cooperation agreement with Hong Kong Science and Technology Parks Corporation, and during the year, jointly initiated the construction of Hong Kong's first public automatic hydrogen EV charging system. HKCG will actively advance this government-approved hydrogen fuel technology pilot project, as well as another trial project utilising hydrogen power for electric vehicle charging at the Towngas headquarters building in North Point.

Extended Businesses

In 2025, HKCG's subsidiary, Towngas Lifestyle, completed its first round of strategic financing and officially launched its Extended Business 2.0 strategy. Under this service-driven household lifestyle manager model, Towngas Lifestyle is replicating its successful consumer experience in cities such as Hong Kong, Yixing, and Hangzhou nationwide.

In Hong Kong, the smart kitchen business launched an interconnected series of smart cooking appliances and premium white goods. HKCG also established its own brand and introduced a one-stop home solution, encompassing kitchens, bathrooms and living rooms.

For new public housing units, HKCG developed services such as minimalist renovation and customised furniture. Through 19 self-operated customer centres, outdoor customer service teams and distributors, the business continued to tap into its existing customer base and expand its sales channels, strengthening both sales performance and profitability.

In the Chinese mainland market, the smart kitchen business capitalised on national subsidy policies to expand its presence in the existing market. The Towngas Bauhinia Encounter series products won the Yunding Award – 2025 Aesthetic Design Trend Product Award, and introduced co-branded products with brands such as Noritz, Angel and Robam. Sales from trade-in programmes recorded an 18% year-on-year increase.

In Hong Kong, through its subsidiary, TN Insurance Consultants Limited, HKCG coordinated related businesses across its enterprises to secure more favourable policy terms for customers. On the Chinese mainland, the business strengthened its online operations and optimised its product mix by digitalising over 90% of its business data. The proportion of gas household property insurance increased by nearly 18% during the year, while the average premium per policy recorded steady growth. HKCG also expanded into new internet-based marketing channels and explored the feasibility of introducing an innovative new insurance + service model.

During the year, HKCG refined its "product + platform + service" one-stop home solution. By the end of 2025, the alarm monitoring platform had covered over 70 enterprises, with the performance of home safety solutions growing by 10% year-on-year.

The independently developed Towngas Lifestyle Cloud Platform was selected among the 2025 Top Ten Smart Gas Excellent Application Cases. At the same time, the AIoT platform achieved over 6 million connected devices, and established applications such as AI-powered gas safety inspections and smart customer service.

Hong Kong Ferry (Holdings) Company Limited ("Hong Kong Ferry")

Hong Kong Ferry's underlying profit for the year ended 31 December 2025 was HK\$284 million, representing an increase of approximately 80% from the same period last year. Taking into account the fair value change of the investment properties, profit attributable to shareholders for the year ended 31 December 2025 was approximately HK\$335 million, representing an increase of approximately 105% as compared with the same period of 2024.

Property Development and Investment Operations

In 2025, the gross rental income arising from Hong Kong Ferry's shops, commercial arcades and the youth hostel amounted to approximately HK\$147 million, representing an increase of approximately 17% from the same period last year. As at 31 December 2025, the commercial arcades of Metro6 were fully let. The occupancy rates of the commercial arcade of The

Spectacle and Shining Heights were 91% and 81% respectively. The occupancy rates of commercial arcades of Metro Harbour Plaza and Green Code Plaza were 94% and 98% respectively. As regards the joint venture development project "The Royale", Hong Kong Ferry has already delivered to buyers the 1,748 residential units sold. 34 units remain unsold in the entire project, with 5 residential units, 103 private car parking spaces and 18 motorcycle parking spaces already leased for short-term period. Hong Kong Ferry converted the two-tower residential units of "The Symphonie" into a youth hostel, which is operated by Tung Wah Group of Hospitals and named as "TN Residence". Commencing from June 2025 Hong Kong Ferry began collecting rental which has been subject to adjustments based on the occupancy rates of the hostel. On 30 September 2025, Hong Kong Ferry completed the acquisition of various shops at Portion A of Ground Floor (with a total gross floor area of approximately 12,700 sq. ft.) and signage areas of Tai Hung Fai (Tsuen Wan) Centre, located at 55 Chung On Street, Tsuen Wan, for rental investment purposes. As of the end of 2025, all shops were leased.



Hong Kong and Yaumati Ferry, Anti-Deception Ferry, "Ping On"

Ferry, Shipyard and Related Operations

Hong Kong Ferry's ferry, shipyard, and related operations including the dangerous goods vehicular ferry services recorded a loss of approximately HK\$8 million during the year under review. The company successfully applied for a fare increase upon license renewal in January 2024, but recorded a loss due to increased operating expenses and reduced traffic volume. In September 2025, the company applied to the Transport Department for a fare increase again for its dangerous goods vehicular ferry services. During the year, the revenue of Hong Kong Shipyard decreased by 12% compared to 2024. The decline in revenue was attributed to Hong Kong's recent economic environment. There was a reduction in the number of ships registered in Hong Kong. Shipowners opted for more basic maintenance services and also used the maintenance services in the Mainland.

Medical, Healthcare and Beauty Services

Hong Kong Ferry's medical, healthcare and beauty services business recorded a loss of approximately HK\$4 million during the year under review, representing a significant reduction of 84% compared the same period last year. Hong Kong Ferry has established spine and pain centres at Mira Place, Tsim Sha Tsui, and Metro Harbour Plaza, Tai Kok Tsui, under the brand "Total HealthCare". The third branch started trial operations in January 2026 at Tai Hung Fai (Tsuen Wan) Centre. The "AMOUR" medical aesthetic center expanded the leased area at Mira Place, Tsim Sha Tsui, to deliver an elevated experience for its clientele. Hong Kong Ferry established a specialist centre at H Zentre, Tsim Sha Tsui through a joint venture, providing specialised services in cardiology, surgery, orthopedics, plastic surgery and urology. Its performance has been steadily on the rise and recorded a profit. In November 2025, the specialist centre was renamed "Alliance Medical Centre". Hong Kong Ferry has also partnered with a professional fitness centre with over 20 years of experience in Hong Kong to establish a physiotherapy centre at H Zentre in August 2025. Hong Kong Ferry has launched a medical equipment leasing business since the second half of 2024, jointly purchasing medical equipment with specialists for rental to hospitals and doctors to generate stable income.

Sunlight Real Estate Investment Trust ("Sunlight REIT")

For the year ended 31 December 2025 (the "Year"), Sunlight REIT recorded total revenue and net property income of HK\$778.1 million and HK\$601.0 million respectively. Distributable income for the Year was HK\$330.2 million.

At 31 December 2025, the occupancy rate of Sunlight REIT's overall portfolio was 90.6%. The corresponding figures of the office and retail portfolios were 91.2% and 89.6%, with average passing rents of HK\$31.0 per sq. ft. and HK\$63.9 per sq. ft. respectively.

Rental and car park income of Dah Sing Financial Centre for the Year was HK\$149.3 million. Amidst a challenging Grade A office market, this flagship office property demonstrated its resilience by maintaining an occupancy rate of 91.0% at 31 December 2025 with a passing rent of HK\$35.3 per sq. ft.

Rental and car park income of Sheung Shui Centre Shopping Arcade totalled HK\$146.6 million for the Year. Its occupancy rate, which stood at 87.5% at 31 December 2025, was somewhat affected by the vacant space previously occupied by a kindergarten tenant which accounted for 7.5% of its gross rentable area, but only 1.6% of total rental income. Passing rent at the end of the Year was HK\$102.2 per sq.ft.

Metro City Phase I Property recorded rental and car park income for the Year of HK\$123.9 million. Its occupancy rate was 87.1% at 31 December 2025, while passing rent stayed at HK\$53.4 per sq. ft.

During the Year, Sunlight REIT successfully completed the refinancing of borrowings in the amount of HK\$2,980 million on favourable interest margin. Further, two unsecured term loans with an aggregate amount of HK\$1,200 million were concluded subsequent to the end of the Year, which upon drawdown would have fully refinanced all existing loan obligations maturing in 2026.

Looking ahead, the prevailing operating environment presents formidable challenges as well as potentially rewarding investment opportunities. It is imperative to stay vigilant and adaptable, focusing on strategic cost management and portfolio optimization while leveraging technology to navigate the evolving landscape. The manager takes pride in having established a firm foundation for Sunlight REIT, being strengthened by numerous initiatives amidst the ebbs and flows of the market. Unitholders are assured of this defensive and proactive culture in the years to come.

Corporate Finance

The Group has always adhered to prudent financial management principles. As at 31 December 2025, net debt amounted to HK\$60,219 million (2024: HK\$67,989 million) and the financial gearing ratio was 18.7% (2024: 21.1%). In addition, shareholders' loans to the Group, which have always been the Group's stable source of funding, amounted to HK\$80,618 million as at 31 December 2025 (2024: HK\$66,215 million).

Sustainable finance is integral to the Group's financing strategy and reflects its commitment to sustainable development. The Group's Sustainable Finance Framework covers a wide range of eligible financing transactions where the proceeds are used for furthering development of projects that deliver environmental and social benefits to the community. A Second-Party Opinion was obtained from Moody's Ratings, which assigns Sustainability Quality Score of "SQS2 (Very good)" for the Group's Sustainable Finance Framework. In addition, the Group has received wide recognition for its commitment to environmental protection in its property development projects. Numerous world-class sustainability awards, certifications and professional accreditations have been bestowed by various international and local professional rating agencies. Since 2020, green credit and sustainability loan facilities exceeding HK\$50,000 million have been secured with favourable terms. Among them was a Social Loan, which was the first of its kind ever obtained by a property developer in Hong Kong. Under the terms of the loan, the Group is required to fulfill its social responsibility



The Legacy, Mid-Levels West, Hong Kong

and realise its broader 2030 Sustainability Vision. The Group's iconic development, "The Henderson", was honoured with the Special Citation on Green Financing by the Hong Kong Green Building Council. The Group's HK\$5,000 million bilateral multi-tranche sustainability-linked loan and social loan, extended by DBS Bank (Hong Kong) Limited and successfully closed during the year, were awarded Best Sustainability Loan – Hong Kong in The Asset Triple A Awards for Sustainable Finance 2026. These achievements underscore the Group's superior credibility and environmental commitment, earning widespread recognition from the international financial and professional communities.

During the year, the Group issued HK\$8,000 million 0.5% guaranteed unsecured convertible bonds due 2030. The convertible bonds, with favourable terms, showcased strong investor confidence in the Group's business. Meanwhile, the Group has secured a substantial amount of banking facilities and the Group's internal funding remains ample.



Sustainability

Cities are ultimately stories about people – how they live, grow, connect, and how they care for one another. The Group believes sustainability is not measured merely by what rises on the skyline, but by the lasting value the Group's developments create for the rhythm of communities in the city.

In 2025, the Group continued to share this journey with Hong Kong, committed to supporting the city and its people with care, compassion and connection through a responsible, long-view approach. Guided by the Group's G.I.V.E. strategies – Green for Planet, Innovation for Future, Value for People, and Endeavour for Community – the Group's work took meaningful form with the much-anticipated unveiling of Central Yards. Designed as a world class landmark, this flagship Central Harbourfront project features an approximately 400-metre groundscraper, making it the

longest architecture in Central's history and a unifying spine that will connect the entire precinct. In this spirit, Central Yards will undoubtedly define a key chapter in Henderson Land's future.

The Group's commitment to care and connection extends well beyond the built environment. In 2025, the Group was pleased to be part of Hong Kong's shared moments of joy and solidarity through a wide range of enriching initiatives. These included active participation in the 15th National Games to nurture sports development and well-being among young people, and continued support for the HKSAR Government's Community Living Room initiative. The latter provides welcoming space in underserved neighbourhoods where families facing hardship can find comfort, dignity, and a true sense of belonging.

Environmental stewardship remains an integral part of the Group's people-first approach. In the past year, the Group stayed committed to advancing climate-related and nature-related risk management as a core element of long-term business resilience. The Group voluntarily adopted the Taskforce on Nature-related Financial Disclosures framework while also enhancing disclosures well beyond mandatory requirements. By integrating these assessments into its risk processes and preparing for future alignment, the Group has sought to exceed industry norms, set higher standards, and drive ongoing improvement. The Group's efforts were recognised through honours such as 2025 Asia's Most Sustainable Company of the Year at the Asia Corporate Excellence & Sustainability Awards, Best Developer (Asia) and Best Developer (Hong Kong and Macau) at the PropertyGuru Asia Property Awards 2025 and continued sector leadership in theGRESB Real Estate Assessment, affirming the strength and forward-looking nature of the Group's Environmental, Social, and Governance (ESG) strategy.

Looking ahead, the Group will continue to place people at the heart of decisions and build with care and conviction. Together with the communities the Group serves, the Group will remain committed to shaping a more sustainable and connected future for generations to come.

Prospects

The global economy is currently beset by various uncertainties, notably persistent geopolitical tensions and the volatility of U.S. trade policy. Nevertheless, Hong Kong continues to attract a significant number of enterprises for initial public offerings and capital raising, reflecting its position as an international financial centre. Furthermore, the Government's proactive economic promotion efforts, including the accelerated development of the Northern Metropolis, talent admission policies and the transformation of Hong Kong into an international education hub, are set to inject new impetus into the local economy and provide sustained support for the property market.

During the year, the Group completed an in-situ land exchange for a land lot in Hung Shui Kiu/Ha Tsuen New Development Area. The site will be developed into a residential-cum-commercial project, providing an attributable gross floor area of about 580,000 square feet. In addition, the Group's land bank in the New Territories was approximately 40.5 million square feet, continuing to represent the largest holding among property developers in Hong Kong. There are also various urban redevelopment projects for which the Group has acquired 100% ownership interest or which have met the relevant compulsory sale application threshold. These urban redevelopment projects are expected to provide approximately 1.6 million square feet of attributable gross floor area. The Group's land bank will be sufficient to meet its development needs in the next few years.

As regards "**property sales**", the Group plans to launch eight development projects in Hong Kong for sale in 2026. Together with the unsold stock, a total of about 2,300,000 square feet of residential gross floor area or about 4,700 residential units attributable to the Group, as well as about 180,000 square feet of office/industrial space, are expected to be available for sale in Hong Kong in 2026. At the end of December 2025, attributable sales of Hong Kong and Mainland properties, which had not yet been recognised in the accounts, amounted to approximately HK\$12,784 million in aggregate. Of this, approximately HK\$10,436 million in aggregate is expected to be recognised in the accounts in 2026 upon completion of the relevant developments and handover of the completed units to buyers. After taking into account attributable sales of Hong Kong and Mainland properties in the aggregate amount of HK\$5,039 million from 1 January to 15 March 2026, the amount to be recognised in the accounts in 2026 is expected to further increase to HK\$14,830 million upon completion of the relevant developments and handover of the completed units to buyers.

As regards “**investment properties**”, the Group's portfolio of completed investment properties currently comprises an attributable gross floor area of 10.7 million square feet in Hong Kong and 13.8 million square feet in the Mainland. The Henderson, which was honoured as the World's Best Property, is currently 95% leased. Central Yards, which is under construction and progressing well, is set to become another landmark development in Hong Kong's Central Business District. Its Phase 1 shopping and office spaces are scheduled to apply for the Occupation Permit in the fourth quarter of 2026, to be followed by tenant intake in 2027. A financial institution has signed an agreement to lease more than 70%, or 223,000 square feet, of its office and ancillary space. The Group's recurrent rental income is set to increase further.

The “**listed subsidiaries and associates**” provide the Group with another source of recurring income. HKCG, in particular, had 46 million gas customers in Hong Kong and the Mainland at the end of December 2025, covering a market of approximately 130 million people. EcoCeres, an associate of HKCG, commissioned its new sustainable aviation fuel plant in Malaysia at the end of 2025. This expansion increased the total annual production capacity of renewable fuels from 350,000 tonnes to 770,000 tonnes, effectively consolidating its leading market position. Together with the continuous expansion into other growth businesses, HKCG will deliver sustainable returns to the Group.

Founded by the late Dr. Lee Shau Kee in 1976, the Group has grown alongside Hong Kong over the past 50 years. With a wealth of profound experience and financial strength, the Group has established a solid foundation across its three major business sectors (namely, “**property sales**”, “**investment properties**” and “**listed subsidiaries and associates**”). Moving forward, the Group will uphold its 50-year tradition of excellence, creating a vast horizon for the next generation – one that inspires creativity, nurtures aspirations and broadens perspectives.

Appreciation

We would like to take this opportunity to extend our appreciation to our fellow directors for their wise counsel, and to thank all our staff for their commitment and hard work throughout the year.

Dr Lee Ka Kit **Dr Lee Ka Shing**

Chairman

Chairman

Hong Kong, 23 March 2026

BUSINESS IN HONG KONG

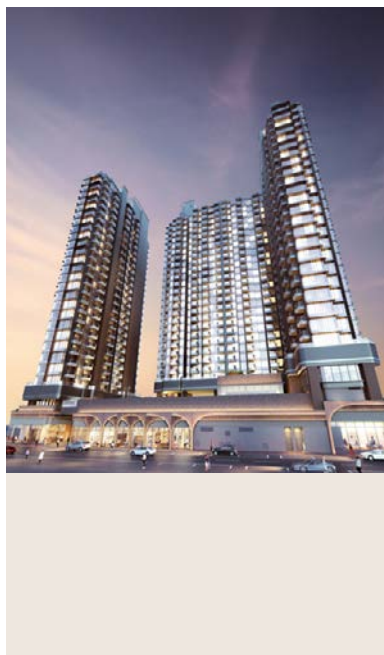


PROGRESS OF MAJOR DEVELOPMENT PROJECTS

Status of property developments with anticipated completion during the period to the end of 2028

Belgravia Place

1 Berwick Street, Cheung Sha Wan (100% owned)



Site area	:	45,525 square feet
Gross floor area	:	416,317 square feet
Residential units	:	962
Expected completion	:	Second quarter of 2026 (Phase 2)

Belgravia Place is being developed in two phases into a residential-cum-commercial development. Phase 1 development was already completed and its superior building quality and attentive handover services were highly appreciated by the buyers and residents. Construction of the remaining Phase 2 development has proceeded to the superstructure stage. Upon completion, it will provide a total of about 110,000 square feet of residential gross floor area or 248 residential units, as well as some 14,000 square feet of retail space. Phase 2 development achieved satisfactory sales results when it was launched for sales in February 2025.

Belgravia Place, Cheung Sha Wan, Hong Kong (artist's impression)

18 Man On Street, Mong Kok

(100% owned)



Site area	:	6,419 square feet
Gross floor area	:	57,763 square feet
Residential units	:	126
Expected completion	:	Second quarter of 2026

Located near the Nam Cheong MTR Station, which is the interchange for the Tung Chung Line and Tuen Ma Line, the project offers residents unparalleled living convenience with many parks and shopping malls in its close proximity. Superstructure works are currently underway to develop the site into a residential-cum-commercial property.

18 Man On Street, Mong Kok, Hong Kong (artist's impression)

Fanling Sheung Shui Town Lot No. 263, Kwu Tung

(90.10% owned)



Site area	:	56,511 square feet
Gross floor area	:	339,066 square feet
Residential units	:	682
Expected completion	:	Second quarter of 2026

Located in the core area of the Northern Metropolis, this residential-cum-commercial development is within easy reach of planned tech hubs, the future Northern Metropolis University Town, the Hong Kong-Shenzhen Innovation Park and the San Tin Technopole. Superstructure works are in progress. With a nearby public transport interchange and Kwu Tung MTR Station set to be completed before occupancy, residents will enjoy added convenience to various parts in Hong Kong, Shenzhen and other cities of the Greater Bay Area.

Fanling Sheung Shui Town Lot No. 263, Kwu Tung, Hong Kong (artist's impression)

Various projects spanning Gillies Avenue South, Baker Street and Whampoa Street, Hung Hom

(100% owned)



Site area	:	41,215 square feet
Gross floor area	:	380,658 square feet
Expected completion	:	Second quarter of 2026 (Site F) First quarter of 2027 (Site A)

This is the remaining portion of the Group's 1,000,000-square-foot urban renewal project in Hung Hom. Superstructure works are under way for its Site F development and upon its scheduled completion in the second quarter of 2026, it will provide about 104,000 square feet of residential gross floor area and a 20,000-square-foot retail space. Superstructure works are also in progress for its Site A development and upon its scheduled completion in the first quarter of 2027, it will provide about 177,000 square feet of residential gross floor area and a 35,000-square-foot retail space. Construction is scheduled to commence soon for the other sites.

Various projects spanning Gillies Avenue South, Baker Street and Whampoa Street, Hung Hom, Hong Kong (artist's impression)

16-20 Temple Street, Yau Ma Tei

(100% owned)



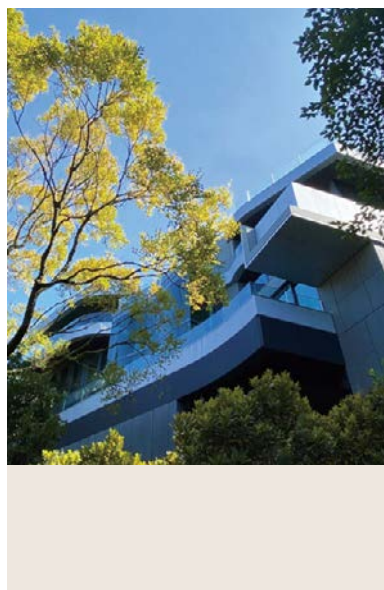
Site area	:	2,254 square feet
Gross floor area	:	20,286 square feet
Residential units	:	48
Expected completion	:	Third quarter of 2026

Located near Yau Ma Tei MTR Station with many tourist attractions including Tin Hau Temple and the former Yau Ma Tei Police Station in its proximity, the site will be developed into a residential-cum-commercial property. Superstructure works are in progress.

16-20 Temple Street, Yau Ma Tei, Hong Kong (artist's impression)

29A Lugard Road, The Peak

(100% owned)



Site area	:	23,653 square feet
Gross floor area	:	11,703 square feet
Residential unit	:	1
Expected completion	:	Third quarter of 2026

The mansion is situated in a prestigious location on the Peak, offering a high degree of privacy and a panoramic view of Victoria Harbour.

29A Lugard Road, The Peak, Hong Kong

woodis

15 Wood Road, Wan Chai (100% owned)



Site area	:	8,600 square feet
Gross floor area	:	86,557 square feet
Residential units	:	167
Expected completion	:	Fourth quarter of 2026

Located near Wan Chai, Exhibition Centre and Causeway Bay MTR stations, this residential-cum-commercial development will allow upper floor residences to enjoy stunning racecourse views and expansive mountain vistas. Superstructure works are in progress. The market response was encouraging when it was launched for sale in October 2025. All 105 residential units available in the first two rounds of sale were sold on the first day of launch.

woodis, Wan Chai, Hong Kong (artist's impression)

Chester

8 Whampoa Street, Hung Hom (100% owned)



Site area	:	14,400 square feet
Gross floor area	:	134,874 square feet
Residential units	:	241
Expected completion	:	Fourth quarter of 2026

Chester is situated adjacent to The Haddon, a well-received project developed by the Group. Residents can enjoy direct access to Hung Hom MTR station via a covered footbridge, while Ho Man Tin and Whampoa MTR stations are also within walking distance. Superstructure works are underway to transform the site into a residential-cum-commercial development.

Chester, Hung Hom, Hong Kong (artist's impression)

Central Yards

Site 3 of New Central Harbourfront (100% owned)



Site area	:	516,317 square feet
Gross floor area	:	1,614,600 square feet
Expected completion	:	Fourth quarter of 2026 (Phase 1)

The main contract works are in progress. This mixed-use project will offer over 700,000 square feet of premium office and ancillary space, featuring the largest office floorplate in Central, designed for modern headquarters and innovation-driven financial institutions. It will also offer 900,000 square feet of retail space, featuring the city's one-and-only private Broadway-calibre theatre with seating for over 1,100 guests. In addition, the project provides over 300,000 square feet of multi-level spaces, including a rooftop sky garden for public enjoyment. Its Phase 1 shopping and office spaces are scheduled to apply for the Occupation Permit in the fourth quarter of 2026, followed by tenant intake in 2027. A financial institution has signed an agreement to lease 70%, or over 223,000 square feet, of its office and ancillary space. Phase 2 is scheduled for completion in 2032. This development has attained the highest standards from world-class green and smart building certifications, including BEAM Plus for New Buildings and Neighbourhood, Leadership in Energy and Environmental Design (LEED), WELL, SmartScore and WiredScore.

Central Yards, Central, Hong Kong (artist's impression)

1 Bailey Street, Hung Hom

(50% owned)



Site area	:	79,718 square feet
Gross floor area	:	717,464 square feet
Residential units	:	1,296
Expected completion	:	First quarter of 2027

Located at Bailey Street, directly opposite to the Group's development project of The Vantage, the site will be developed in four phases into a residential-cum-commercial development with a total gross floor area exceeding 700,000 square feet. Superstructure works are in progress. This development is expected to create synergy with the Group's other redevelopment projects in the area. This initiative aims to enhance the overall liveability of the Kowloon East district and achieve long-term sustainable development.

1 Bailey Street, Hung Hom, Hong Kong (artist's impression)

Highwood

70 To Kwa Wan Road, Ma Tau Kok (100% owned)



Site area	:	42,467 square feet
Gross floor area	:	382,203 square feet
Residential units	:	816
Expected completion	:	First quarter of 2027

Located near To Kwa Wan MTR Station with various cultural and recreational facilities including Ko Shan Theatre and Hoi Sham Park in its proximity, Highwood is undergoing superstructure works and will be developed in two phases into a residential-cum-commercial development. Phase 1 was launched for sale in September 2025 and market response was positive.

Highwood, Ma Tau Kok, Hong Kong (artist's impression)

17A-25 Sun Chun Street, Tai Hang

(100% owned)



Site area	:	4,400 square feet
Gross floor area	:	47,099 square feet
Residential units	:	98
Expected completion	:	Second quarter of 2027

Located in Tai Hang, which houses an array of distinctive dining outlets with Causeway Bay shopping hub and Victoria Park within walking distance, this residential-cum-commercial project offers unrivalled living convenience to its residents. Superstructure works are in progress.

17A-25 Sun Chun Street, Tai Hang, Hong Kong (artist's impression)

33 Elgin Street, Central

(100% owned)



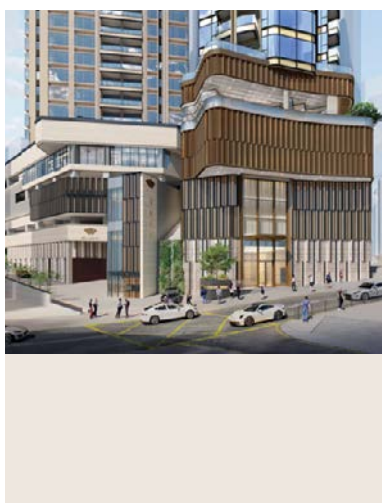
Site area	:	4,944 square feet
Gross floor area	:	42,572 square feet
Residential units	:	93
Expected completion	:	Third quarter of 2027

Located next to Caine Hill, a highly acclaimed project developed by the Group, this prime site is planned to be developed into a boutique apartment tower with some ground-level retail shops. Superstructure works are in progress.

33 Elgin Street, Central, Hong Kong (artist's impression)

27D-F Robinson Road, Mid-Levels

(50% owned)



Site area	:	5,000 square feet
Gross floor area	:	27,532 square feet
Residential units	:	62
Expected completion	:	Fourth quarter of 2027

Located in a prestigious Mid-Levels residential neighbourhood, this joint-venture project will be developed into a residential tower. Superstructure works are in progress.

27D-F Robinson Road, Mid-Levels, Hong Kong (artist's impression)

105 Robinson Road, Mid-Levels

(100% owned)



Site area	:	27,530 square feet
Gross floor area	:	137,612 square feet
Residential units	:	190
Expected completion	:	2028

Located in a prestigious Mid-Levels residential neighbourhood, the project has completed its foundation works. Construction is proceeding with slope stabilisation, as well as excavation and lateral support works.

105 Robinson Road, Mid-Levels, Hong Kong (artist's impression)

173-199 Tai Kok Tsui Road

(100% owned)



Site area	:	15,745 square feet
Gross floor area	:	141,668 square feet
Residential units	:	340
Expected completion	:	First quarter of 2028

This represents another phase of the Group's 1,000,000-square-foot urban renewal project in West Kowloon. Superstructure works are in progress and the site will be developed into a residential-cum-commercial property.

173-199 Tai Kok Tsui Road, Tai Kok Tsui, Hong Kong (artist's impression)

39 Elgin Street, Central

(100% owned)



Site area	:	7,457 square feet
Gross floor area	:	65,048 square feet
Residential units	:	150
Expected completion	:	Second quarter of 2028

Located at Elgin Street with an escalator linking to the city's Central Business District in its proximity, this site will be developed into a residential-cum-commercial project. Superstructure works are currently in progress.

39 Elgin Street, Central, Hong Kong (artist's impression)

16-91 Pan Hoi Street, Quarry Bay

(50% owned)



Site area	:	43,881 square feet
Gross floor area	:	455,272 square feet
Residential units	:	851
Expected completion	:	Fourth quarter of 2028

Located near the Quarry Bay MTR Station, the project will be developed in three phases into a residential-cum-commercial development. Foundation works are underway.

16-91 Pan Hoi Street, Quarry Bay, Hong Kong (artist's impression)



LOCATION OF VARIOUS CATEGORIES OF DEVELOPMENT PROJECTS

Unsold units of major development projects offered for sale

- 1 The Legacy
- 2 The Henley
- 3 Henley Park
- 4 Victoria Voyage
- 5 Miami Quay
- 6 Highwood (Phase 1)
- 7 Eden Manor
- 8 Double Coast
- 9 The Knightsbridge
- 10 Baker Circle One (Phases 1-3)
- 11 One Innovale
- 12 woodis
- 13 The Haddon
- 14 The Harmonie
- 15 Wellesley
- 16 Belgravia Place
- 17 The Upper South
- 18 Eight Southpark
- 19 The Paddington
- 20 The Hampstead Reach
- 21 The Royale
- 22 South Walk • Aura
- 23 The Addition
- 24 Global Gateway Tower
- 25 E-Trade Plaza
- 26 Mega Cube

Projects to be launched for sale in 2026






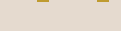
- 27 Chester
- 28 1 Bailey Street, Hung Hom
- 29 Fanling Sheung Shui Town Lot No. 263, Kwu Tung
- 30 Highwood (Phase 2)
- 31 18 Man On Street, Mong Kok
- 32 33 Elgin Street, Central
- 33 16-20 Temple Street, Yau Ma Tei
- 34 29A Lugard Road, The Peak

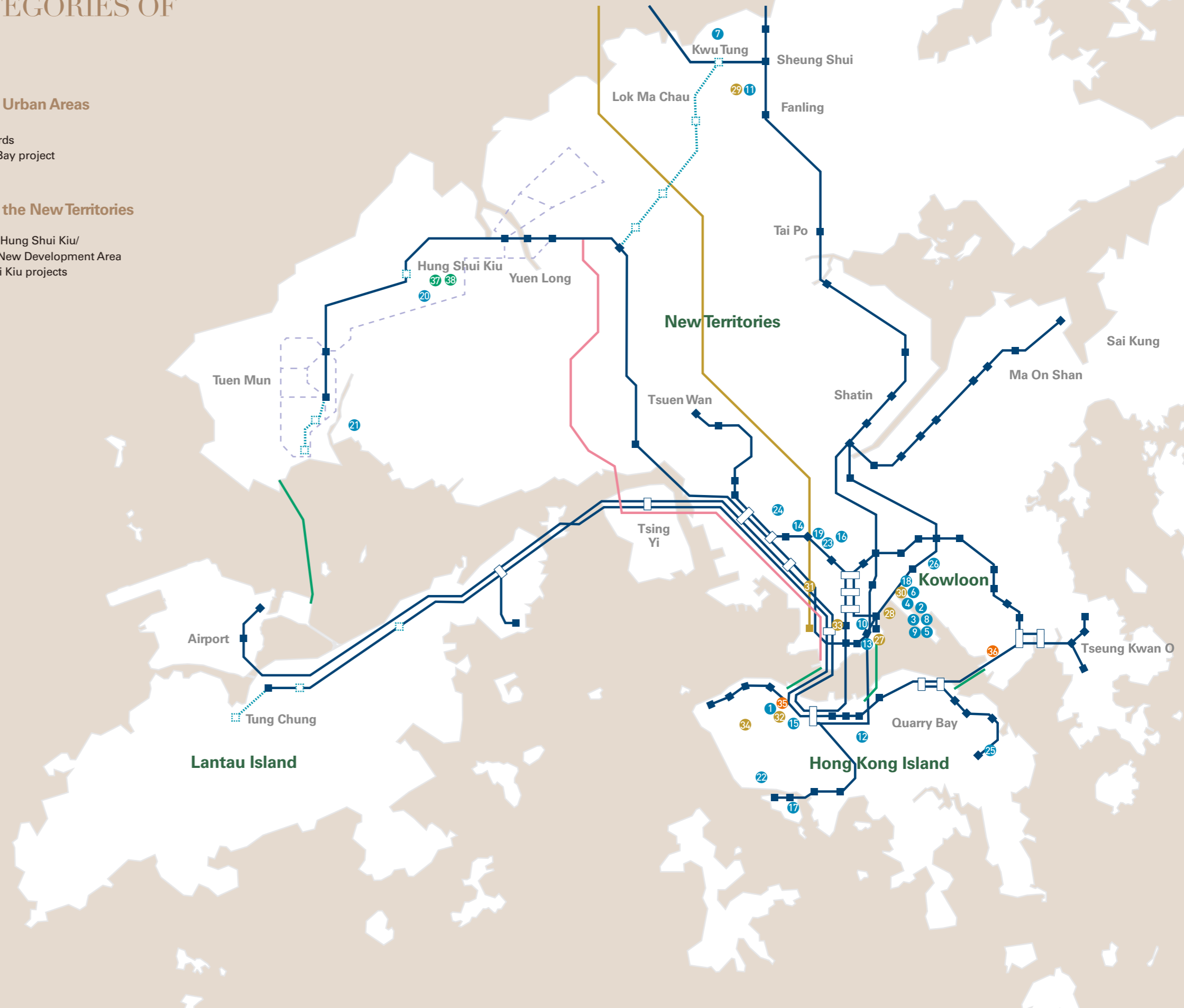
Projects in Urban Areas

- 35 Central Yards
- 36 Yau Tong Bay project

Projects in the New Territories

- 37 Area 34B, Hung Shui Kiu/
HaTsuen New Development Area
- 38 Hung Shui Kiu projects

-  MTR
-  MTR (projects in progress)
-  Light Rail
-  Route 3
-  Subsea Tunnel
-  Guangzhou – Shenzhen – Hong Kong Express Rail Link



MAJOR COMPLETED INVESTMENT PROPERTIES

Project name	Location	Lease expiry	Interest of the Group (%)	Gross floor area attributable to the Group (sq. ft.)				Total	No. of carparks attributable to the Group
				Residential/ Hotel Serviced Suite	Commercial	Office	Industrial/ Office		
Hong Kong Island									
One International Finance Centre	1 Harbour View Street, Central	2047	40.77	–	53,465	319,833	–	373,298	32
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	250
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	19.1	–	25,975	–	–	25,975	–
Eva Court	36 MacDonnell Road, Mid-Levels	2895	100	108,214	–	–	–	108,214	53
308 Central Des Voeux	308 Des Voeux Road Central, Sheung Wan	2865	100	–	31,987	182,373	–	214,360	–
AIA Tower	183 Electric Road, North Point	2047	100	–	22,338	490,072	–	512,410	208
208 JOHNSTON	206-212 Johnston Road, Wanchai	2858	100	–	26,905	38,015	–	64,920	–
Mira Moon	388-390 Jaffe Road, Wanchai	2125	100	66,128	–	–	–	66,128	–
NOVUM EAST	856 King's Road, Quarry Bay	2893	100	–	28,365	–	–	28,365	–
Kowloon									
Manulife Financial Centre	223-231 Wai Yip Street, Kwun Tong	2050	88.5	–	47,860	919,004	–	966,864	394
52 Hung To Road	52 Hung To Road, Kwun Tong	2047	100	–	–	–	125,114	125,114	–
78 Hung To Road	78 Hung To Road, Kwun Tong	2047	100	–	–	–	119,976	119,976	21
H Zentre	15 Middle Road, Tsim Sha Tsui	2064	100	–	339,712	–	–	339,712	427
Nathan Hill	38 Hillwood Road, Tsim Sha Tsui	2043	100	–	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	–	–	216,593	–	216,593	77
One Portside	29 Tai Yau Street, San Po Kong	2047	100	–	5,144	136,369	–	141,513	7
Two Portside	9 Pat Tat Street, San Po Kong	2047	100	–	–	161,998	–	161,998	41
Square Mile	11 Li Tak Street, 38 Fuk Chak Street, 5 Sham Mong Road, 1 and 18 Ka Shin Street, Mong Kok	2870/ 2041	100	–	145,135	–	–	145,135	53
Cité 33	33 Lai Chi Kok Road, Mong Kok	2101	100	–	11,612	–	–	11,612	–
Hollywood Plaza	610 Nathan Road, Mong Kok	2047	33.33	–	33,511	64,422	–	97,933	–
Belgravia Place	1 Berwick Street, Cheung Sha Wan	2047	100	–	54,019	–	–	54,019	–
The Sparkle	500 Tung Chau Street, Cheung Sha Wan	2055	100	–	53,443	–	–	53,443	–
Baker Circle	38 Gillies Avenue South, 18 Bulkeley Street, 1 and 33 Whampoa Street, Hung Hom	2886	100	–	80,622	–	–	80,622	40
Vantage Row	63 Ma Tau Wai Road, Hung Hom	2050	100	–	36,574	–	–	36,574	–
The Zutton	50 Ma Tau Kok Road	2050	100	–	16,788	–	–	16,788	–

Review of Operations – Business in Hong Kong
Major Completed Investment Properties

Project name	Location	Lease expiry	Interest of the Group (%)	Gross floor area attributable to the Group (sq. ft.)					No. of carparks attributable to the Group
				Residential/ Hotel Serviced Suite	Commercial	Office	Industrial/ Office	Total	
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	–	155,022	–	–	155,022	–
Skyline Plaza	88 Tai Ho Road, Tsuen Wan	2047	100	–	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	–	100,029	–	–	100,029	407
Parkwood	3 Mei Sun Lane, Tai Po	2047	100	41,024	8,053	–	–	49,077	–
MOSTown	18 On Luk Street and 628 Sai Sha Road, Ma On Shan	2047	100	–	612,279	–	–	612,279	1,053
MOSTown Street	8, 18 and 22 On Shing Street, Ma On Shan	2047	100	–	78,422	–	–	78,422	186
Double Cove	8 Wu Kai Sha Road, Ma On Shan	2060	91	–	97,920	–	–	97,920	210
MCP Central	8 Yan King Road, Tseung Kwan O	2047	100	–	956,849	–	–	956,849	669
MCP Discovery	8 Mau Yip Road, Tseung Kwan O	2047	100	–	266,954	–	–	266,954	140
La Cité Noble Shopping Arcade	1 Ngan O Road, Tseung Kwan O	2047	100	–	35,186	–	–	35,186	–
KOLOUR • Yuen Long	1 Kau Yuk Road, Yuen Long	2047	100	–	140,341	–	–	140,341	51
Fanling Centre	33 San Wan Road, Fanling	2047	100	–	151,513	–	–	151,513	318
Flora Plaza	88 Pak Wo Road, Fanling	2047	60	–	94,657	–	–	94,657	120
Dawning Views Plaza	23 Yat Ming Road, Fanling	2047	100	–	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	–	227,048	32,104	–	259,152	254
The Trend Plaza	Tuen Mun Heung Sze Wui Road	2047	100	–	195,280	–	–	195,280	78
The Sherwood	8 Fuk Hang Tsuen Road, Tuen Mun	2052	100	–	30,139	–	–	30,139	207
Marina Cove	Lot No. 526 in D.D. No. 210, Sai Kung	2047	40	–	9,565 (Note)	–	–	9,565	–
Total:				431,469	5,179,243	3,983,219	245,090	9,839,021	6,010

Note: In addition there are 121 pontoons and 30 hardstand spaces attributable to the Group

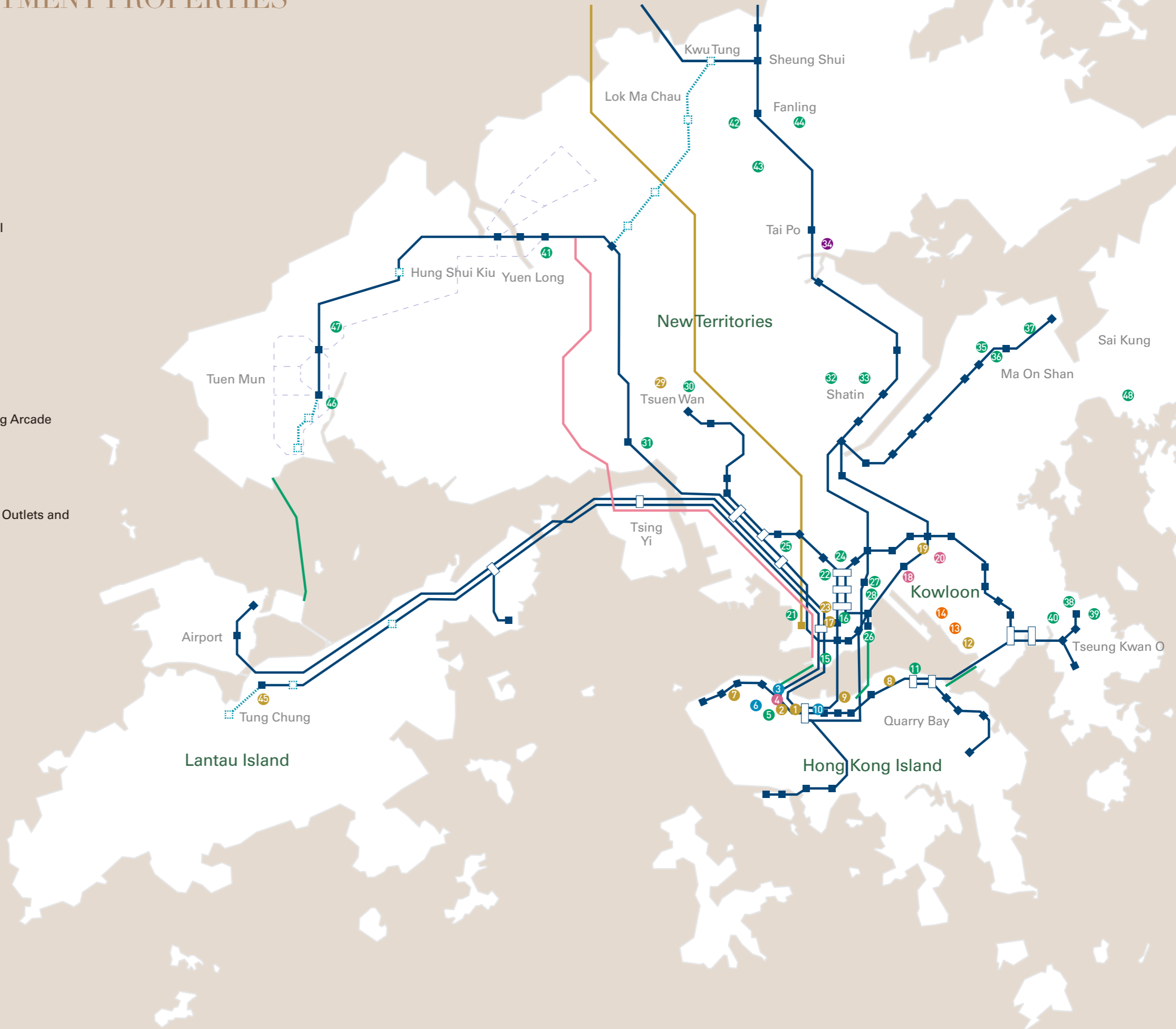
MAJOR COMPLETED INVESTMENT PROPERTIES

Major Completed Investment Properties

- | | |
|------------------------------------|---|
| 1 One International Finance Centre | 26 Baker Circle |
| 2 Two International Finance Centre | 27 Vantage Row |
| 3 Four Seasons Place | 28 The Zutton |
| 4 The Henderson | 29 KOLOUR •Tsuen Wan I |
| 5 H Code | 30 KOLOUR •Tsuen Wan II |
| 6 Eva Court | 31 Skyline Plaza |
| 7 308 Central Des Voeux | 32 Shatin Plaza |
| 8 AIA Tower | 33 Shatin Centre |
| 9 208 JOHNSTON | 34 Parkwood |
| 10 Mira Moon | 35 MOSTown |
| 11 NOVUM EAST | 36 MOSTown Street |
| 12 Manulife Financial Centre | 37 Double Cove |
| 13 52 Hung To Road | 38 MCP Central |
| 14 78 Hung To Road | 39 MCP Discovery |
| 15 H Zentre | 40 La Cité Noble Shopping Arcade |
| 16 Nathan Hill | 41 KOLOUR •Yuen Long |
| 17 Mira Place | 42 Fanling Centre |
| 18 AIA Financial Centre | 43 Flora Plaza |
| 19 One Portside | 44 Dawning Views Plaza |
| 20 Two Portside | 45 One Citygate, Citygate Outlets and Tung Chung Crescent |
| 21 Square Mile | 46 The Trend Plaza |
| 22 Cité 33 | 47 The Sherwood |
| 23 Hollywood Plaza | 48 Marina Cove |
| 24 Belgravia Place | |
| 25 The Sparkle | |

- Residential / Hotel Serviced Suites
- Commercial
- Office
- Industrial / Office
- Commercial and Office
- Residential and Commercial

- MTR
- - -■- - - MTR (projects in progress)
- - - Light Rail
- Route 3
- Subsea Tunnel
- Guangzhou – Shenzhen – Hong Kong Express Rail Link



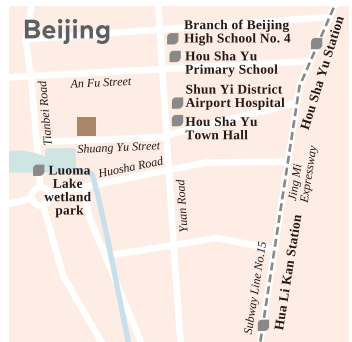
BUSINESS IN CHINESE MAINLAND



PROGRESS OF MAJOR DEVELOPMENT PROJECTS

Beijing

Lakeside Mansion (24.5% owned)



Lakeside Mansion, Beijing (artist's impression)

This comprehensive development project is located in the Central Villa Area of Houshayu Town, Shunyi District. The country-yard townhouses and high-rise residential units were completed and delivered to buyers, providing a total gross floor area of approximately 1,060,000 square feet. The remaining 230,000-square-foot commercial portion is scheduled for completion in 2026.

Changsha

The Landscape (50% owned)



The Landscape, Changsha (artist's impression)

Occupying a site area of 5,490,000 square feet in Kaifu District, this project is being built in phases. Designed to accommodate 6,443 households, the development offers luxury villas, high-rise residences and ancillary commercial spaces with a total gross floor area of approximately 9,650,000 square feet. A total gross floor area of approximately 9,550,000 square feet has already been completed, whilst the remaining portion is scheduled for completion in 2026.

Chengdu

Chengdu ICC (30% owned)



*Chengdu ICC,
Chengdu
(artist's impression)*

Chengdu ICC, a large-scale integrated development atop a subway interchange with its close proximity to the Chengdu East Railway Station, comprises about 8 million square feet of residential accommodation, 4 million square feet of office space, close to 2 million square feet of retail space and a hotel. Phases 1 and 2, with a combined gross floor area of about 3.3 million square feet of residences, were virtually sold out and handed over to buyers. A retail street and a shopping mall at Phase 3, covering a total gross floor area of approximately 1.4 million square feet, 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 providing about 1.3 million square feet of office space, was also completed and a leasing campaign is under preparation.

Chengdu

CIFI Centre (50% owned)



*CIFI Centre,
Chengdu*

Located at the Wansheng Transit-Oriented Development (TOD) hub in the Wenjiang District, the site is planned to be developed into a large-scale integrated community, comprising a commercial complex, quality residences and ecological park. Spanning a site area of over 2,000,000 square feet, the project is being developed in five phases. Residences at Phase 1 and commercial facilities at Phase 4 were both completed, providing a combined gross floor area of approximately 2,850,000 square feet. The first cluster of Phase 2 was also newly completed at the end of 2025, providing an additional gross floor area of approximately 420,000 square feet. The remaining two clusters of Phase 2, along with Phases 3 and 5, are planned to be completed in batches during the period from 2026 to 2029.

Chengdu

Xinjin Project (50% owned)

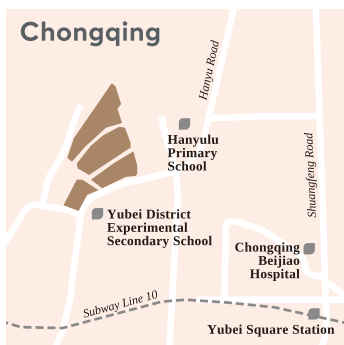


*Xinjin Project,
Chengdu
(artist's impression)*

Adjacent to the upcoming Transit-Oriented Development (TOD) hub in the Xinjin District, the project is conveniently situated within a 30-minute commute to the city centre. Spanning a site area of approximately 680,000 square feet, the project is being developed in two phases. Upon completion, it will provide a total gross floor area of approximately 1,030,000 square feet for 798 households. Phase 1 was already completed, providing a total gross floor area of 750,000 square feet. The remaining Phase 2 is scheduled for completion beyond 2027, providing a further 280,000 square feet of gross floor area to the development.

Chongqing

Yubei Project (50% owned)



*Yubei Project,
Chongqing*

Located within the Lianglu Airport precinct in the Yubei District, the 1,100,000-square-foot 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 combined residential and commercial gross floor area of approximately 1,660,000 square feet. The project is being developed in four phases. Phase 1 was completed in 2023, providing a total gross floor area of approximately 360,000 square feet. The first batch of Phase 2 development was also completed in 2025.

Dongguan

Shijie Project (50% owned)

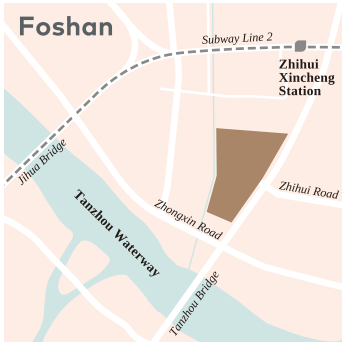


*Shijie Project,
Dongguan
(artist's impression)*

The 280,000-square-foot land lot in Shijie Town is planned to be developed into high-rise apartments, complemented by commercial, office and community supporting facilities. Construction works are in progress. A total gross floor area of about 680,000 square feet was already completed. The remaining portion is expected to be completed in 2026, providing an additional gross floor area of approximately 190,000 square feet.

Foshan

Chancheng Project (50% owned)



*Chancheng Project,
Foshan
(artist's impression)*

Located in Zhangcha Town, Chancheng District, this project is surrounded by a vibrant neighbourhood with various schools, shopping malls and public parks. Spanning a site area of approximately 500,000 square feet, the project is being built in three phases. Upon completion, it will offer 1,191 residential units with a total residential gross floor area of approximately 1,320,000 square feet. The first two phases were completed already. The remaining Phase 3 development is expected to be completed in 2026, providing a total gross floor area of approximately 480,000 square feet.

Guangzhou

Panyu Project (50% owned)



Panyu Project, Guangzhou (artist's impression)

Located in the Panyu District, this project occupies a waterfront position overlooking the Guangzhou Higher Education Mega Centre across the river and offers residents panoramic views of the Pearl River. A commercial-cum-residential land lot, with a site area of about 1,090,000 square feet, is being developed into a high-rise residential community, complemented by commercial and community facilities, providing a total gross floor area of approximately 3,280,000 square feet. The first two batches of residences were completed, providing an aggregate gross floor area of approximately 1,560,000 square feet. The third batch of residences is expected to be completed in 2026, providing an additional gross floor area of approximately 100,000 square feet.

Shijiazhuang

Changan Project (100% owned)



Changan Project, Shijiazhuang

Located in the core Changan District, this project enjoys excellent accessibility with the Second Ring Road North in its proximity. The project will be developed into a large-scale integrated community, comprising approximately 650,000 square feet or 548 residential units, 660,000 square feet or 1,393 apartments, 90,000 square feet of commercial space and 30,000 square feet of kindergarten and other community facilities.

Suzhou

Xiangcheng Project (11% owned)



*Xiangcheng Project,
Suzhou
(artist's impression)*

This community development project in the Xiangcheng District comprises residential units, apartments and supporting commercial spaces. Designed to accommodate approximately 2,200 households, the entire development is being built in phases, providing a total gross floor area of approximately 3,180,000 square feet. A total gross floor area of approximately 3,010,000 square feet has already been completed. The remaining portion will be completed from 2026 onwards, providing a total gross floor area of approximately 170,000 square feet.

Tianjin

Dongli Project (50% owned)

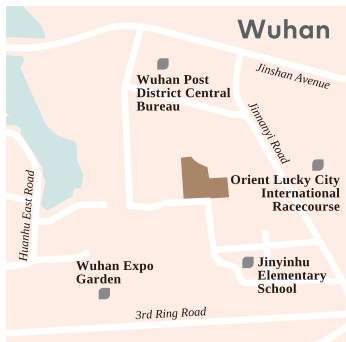


*Dongli Project,
Tianjin*

Located on the Outer Ring Road East in the Dongli District, the project enjoys excellent accessibility with close proximity to subway line No. 2. The 1,000,000-square-foot land lot is being developed in three phases, offering 1,618 residential units with a total residential gross floor area of approximately 1,750,000 square feet. Both Phases 1 and 2, covering a combined residential gross floor area of approximately 1,090,000 square feet, were completed. The remaining Phase 3 is scheduled for completion in 2028.

Wuhan

Dongxihu Project (50% owned)



*Dongxihu Project,
Wuhan*

Located in the Dongxihu 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 an international golf course. Spanning a site area of approximately 480,000 square feet, the project is planned to be developed into a high-end residential development, providing a total residential gross floor area of over 1,300,000 square feet. Construction is currently underway and the first two batches of residential units were completed, providing a combined gross floor area of approximately 610,000 square feet.

Xuzhou

Grand Paradise (100% owned)



*Grand Paradise,
Xuzhou*

The 4,500,000-square-foot residential portion of Grand Paradise has been delivered to buyers. In addition to its residential portion, this project also boasts a commercial area of over 600,000 square feet. The completion certificate was obtained in 2022 for its 560,000 square feet of commercial space.

MAJOR COMPLETED INVESTMENT PROPERTIES

Project name	Location	Lease expiry	Interest of the Group (%)	Gross floor area attributable to the Group* (sq.ft)			Number of carparks attributable to the Group
				Commercial	Office	Total	
Beijing							
World Financial Centre	No. 1 East Third Ring Middle Road, Chaoyang District	2034/2044	100	212,644	1,999,947	2,212,591	1,163
Shanghai							
Lumina Shanghai	No. 175 Longyao Road, Xuhui District	2055/2065	100	276,009	1,839,585	2,115,594	1,187
Lumina II Shanghai	No. 317-318 Longwen Road, Xuhui District	2058/2068	100	153,786	866,862	1,020,648	744
Henderson Metropolitan	No. 300 Nanjing Road East, Huangpu District	2053	100	406,618	427,980	834,598	272
Henderson 688	No. 688 Nanjing Road West, Jingan District	2044	100	49,807	660,829	710,636	404
2 Grand Gateway	No. 3 Hong Qiao Road, Xuhui District	2043	100	–	687,981	687,981	–
Skycity	No. 547 Tian Mu Road West, Jingan District	2042	100	293,448	143,401	436,849	272
Centro	No. 568 Heng Feng Road, Jingan District	2042	100	65,467	368,658	434,125	186
Greentech Tower	No. 436 Heng Feng Road, Jingan District	2042	100	52,922	355,882	408,804	163
The Pier	No.1-9, Lane 1655, Binjiang Avenue, Pudong District	2054/2064	51	86,314	340,863	427,177	262
The Roof	No. 1-36, Lane 458, Madang Road, Huangpu District	2054/2064	50	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/ 2043/2046/ 2056/2066	100	951,848	985,563	1,937,411	901
Heng Bao Plaza	No. 133 Bao Hua Road, Liwan District	2040	100	609,550	–	609,550	326
Shenzhen							
Yunhui Tower	No. 133 Xiangnan Road, Nanshan District	2069	50	45,326	129,933	175,259	105
Chengdu							
Chengdu ICC	No. 577 Dongda Road, Jinjiang District	2048	30	425,921	682,058	1,107,979	889
Xian							
La Botanica	No. 299 Northern Section of East Chanhe Road and No. 382 Yujin Yi Road, Chanba Ecological Zone	2078	50	521,936	–	521,936	659
Total:				4,204,616	9,617,719	13,822,335	7,613

* Including lettable areas in the basement.

CORPORATE CULTURE, BUSINESS MODEL AND STRATEGIC DIRECTION

Corporate Culture

With a commitment to maintaining rigorous standards of ethics and governance, the Board cultivates and fosters a corporate culture of integrity, growth, care and collaboration throughout and in all aspects of operations, as befits the Group's core values, as well as in keeping with its overarching G.I.V.E. Sustainability Strategy, which encompasses four primary drivers, namely Green for Planet, Innovation for Future, Value for People and Endeavour for Community.

The Board defines, promotes and oversees such culture by ensuring its alignment and consistency with the Group's business objectives, corporate strategy and future direction. The Group's corporate culture is manifested in and reflected by a broad range of Group-wide policies, practices and procedures, including those relating to audit and compliance, whistleblowing, equal opportunity and diversity, employee welfare and benefits, and corporate social responsibility. Collectively, these established processes shape, sustain and drive the Group's corporate culture.

Business Model

Henderson Land has established a diversified business model which comprises "three pillars" namely, property investment, strategic investments and property development in both Hong Kong and 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.

The Group's property development business in Hong Kong is vertically integrated, enabling the design, development, construction, sales and management of development projects to be executed in an efficient manner. In addition to actively participating in public tenders, the Group also applies a cost effective approach of land banking by acquiring old buildings for redevelopment in the urban areas and converting the land-use of New Territories land in order to obtain development land sites at a reasonable cost. For Chinese Mainland projects, the Group continues seeking opportunities to collaborate with mainland property developers in jointly developing large-scale residential sites in the first-tier cities as well as the second-tier cities with high growth potential, which are characterised by a preponderance of middle class residents, whilst also expanding its premier portfolio of commercial investment properties in the first-tier cities.

In Hong Kong, the Group's substantial and diverse property investment portfolio mainly comprises offices and shopping arcades in core areas, as well as a number of large-scale shopping malls located in strategic locations above or adjacent to MTR stations. In Chinese Mainland, the Group owns large-scale commercial complexes of exceptional design and quality in prime locations for rental purposes.

As regards strategic investments, the Group is the largest shareholder of two listed companies, namely, The Hong Kong and China Gas Company Limited ("HKCG") and Hong Kong Ferry (Holdings) Company Limited ("HKF"). HKCG is engaged in the production and distribution of gas in Hong Kong and Chinese Mainland. HKF is engaged in property development and investment. HKCG, being a public utility company, provides a very substantial income to the Group. As a subsidiary of the Company, Miramar Hotel and Investment Company, Limited, is engaged in property investment, hotel operation and food and beverage operations.

Strategic Direction

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, the department store and supermarket businesses operated by the Group's listed subsidiary – Henderson Investment Limited, mainly at the Group's properties and malls, 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 in Chinese Mainland provide the Group with a focus for long-term growth. The Group will prudently 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. Collaboration with local property developers will be further optimised so as to push forward the property development business. 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 Henderson Land to smooth out the cyclicity of the Group's property development business.

Conservative financial strategy

The Group employs a conservative funding and treasury strategy. It consistently keeps 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.

FINANCIAL REVIEW

Results of operations

The following discussions should be read in conjunction with the Company's audited consolidated financial statements for the year ended 31 December 2025.

Revenue and profit

	Revenue			Profit/(loss) contribution from operations		
	Year ended 31 December		Increase/ (Decrease) %	Year ended 31 December		Decrease %
	2025 HK\$ million	2024 HK\$ million		2025 HK\$ million	2024 HK\$ million	
Reportable segments						
– Property development	14,639	12,506	+17%	1,569	4,795	-67%
– Property leasing	6,764	6,994	-3%	4,766	5,072	-6%
– Department stores and supermarket-cum-stores operations	1,461	1,548	-6%	57	63	-10%
– Hotel room operation	318	331	-4%	79	91	-13%
– Other businesses	2,559	3,877	-34%	(47)	42	-212%
	25,741	25,256	+2%	6,424	10,063	-36%

	Year ended 31 December		
	2025 HK\$ million	2024 HK\$ million	Decrease %
Profit attributable to equity shareholders of the Company			
– excluding the Group's attributable share of changes in fair value of investment properties and investment properties under development (net of deferred taxation) held by the Group's subsidiaries, associates and joint ventures ("Underlying Profit") (Note)	6,063	9,774	-38%
– including the Group's attributable share of changes in fair value of investment properties and investment properties under development (net of deferred taxation) held by the Group's subsidiaries, associates and joint ventures	5,653	6,296	-10%

Note: Underlying profit attributable to equity shareholders of the Company ("Underlying Profit") excludes the Group's attributable share of fair value change (net of deferred tax) of the investment properties and investment properties under development held by subsidiaries, associates and joint ventures. In order to fully exclude the aforesaid effects of changes in fair value from the Underlying Profit, the Group's attributable share of the cumulative fair value gain (net of tax) of investment properties disposed of during the year (which has been included in calculating the net gain on disposal of investment properties and hence the profit attributable to equity shareholders of the Company during the year) of HK\$275 million (2024: HK\$1,456 million) was added back in arriving at the Underlying Profit.

Below is the comparison of the Underlying Profits for the years ended 31 December 2025 and 31 December 2024 by excluding (i) certain fair value adjustments; (ii) a sizeable transaction which took place during the corresponding year ended 31 December 2024; and (iii) the gains on land resumption by the HKSAR Government for both years:

	Year ended 31 December		Increase/(Decrease)	
	2025 HK\$ million	2024 HK\$ million	HK\$ million	%
Underlying Profit	6,063	9,774	(3,711)	-38%
Add/(Less):				
(i) Net fair value (gain)/loss on derivative financial instruments measured at fair value through profit or loss relating to certain 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	(67)	71	(138)	
(ii) Gain on transfer of the Group's entire interest in and shareholder's loan to a wholly-owned subsidiary which owns "Harbour East", an investment property in Hong Kong, attributable to underlying profit	-	(1,407)	1,407	
(iii) Gain on land resumption by the HKSAR Government of the Group's leasehold land lots in the New Development Areas and other land sites in the New Territories, Hong Kong attributable to underlying profit (as referred to in the paragraph headed "Resumption of certain land lots by the HKSAR Government" below)	(599)	(3,361)	2,762	
	5,397	5,077	320	+6%

Discussions on the major reportable segments are set out below.

Property development

The gross revenue and pre-tax profit contributions from the property development segment in Hong Kong, for both years ended 31 December 2025 and 31 December 2024, comprised the gross revenue and pre-tax profit contributions generated from the sales of properties, gain on land resumption by the HKSAR Government and interest income from mortgage loans, as well as interest income from property development joint ventures for the corresponding year ended 31 December 2024.

Financial Review

Gross revenue – subsidiaries and by geographical contribution

The gross revenue from property sales during the years ended 31 December 2025 and 31 December 2024 generated by the Group's subsidiaries, and by geographical contribution, were as follows:

	Year ended 31 December			
	2025 HK\$ million	2024 HK\$ million	Increase HK\$ million	%
<i>By geographical contribution:</i>				
Hong Kong	13,504	11,692	1,812	+15%
Chinese Mainland	1,135	814	321	+39%
	14,639	12,506	2,133	+17%

The gross revenue from property sales in Hong Kong of HK\$13,504 million during the year ended 31 December 2025 was mainly contributed from the following residential development projects completed during the year ended 31 December 2025 and in prior years, and the sold units of which were delivered to the buyers during the year ended 31 December 2025:

- (i) HK\$2,918 million from "Belgravia Place Phase 1" in Cheung Sha Wan, Kowloon which was completed in April 2025;
- (ii) HK\$2,010 million from "The Henley" Phases 1 to 3 in The Kai Tak Development Area, Kowloon;
- (iii) HK\$1,587 million from "The Paddington" in Cheung Sha Wan, Kowloon which was completed in June 2025;
- (iv) HK\$1,505 million from "Baker Circle • Greenwich" in Hung Hom, Kowloon;
- (v) HK\$1,266 million from "The Haddon" in Hung Hom, Kowloon which was completed in September 2025; and
- (vi) HK\$1,263 million from "Gateway • Square Mile" in Mong Kok, Kowloon which was completed in April 2025.

Although the residential project of "Eight Southpark" in Ma Tau Kok, Kowloon was also completed in November 2025, the sold units of this project are scheduled for delivery to the buyers in the first half of 2026 and therefore no revenue and profit contributions have been recognised from this project for the year ended 31 December 2025.

The gross revenue from property sales in Chinese Mainland of HK\$1,135 million during the year ended 31 December 2025 was mainly contributed as to HK\$997 million from the "Changan Project" in Shijiazhuang and HK\$122 million from the residential project in Chaoyang District, Beijing. By comparison, for the corresponding year ended 31 December 2024, gross revenue from property sales of HK\$814 million was mainly contributed as to HK\$586 million from the "Changan Project" in Shijiazhuang and HK\$218 million from the residential project in Chaoyang District, Beijing.

Pre-tax profits/(loss) – by geographical distribution and from subsidiaries, associates and joint ventures

The Group's attributable share of pre-tax profits/(loss) from property sales, by geographical contribution and from subsidiaries (after deducting non-controlling interests), associates and joint ventures during the years ended 31 December 2025 and 31 December 2024, were as follows:

	Year ended 31 December			
	2025 HK\$ million	2024 HK\$ million	Decrease HK\$ million	%
<i>By geographical contribution:</i>				
Hong Kong	1,566	4,647	(3,081)	-66%
Chinese Mainland	(253)	985	(1,238)	-126%
	1,313	5,632	(4,319)	-77%

The decrease in the Group's attributable share of pre-tax profits from property sales in Hong Kong during the year ended 31 December 2025 of HK\$3,081 million (or 66%) was mainly due to the pre-tax gain attributable to reported profit in the aggregate amount of HK\$3,320 million upon the resumption by the HKSAR Government of the Group's leasehold land held for development for sale during the corresponding year ended 31 December 2024, whilst for the year ended 31 December 2025, the Group recognised a pre-tax gain attributable to reported profit of HK\$599 million upon the resumption by the HKSAR Government of the Group's leasehold land held for development for sale.

The decrease in the Group's attributable share of pre-tax profits from property sales in Chinese Mainland during the year ended 31 December 2025 of HK\$1,238 million (or 126%) was mainly due to the decrease in the Group's attributable share of pre-tax profit contributions from "La Botanica" in Xian, "The Landscape" in Changsha, "Panyu Project" in Guangzhou and a mixed-use project in Chaoyang District, Beijing (all being projects held by the Group's joint ventures).

	Year ended 31 December			
	2025 HK\$ million	2024 HK\$ million	Increase/(Decrease) HK\$ million	%
<i>By contribution from subsidiaries (after deducting non-controlling interests), associates and joint ventures:</i>				
Subsidiaries	1,419	4,732	(3,313)	-70%
Associates	59	(16)	75	+469%
Joint ventures	(165)	916	(1,081)	-118%
	1,313	5,632	(4,319)	-77%

Financial Review

The decrease of HK\$3,313 million (or 70%) in the Group's attributable share of pre-tax profits from property sales of the Group's subsidiaries during the year ended 31 December 2025 was mainly due to the pre-tax gain attributable to reported profit in the aggregate amount of HK\$3,320 million upon the resumption by the HKSAR Government of the Group's leasehold land held for development for sale during the corresponding year ended 31 December 2024 (as referred to above).

The increase of HK\$75 million (or 469%) in the Group's attributable share of pre-tax profits from property sales of the Group's associates during the year ended 31 December 2025 was mainly due to the increase of HK\$63 million in the Group's attributable share of pre-tax profit contribution from "The Royale" project in Hong Kong which is held by a joint venture of Hong Kong Ferry (Holdings) Company Limited ("Hong Kong Ferry"), a listed associate of the Group.

The decrease of HK\$1,081 million (or 118%) in the Group's attributable share of pre-tax profits from property sales of the Group's joint ventures during the year ended 31 December 2025 was mainly due to the aggregate decrease of HK\$1,205 million in the Group's attributable share of pre-tax profit contributions from property sales of the Chinese Mainland joint ventures, particularly in relation to "La Botanica" in Xian, "The Landscape" in Changsha and "Panyu Project" in Guangzhou for which year-on-year decreases in the Group's attributable share of pre-tax profit contributions of HK\$851 million, HK\$170 million and HK\$135 million respectively were recorded during the year ended 31 December 2025.

Property leasing

Gross revenue – subsidiaries and by geographical contribution

The gross revenue from property leasing during the years ended 31 December 2025 and 31 December 2024 generated by the Group's subsidiaries, and by geographical contribution, were as follows:

	Year ended 31 December			
	2025 HK\$ million	2024 HK\$ million	Increase/(Decrease) HK\$ million	%
<i>By geographical contribution:</i>				
Hong Kong	5,002	4,953	49	+1%
Chinese Mainland	1,762	2,041	(279)	-14%
	6,764	6,994	(230)	-3%

Pre-tax net rental income – by geographical distribution and from subsidiaries, associates and joint ventures

The Group's attributable share of pre-tax net rental income, by geographical contribution and from subsidiaries (after deducting non-controlling interests), associates and joint ventures during the years ended 31 December 2025 and 31 December 2024, were as follows:

	Year ended 31 December			
	2025 HK\$ million	2024 HK\$ million	Decrease HK\$ million	%
<i>By geographical contribution:</i>				
Hong Kong	4,872	4,916	(44)	-1%
Chinese Mainland	1,304	1,591	(287)	-18%
	6,176	6,507	(331)	-5%
<i>By contribution from subsidiaries (after deducting non-controlling interests), associates and joint ventures:</i>				
Subsidiaries	4,435	4,734	(299)	-6%
Associates	473	480	(7)	-1%
Joint ventures	1,268	1,293	(25)	-2%
	6,176	6,507	(331)	-5%

For Hong Kong, on an overall portfolio basis, there was a year-on-year increase of HK\$49 million (or 1%) in rental revenue contribution and a year-on-year decrease of HK\$44 million (or 1%) in the Group's attributable share of pre-tax net rental income contribution for the year ended 31 December 2025. Despite the year-on-year increase in pre-tax net rental income contribution from "The Henderson" (being an investment property in Hong Kong which was completed in January 2024) of HK\$101 million, this was nevertheless mainly offset by the year-on-year decreases in (i) the pre-tax net rental income contribution from the investment properties held by certain of the Group's subsidiaries of HK\$134 million; and (ii) the Group's attributable share of pre-tax net rental income contribution from the investment properties held by associates and joint ventures in the aggregate amount of HK\$11 million, all in comparison with the corresponding year ended 31 December 2024.

For Chinese Mainland, on an overall portfolio basis, there was a year-on-year decrease of HK\$279 million (or 14%) in rental revenue contribution and a year-on-year decrease of HK\$287 million (or 18%) in the Group's attributable share of pre-tax net rental income contribution for the year ended 31 December 2025. Based on the average exchange rates between the Renminbi ("RMB") and Hong Kong dollars ("HKD") for the two financial years ended 31 December 2025 and 31 December 2024, there was a year-on-year depreciation of RMB against HKD by approximately 1% during the year ended 31 December 2025 and excluding the effect of foreign currency translation, there was in RMB terms:

- (i) a year-on-year decrease in the Group's attributable share of rental revenue of 12% which was mainly attributable to the decrease in rental revenue contribution of "World Financial Centre" in Beijing due to a lower average occupancy rate during the year ended 31 December 2025 compared with that for the corresponding year ended 31 December 2024;

and

- (ii) a year-on-year decrease in the Group's attributable share of pre-tax net rental income of 17% which was also mainly attributable to the decrease in rental revenue contribution of "World Financial Centre" in Beijing for the reason as referred to above.

Department stores and supermarket-cum-stores operations

Department stores and supermarket-cum-stores operations are carried out by Citistore (Hong Kong) Limited ("Citistore") and Unicorn Stores (HK) Limited ("Unicorn") respectively, both being wholly-owned subsidiaries of Henderson Investment Limited, a non-wholly owned listed subsidiary of the Group. For the year ended 31 December 2025, revenue contribution amounted to HK\$1,461 million (2024: HK\$1,548 million) which represented a year-on-year decrease of HK\$87 million (or 6%) from that for the corresponding year ended 31 December 2024. The decrease in revenue during the year ended 31 December 2025 was mainly attributable to the fall in retail sales of the Group due to the continuing increase in outbound travel, and cross-border consumption and shopping.

Profit contribution (after the elimination of rental expenditure payable by Citistore and Unicorn to the Group, in respect of certain store premises leased by Citistore and Unicorn from the Group for business operation) for the year ended 31 December 2025 decreased by HK\$6 million (or 10%) to HK\$57 million (2024: HK\$63 million). The decrease in profit contribution was mainly in line with the decrease in revenue contribution despite the cost control measures and savings in operating expenditures during the year ended 31 December 2025.

Hotel room operation

This mainly relates to the sales of hotel rooms by Miramar Hotel and Investment Company, Limited (“Miramar”, a non-wholly owned listed subsidiary of the Group) in respect of “The Mira Hong Kong Hotel” and “Mira Moon Hotel”, being the two hotels operated by Miramar in Hong Kong.

During the year ended 31 December 2025, revenue amounted to HK\$318 million (2024: HK\$331 million) and pre-tax profit amounted to HK\$79 million (2024: HK\$91 million), representing a year-on-year decrease in revenue of HK\$13 million (or 4%) and a year-on-year decrease in pre-tax profit of HK\$12 million (or 13%). The decrease in revenue contribution for the year under review was mainly due to the drop in the occupancy rate of “The Mira Hong Kong Hotel” as a result of the partial renovation of its guestrooms since June 2025. The more remarkable decrease in pre-tax profit contribution for the year under review, in percentage terms, was due to the increase in direct costs such as staff costs and commissions to travel agents, as well as the increase in repair and maintenance expenses of Miramar’s hotel properties.

Other businesses

Other businesses mainly comprise 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 above), investment holding, project management, property management, agency services, security guard and cleaning services, as well as travel and food and beverage operations.

Revenue and pre-tax loss contribution from other businesses for the year ended 31 December 2025 amounted to HK\$2,559 million and HK\$47 million respectively, representing:

- (a) a decrease of HK\$1,318 million (or 34%) from the revenue contribution of HK\$3,877 million for the corresponding year ended 31 December 2024, and which was mainly attributable to the decrease in revenue contributions of (i) HK\$1,174 million from the Group’s construction operation following the completion of the Group’s construction work on “The Knightsbridge” project (being a project held by a joint venture of the Group) in the year 2024; and (ii) HK\$197 million from Miramar’s travel operation due to the softening of the tourism market sentiment relative to the year 2024 which had benefitted from a strong pent-up demand following the restoration of international travelling activities after the COVID-19 pandemic in the preceding year;

and

- (b) a decrease of HK\$89 million (or 212%) from the pre-tax profit contribution of HK\$42 million for the corresponding year ended 31 December 2024, and which was mainly attributable to the decrease in pre-tax profit contribution of HK\$74 million from Miramar’s travel operation for the reason as referred to above.

Associates

The Group's attributable share of post-tax profits less losses of associates during the year ended 31 December 2025 amounted to HK\$2,512 million (2024: HK\$2,413 million), representing an increase of HK\$99 million (or 4%) over that for the corresponding year ended 31 December 2024. Excluding the Group's attributable share of changes in fair value of investment properties held by the associates (net of deferred taxation) during the year, the Group's attributable share of the underlying post-tax profits less losses of associates for the year ended 31 December 2025 amounted to HK\$2,701 million (2024: HK\$2,623 million), representing an increase of HK\$78 million (or 3%) over that for the corresponding year ended 31 December 2024. Such year-on-year increase in the underlying post-tax profits during the year ended 31 December 2025 was mainly attributable to (i) the year-on-year increase of HK\$22 million in the Group's attributable share of post-tax underlying profit contribution from The Hong Kong and China Gas Company Limited (a listed associate of the Group); and (ii) the year-on-year increase of HK\$42 million in the Group's attributable share of post-tax underlying profit from Hong Kong Ferry mainly due to the year-on-year increase of HK\$53 million in the Group's attributable share of post-tax profit contribution from "The Royale" project (being Hong Kong Ferry's joint venture property development project in Hong Kong).

Joint ventures

The Group's attributable share of post-tax profits less losses of joint ventures during the year ended 31 December 2025 amounted to HK\$223 million (2024: HK\$685 million), representing a decrease of HK\$462 million (or 67%) from that for the corresponding year ended 31 December 2024. Excluding the Group's attributable share of changes in fair value of investment properties held by the joint ventures (net of deferred taxation) during the year, the Group's attributable share of the underlying post-tax profits less losses of joint ventures for the year ended 31 December 2025 amounted to HK\$327 million (2024: HK\$666 million), representing a decrease of HK\$339 million (or 51%) from that for the corresponding year ended 31 December 2024. Such year-on-year decrease in the underlying post-tax profits during the year ended 31 December 2025 was mainly due to the net aggregate decrease of HK\$566 million in the Group's attributable share of post-tax profit contribution from property sales of the joint ventures in Chinese Mainland, which was partially offset by (i) the net aggregate increase of HK\$115 million in the Group's attributable share of post-tax profit contribution from property sales of the joint ventures in Hong Kong and gains on land resumption by the HKSAR Government of land sites held by certain joint ventures in Hong Kong; and (ii) the increase of HK\$67 million in the Group's attributable share of underlying post-tax profit contribution from the ifc project.

Finance costs

Finance costs (comprising interest expense and other borrowing costs) before interest capitalisation for the year ended 31 December 2025 amounted to HK\$5,456 million (2024: HK\$6,884 million), which included finance costs relating to the Bonds (as defined and referred to in the paragraph headed “Issuance of a convertible bond during the year ended 31 December 2025” below) based on the effective interest rate in the amount of HK\$102 million (2024: Nil).

Finance costs after interest capitalisation for the year ended 31 December 2025 amounted to HK\$2,444 million (2024: HK\$2,331 million), and after set-off against the Group’s bank interest income of HK\$444 million for the year ended 31 December 2025 (2024: HK\$452 million), the Group recognised net finance costs in the Group’s consolidated statement of profit or loss for the year ended 31 December 2025 in the amount of HK\$2,000 million (2024: HK\$1,879 million).

The Group’s overall effective borrowing rate for the year ended 31 December 2025 was approximately 3.41% per annum (2024: approximately 4.51% per annum).

Revaluation of investment properties and investment properties under development

The Group recognised an increase in fair value on its investment properties and investment properties under development (before deferred taxation and non-controlling interests) of HK\$160 million in the consolidated statement of profit or loss for the year ended 31 December 2025 (2024: a decrease in fair value of HK\$1,514 million).

Financial resources and liquidity

Medium Term Note Programme

At 31 December 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 (“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 US\$5,000 million to US\$7,000 million, was HK\$10,798 million (2024: HK\$19,609 million) with tenures of between two years and twenty years (2024: between two years and twenty years).

During the year ended 31 December 2025, the Group issued three guaranteed notes under the MTN Programme denominated in HKD in the aggregate amount of HK\$690 million (2024: a guaranteed note denominated in HKD in the amount of HK\$300 million) with tenures of between two years and five years (2024: tenure of two years). Such guaranteed notes issued by the Group serve to finance the Group’s capital expenditure requirements as referred to in the paragraph headed “Capital commitments” below, and are included in the Group’s bank and other borrowings at 31 December 2025 and 31 December 2024 as referred to in the paragraph headed “Maturity profile and interest cover” below. During the year ended 31 December 2025, the Group repaid certain guaranteed notes in the aggregate equivalent principal amount of HK\$9,619 million (2024: HK\$6,334 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 31 December 2025 HK\$ million	At 31 December 2024 HK\$ million
Bank and other borrowings (including the debt component of the HK\$8,000 million convertible bonds issued in July 2025 (2024: Nil)) repayable:		
– Within 1 year	9,331	17,586
– After 1 year but within 2 years	15,175	20,081
– After 2 years but within 5 years	36,749	22,824
– After 5 years	17,619	21,745
Amounts due to related companies	3,543	3,672
Total debt	82,417	85,908
Less: Cash and bank balances	(22,198)	(17,919)
Net debt	60,219	67,989
Shareholders' funds	322,464	322,147
Gearing ratio (%)	18.7%	21.1%

Gearing ratio is calculated based on the net debt and shareholders' funds of the Group at the end of the reporting period.

At 31 December 2025, the Group's total debt comprised (i) bank and other borrowings in Hong Kong, being bank loans of HK\$58,230 million (2024: HK\$59,824 million), guaranteed notes of HK\$10,798 million (2024: HK\$19,609 million) and the debt component of the Bonds (as defined and referred to in the paragraph headed "Issuance of a convertible bond during the year ended 31 December 2025" below) of HK\$7,120 million (2024: Nil); (ii) bank borrowings in Chinese Mainland in the equivalent amount of HK\$2,726 million (2024: in the equivalent amount of HK\$2,803 million); and (iii) amounts due to related companies in the equivalent amount of HK\$3,543 million (2024: in the equivalent amount of HK\$3,672 million), which in aggregate amounted to HK\$82,417 million (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 3.81 years (2024: approximately 3.36 years). The bank borrowings in Chinese Mainland are unsecured and have a weighted average debt maturity profile of approximately 3.16 years (2024 (restated to conform with the current year'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 (2024: approximately three years).

In addition, at 31 December 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\$80,618 million (2024: HK\$66,215 million) which is unsecured, interest-bearing and has no fixed repayment terms.

At 31 December 2025, after taking into account the effect of swap contracts, 37% (2024: 37%) of the Group's total debt carried fixed interest rates.

The interest cover of the Group is calculated as follows:

	Year ended 31 December	
	2025 HK\$ million	2024 HK\$ million
Profit from operations (including the cumulative attributable fair value change (net of tax) of investment properties disposed of during the year, but before the attributable changes in fair value of investment properties and investment properties under development for the year) plus the Group's attributable share of the underlying profits less losses of associates and joint ventures ("Underlying Operating Profit")	8,878	13,276
Net interest expense (before interest capitalisation)	4,838	6,251
Interest cover (times)	1.84	2.12

The year-on-year decrease in the Underlying Operating Profit for the year ended 31 December 2025 is mainly due to (i) the gain on transfer of the Group's entire interest in and shareholder's loan to a wholly-owned subsidiary which owns "Harbour East" (being a former investment property of the Group in Hong Kong) attributable to underlying profit in the amount of HK\$1,407 million during the corresponding year ended 31 December 2024; and (ii) the decrease of the pre-tax gain attributable to underlying profit arising from the land resumption by the HKSAR Government of the Group's leasehold land held for development for sale in the New Development Areas and other land sites in the New Territories, Hong Kong, from HK\$3,361 million during the corresponding year ended 31 December 2024 to HK\$599 million during the year ended 31 December 2025.

With abundant banking facilities in place and the recurrent income generated from its operations, the Group has adequate financial resources in meeting the funding requirements for its ongoing operations as well as its future expansion.

Treasury and financial management

The Group is exposed to interest rate and foreign exchange risks. To efficiently and effectively manage these risks, the Group's financing and treasury activities are centrally co-ordinated at the corporate level. As a matter of policy, all transactions in derivative financial instruments are undertaken solely for risk management purposes and no derivative financial instruments were held by the Group at the end of the reporting period for speculative purposes.

The Group conducts its business primarily in Hong Kong with the related cash flows, assets and liabilities being denominated mainly in Hong Kong dollars. The Group's primary foreign exchange exposure at 31 December 2025 arose from its property developments and investments in Chinese Mainland which were denominated in RMB, the guaranteed notes ("Notes") which were denominated in United States dollars, RMB and Japanese Yen ("¥") and the bank borrowings which were denominated in ¥ and RMB at 31 December 2025.

In respect of the Group's operations in Chinese Mainland, apart from its capital contributions and, in some cases, loan contributions to projects which are denominated in RMB and are not hedged, the Group endeavours to establish a natural hedge by maintaining an appropriate level of external borrowings in RMB. In respect of the Notes and bank borrowings in Hong Kong at each of 31 December 2025 and 31 December 2024, hedging arrangements had been made by the Group with certain counterparty banks which comprised (i) interest rate swap contracts; (ii) cross currency swap contracts; (iii) cross currency interest rate swap contracts; and (iv) foreign exchange forward contracts to hedge against interest rate risk and foreign currency risk during their tenure. Based on the abovementioned swap and forward contracts, the aggregate amount of the Notes and bank borrowings in Hong Kong which were hedged against the interest rate risk only, the foreign currency risk only and both the interest rate risk and foreign currency risk, was HK\$15,282 million at 31 December 2025 (2024: HK\$21,775 million) which represented 19% of the Group's total debt at 31 December 2025 (2024: 25%).

Material acquisitions and disposals

There were no material acquisitions and disposals during the year under review.

Resumption of certain land lots by the HKSAR Government

During the year ended 31 December 2025, the Group recognised resumption proceeds in the aggregate attributable amount of HK\$943 million from the HKSAR Government in relation to the Group's leasehold land held for development for sale measuring an aggregate attributable land area of about 900,000 square feet held in Yuen Long South, Kam Tin, San Tin, Hung Shui Kiu and the land sites for the construction of the Northern Link Main Line, the New Territories, Hong Kong, resulting in the Group's recognition of an attributable share of aggregate pre-tax gain on land resumption attributable to both reported profit and underlying profit in the amount of HK\$599 million for the year ended 31 December 2025.

Issuance of a convertible bond during the year ended 31 December 2025

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 conversion price of the conversion of the Bonds into Shares in the Company is currently adjusted to HK\$35.35 (the “Adjusted Conversion Price”) while being subject to further 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) amounted to approximately HK\$7,920 million upon initial recognition on 16 July 2025. The debt component of the Bonds was initially recognised at the fair value of a similar liability that does not have an equity conversion option. Taking into account the interest expenses incurred (based on the effective interest rate) for the period from initial recognition up to and including 31 December 2025 and the interest expenses paid and payable for the same period, the carrying amounts of the Bond’s debt component and equity component were HK\$7,120 million and HK\$887 million respectively at 31 December 2025.

Subsequent to 16 July 2025 and up to and including 31 December 2025, no holders of the Bonds had exercised the option to convert the Bonds into Conversion Shares.

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 representing approximately 4.47% of the total number of issued Shares at 31 December 2025 and as enlarged by the allotment and issue of the Conversion Shares.

Based on the Group’s cash and bank balances at 31 December 2025, the Group’s cash flow from operating activities and the Group’s available committed undrawn bank loan facilities, the Group has the ability to meet its redemption obligations under the Bonds.

Charge on assets

The assets of the Group’s subsidiaries were not charged to any party at 31 December 2025 and 31 December 2024.

Capital commitments

At 31 December 2025, capital commitments of the Group amounted to HK\$13,819 million (2024: HK\$19,030 million). In addition, the Group's attributable share of capital commitments undertaken by joint ventures and certain associates at 31 December 2025 amounted to HK\$3,244 million (2024: HK\$5,666 million).

The Group plans to finance its capital expenditure requirements for the year ending 31 December 2026 by way of the Group's own internally generated cash flow, bank deposits, banking facilities and funds raised and to be raised from the capital market.

Contingent liabilities

At 31 December 2025, the Group's contingent liabilities amounted to HK\$6,057 million (2024: HK\$14,635 million), which mainly included:

- (i) an aggregate attributable amount of HK\$242 million (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;
- (ii) an amount of HK\$946 million (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 Chinese Mainland in relation to which the related Building Ownership Certificate (房產證) had not yet been issued at 31 December 2025 (and such guarantees will be released upon the issuance of the Building Ownership Certificate), and the decrease of which is mainly attributable to the release of guarantees following the issuance of the Building Ownership Certificates on the Group's projects in Yixing and Shijiazhuang during the year ended 31 December 2025;

- (iii) an amount of up to HK\$3,278 million (2024: up to HK\$3,278 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 a site owned by the Urban Renewal Authority at Bailey Street/Wing Kwong Street, To Kwa Wan, Kowloon, Hong Kong and in which the Group has 50% equity interest (the "First Developer")) of contingent liabilities in respect of an irrevocable, unconditional and several guarantee given by the Group to two lending banks in relation to 50% of the maximum amount which may be drawn down by the First Developer on a loan facility of up to HK\$6,556 million which was entered into on 29 December 2023 between such lending banks and the First Developer (and 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 First Developer and which matured on 28 January 2024); and
- (iv) an amount of up to HK\$1,150 million (2024: Nil) 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 a site at Nos. 983-987A King's Road and Nos. 16-94 Pan Hoi Street, Quarry Bay, Hong Kong and in which the Group has 50% equity interest (the "Second Developer")) of contingent liabilities in respect of an irrevocable, unconditional and several guarantee given by the Group to a lending bank in relation to 50% of the maximum amount which may be drawn down by the Second Developer on a loan facility of up to HK\$2,300 million which was entered into on 17 December 2025 between the lending bank and the Second Developer (and such proceeds refinanced the previous shareholders' loans advanced to the Second Developer for the purpose of acquiring the land site for development).

Employees and remuneration policy

At 31 December 2025, the Group had 10,078 (2024: 9,970) full-time employees. 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 year ended 31 December 2025 amounted to HK\$3,412 million (2024: HK\$3,364 million).

FIVE YEAR FINANCIAL SUMMARY

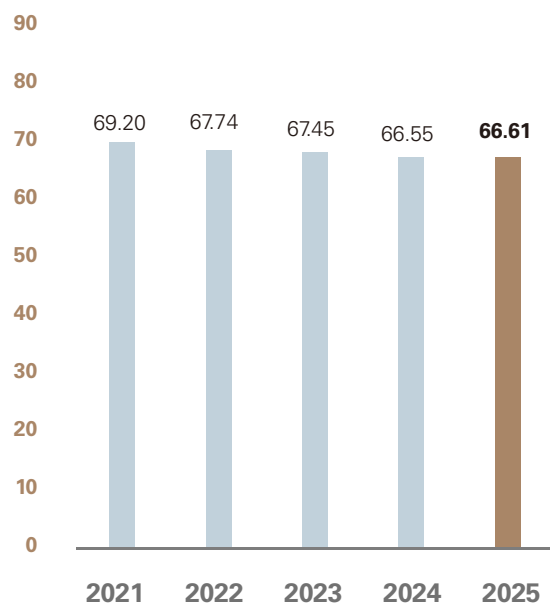
	Note	Year ended 31 December				
		2021 HK\$ million	2022 HK\$ million	2023 HK\$ million	2024 HK\$ million	2025 HK\$ million
Profit for the year	1	13,195	9,239	9,261	6,296	5,653
Underlying Profit for the year	1&2	13,624	9,629	9,706	9,774	6,063
		HK\$	HK\$	HK\$	HK\$	HK\$
Earnings per share						
– Basic	1&4	2.73	1.91	1.91	1.30	1.17
– Diluted	1&4	2.73	1.91	1.91	1.30	1.14
Underlying earnings per share						
– Basic	1,2&4	2.81	1.99	2.00	2.02	1.25
– Diluted	1,2&4	2.81	1.99	2.00	2.02	1.23
Dividends per share	1	1.80	1.80	1.80	1.80	1.26

	Note	At 31 December				
		2021 HK\$ million	2022 HK\$ million	2023 HK\$ million	2024 HK\$ million	2025 HK\$ million
Investment properties		260,241	260,124	264,404	271,874	276,134
Other property, plant and equipment		4,599	4,580	4,508	4,389	6,192
Interest in associates		53,955	50,013	51,903	50,564	51,435
Interest in joint ventures		80,887	79,911	78,933	77,876	82,630
Inventories		109,180	97,258	94,164	85,608	79,621
Net debt	3	91,968	79,086	73,869	67,989	60,219
Net asset value	1	335,020	327,948	326,542	322,147	322,464
Net debt to net asset value		27.5%	24.1%	22.6%	21.1%	18.7%
		HK\$	HK\$	HK\$	HK\$	HK\$
Net asset value per share	1&4	69.20	67.74	67.45	66.55	66.61

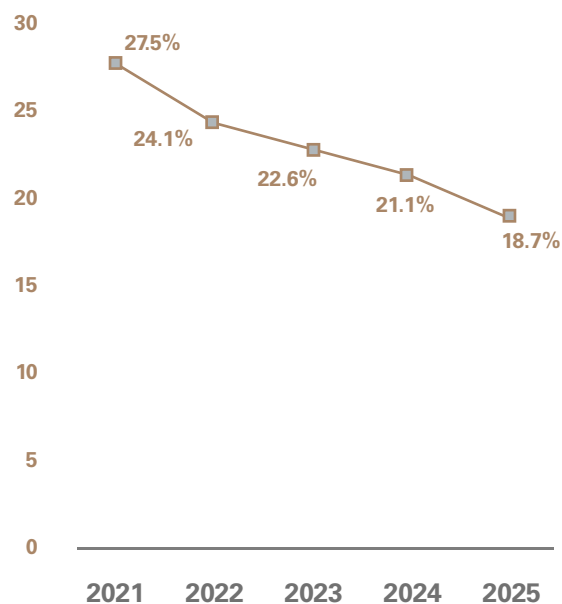
Notes:

- 1 The profits, earnings, dividends and net asset values shown or referred to above were all attributable to equity shareholders of the Company.
- 2 "Underlying Profit" and "Underlying earnings per share" exclude the Group's attributable share of fair value change (net of deferred tax) of the investment properties and investment properties under development held by subsidiaries, associates and joint ventures. In order to fully exclude the aforesaid effects of changes in fair value from the Underlying Profit, the Group's attributable share of the cumulative fair value gain or loss (net of tax) of investment properties disposed of during the year (which has been included in calculating the net gain on disposal of investment properties and hence the profit attributable to equity shareholders of the Company during the year) was added or deducted in arriving at the Underlying Profit.
- 3 Net debt represents the total of bank loans, guaranteed notes, convertible bonds and the amounts due to related companies minus cash and bank balances.
- 4 The basic earnings per share and the basic underlying earnings per share were calculated based on the Profit for the year and the Underlying Profit for the year respectively and the weighted average number of ordinary shares in issue during the year. The diluted earnings per share and the diluted underlying earnings per share were calculated based on the Profit for the year and the Underlying Profit for the year respectively and the diluted weighted average number of ordinary shares after adjusting for the effect of full conversion of the convertible bonds issued during the year ended 31 December 2025 in the weighted average calculation.
The net asset value per share was calculated based on the number of issued shares outstanding at the end of each reporting period.

Net asset value per share (HK\$)

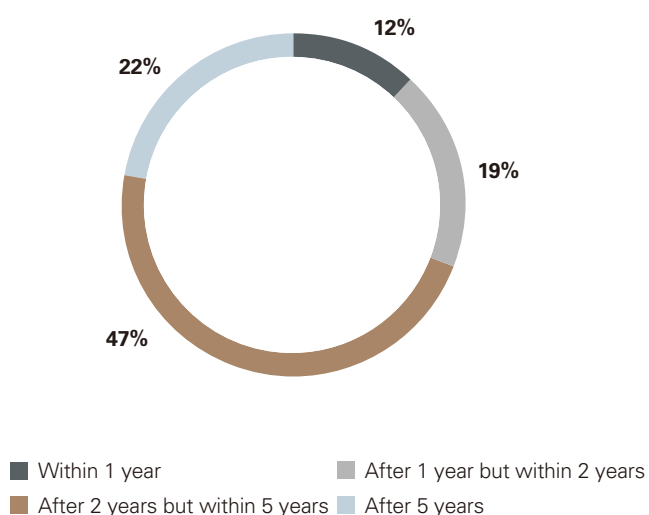


Net debt to net asset value (%)



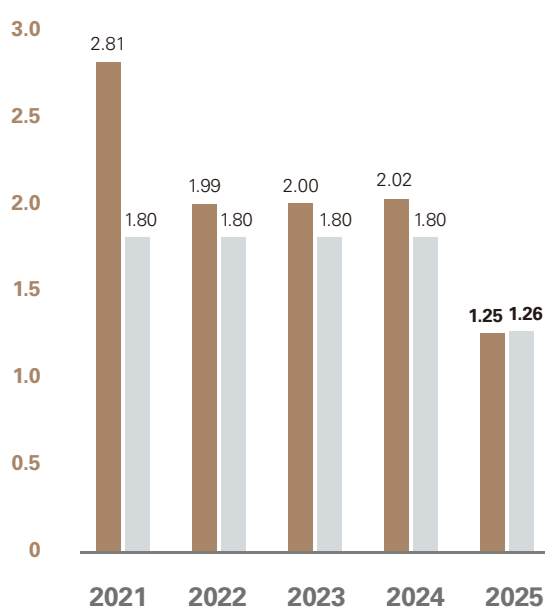
Maturity profile of the Group's bank and other borrowings repayable^{note 1}

at 31 December 2025



Note 1: Excluding the amounts due to related companies.

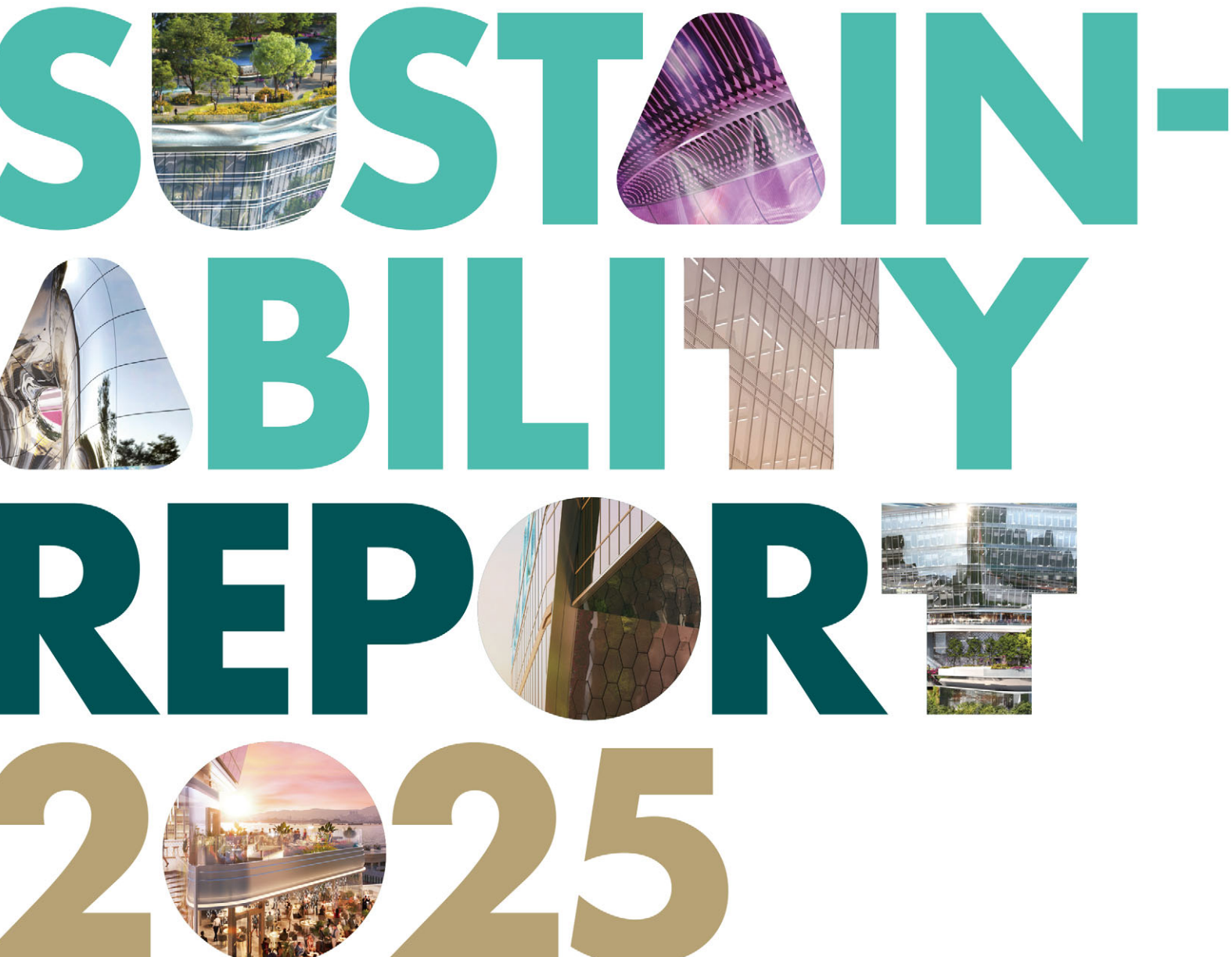
Basic underlying earnings / dividends per share (HK\$)



■ Basic underlying earnings per share
 ■ Dividends per share

SUSTAINABILITY

SUSTAINABILITY
ABILITY
REPORT
2025

The graphic features the words 'SUSTAINABILITY REPORT' in a teal color and '2025' in a gold color. The letters are large and bold. Several letters contain circular cutouts of various images: 'S' shows a modern building with a glass facade; 'U' shows a green landscape with trees and a path; 'S' shows a purple, textured, curved architectural element; 'T' shows a close-up of a building's glass and metal facade; 'A' shows a curved, metallic, reflective surface; 'B' shows a close-up of a building's glass facade; 'I' shows a close-up of a building's glass facade; 'L' shows a close-up of a building's glass facade; 'I' shows a close-up of a building's glass facade; 'T' shows a multi-story building with a glass facade; 'R' shows a close-up of a building's glass facade; 'P' shows a close-up of a building's glass facade; 'O' shows a close-up of a building's glass facade; 'R' shows a close-up of a building's glass facade; 'T' shows a multi-story building with a glass facade; '2' shows a close-up of a building's glass facade; '0' shows a close-up of a building's glass facade; '2' shows a close-up of a building's glass facade; '5' shows a close-up of a building's glass facade.

About This Section

This section is an overview of the Sustainability Report 2025 (“the Report”) of Henderson Land Development Company Limited (“Henderson Land” or together with its subsidiaries, “the Group”) and covers the period from 1 January 2025 to 31 December 2025.

Reporting boundary

Our disclosures in this Report reflect the boundaries of our operational control, which include descriptions and key statistics of the Group’s sustainability performance and progress during the year of our businesses in construction, property management, food and beverage and hotels, as well as department stores, namely E Man Construction Company Limited¹ (“E Man”), Goodwill Management Limited² (“Goodwill”), Well Born Real Estate Management Limited (“Well Born”) and Hang Yick Properties Management Limited (“Hang Yick”)³, Shanghai Starplus Property Management Company Limited⁴ (“Starplus”), Henderson Investment Limited⁵ (“HIL”) and Miramar Hotel and Investment Company, Limited⁶ (“Miramar Group”).

We conducted a stakeholder engagement exercise to identify the material topics included in the Report. For details of our stakeholder engagement exercise, see section “Our Materiality Approach”.

Reporting standards

The Report has been prepared in accordance with the latest Global Reporting Initiative (“GRI”) Standards 2021, complies with the provisions set out in Appendix C2 Environmental, Social and Governance Reporting Code (the “ESG Reporting Code”) of the Main Board Listing Rules issued by Hong Kong Exchanges and Clearing Limited (“HKEX”) (effective from 1 January 2025) and is prepared with reference to International Financial Reporting Standards (“IFRS”) S1 and IFRS S2 issued by International Sustainability Standards Board (“ISSB”). Selected sustainability information in this Report has been verified by a third-party with respect to the GRI Standards and HKEX ESG Reporting Code, please refer to “Independent Limited Assurance Report” of the Report for more information.

During the reporting period, there were no non-compliance incidents or grievances about environmental protection, employment practices, health and safety, labour standards, human rights and anti-corruption that would have significant impact on the Group.

Availability of Report

Our sustainability reports are published online on an annual basis. The e-copy of the Report is available at <https://sustainability.hld.com/en/reports-publications>.

Note 1: E Man Construction Company Limited is responsible for managing the Group’s construction sites

Note 2: Goodwill Management Limited is responsible for managing the Group’s commercial properties

Note 3: Well Born Real Estate Management Limited and Hang Yick Properties Management Limited are responsible for managing residential and industrial / commercial properties

Note 4: Shanghai Starplus Property Management Company Limited specialises in offering premium management services for the Group’s commercial properties in Chinese Mainland

Note 5: Henderson Investment Limited manages 2 wholly-owned subsidiaries for its retail business

Note 6: Miramar Hotel and Investment Company, Limited operates the hospitality and catering businesses

Our Sustainability Strategy and Highlights



2030 Sustainability Vision

The Group’s 2030 Sustainability Vision is structured around four key drivers: Green for Planet, Innovation for Future, Value for People, and Endeavour for Community. These drivers align with the United Nations (“UN”) Sustainable Development Goals (“SDGs”) that are most relevant to our business and operations, and serve as guiding principles

GREEN FOR PLANET	
  	
Building a Green Portfolio: Reducing our impact on the environment	
Focus areas:	
Climate Resilience Adopt smart and climate-resilient building designs to enhance the adaptability of properties to the adverse effects of climate change	Environmental Impact Reduce the environmental impact and carbon footprint of our business model
Highlights:	
 Honoured at the Asia Corporate Excellence & Sustainability (“ACES”) Awards for the second consecutive year and awarded Asia’s Most Sustainable Company of the Year 2025	 Awarded Best Developer (Asia) and Best Developer (Hong Kong and Macau) at the PropertyGuru Asia Property Awards 2025 , reinforcing our position as a leading developer committed to excellence and innovation
 Received the Pioneer Award for Green Building Leadership in Facilities Management at the Green Building Awards , recognising our commitment to sustainable operations and excellence in facilities management	 Achieved 5-Star Rating in 2025 Global Real Estate Sustainability Benchmark (“GRESB”) Real Estate Assessment , honoured as Global and Regional Sector Leader in the Development Benchmark (Diversified) with full score
 Refreshed ESG targets to better reflect our current sustainability vision and align with Henderson Land’s strategic goals	 Conducted scenario analysis on nature-related risks and opportunities , facilitating investment decision-making by quantifying carbon exposure and highlighting portfolio vulnerabilities
 Began disclosing climate-related financial metrics to improve the comprehensiveness of climate-related disclosures and guide further decarbonisation efforts	 Introduced Internal Carbon Pricing (“ICP”) in procurement processes to evaluate carbon impacts and redirect capital towards low-carbon investments and initiatives
 Extended Cooling-as-a-Service (“CaaS”) through strategic partnerships, driving energy efficiency and reducing electricity use across more managed properties	 Utilised EcoBricks in paving to enhance walkability and upgrade streetscapes , diverting waste and promoting sustainability in the public realm
 Developed Sustainable Finance Framework and cumulatively secured over HK\$50 billion equivalent of green and sustainable finance facilities	








for our sustainability efforts. Under each driver, we define priority focus areas where we target our actions to amplify our positive impact by 2030. We evaluate our progress by employing targets specifically designed for each focus area. Please refer to the Report for more information on our sustainability targets and progresses.

INNOVATION FOR FUTURE

Shaping a Smarter Future:

Creating a smart built environment enabled by innovation and technology

Focus areas:	
Technology Innovation Create new ways of living and working with technology	Social Innovation Innovate to better serve our stakeholders and enhance living quality
Highlights:	
 The Henderson was awarded “World’s Best Property” at the International Property Awards, becoming the first project and developer in Hong Kong to earn this honour	 The Henderson achieved 10 top-tier accreditations , earning ModeScore Platinum and ActiveScore Platinum - the FIRST development in Hong Kong and Chinese Mainland to secure both, reinforcing our leadership in sustainable urban development
 Awarded the “Global Most Innovative Knowledge Enterprise (“MIKE”) Award” and “Hong Kong MIKE Award” for 5 consecutive years	 Accoladed with “buildingSMART OpenBIM Award - Winner Award (Operation Category)” and “Asia-Pacific Intelligent Green Buildings Awards - Design Award (Platinum)” for the smart and innovative design of The Henderson
 Deployed various smart technologies, including AI-powered fire services inspections and eco-friendly façades , to improve efficiency and reduce environmental impact across construction sites	 Participated as a Pre-round Judge of the Elevator Pitch International Competition (“EPiC”) awards, to encourage the incubation of transformative PropTech ideas from global startups
 Curated an AI-powered interior design generator , presenting customers with their ideal home visualisation in under 30 seconds to enhance sales conversion	 Developed the ESG Dashboard to manage properties’ ESG data in one system , integrating AI functions, KPIs monitoring, and identification of anomalies

VALUE FOR PEOPLE



Creating a Caring Culture:

Being a caring employer who looks after our people and our partners

Focus areas:

Health and Wellness

Ensure the health and well-being of stakeholders through our building designs, operations and services

Our People, Partners and Customers

Actively engage with our people, partners and customers to address their needs

Highlights:



Continued to **outperform the industry** with **accident frequency rate of 3.2 per 1,000 workers**



Sponsored the 13th “**Hong Kong Green Building Week**”, officiated by the Chairmen of the Construction Industry Council (“CIC”) and the Hong Kong Green Building Council (“HKGBC”) to promote and raise public awareness of green building practices



Launched the “**I Am a Safety Ambassador**” **Rewards Programme** at Central Yards to encourage proactive safety behaviours and foster a culture of mutual care and responsibility



Collaborated with the **Leisure and Cultural Services Department (“LCSD”)** to transform Lambeth Walk Rest Garden into a nature-inspired **Art Garden**, an outdoor space adjacent to **The Henderson**



Supported and participated in **thought leadership and sustainability sharing events** through collaboration with diverse industries to raise public sustainability awareness



Partnered with **Hong Kong Dance Company (“HKDance”)** for **Henderson Wellness Campaign**, engaging over 200 participants in wellness sessions to foster **health, happiness, and connection**



Motivated colleagues at **Henderson Running Club** with regular activities to stay active, connect with others, and make a difference through sports

ENDEAVOUR FOR COMMUNITY



Establishing a Liveable Community:

Providing a more liveable environment that enhances well-being and quality of life

Focus areas:

Sustainable Community and Liveable Community

Enhance the living standards and proactively address stakeholders' needs

Highlights:



Provided **immediate relief and recovery assistance** to families affected by the **Tai Po fire** through the **Lee Shau Kee Foundation's* donation**



Delivered positive impact to **over 320,000 individuals** through our collaborative efforts and charity projects



Delivered **affordable, well-equipped student housing** for the Chinese University of Hong Kong ("CUHK") students at the **Parkwood off-campus residence** in Tai Po



Provided 4,800 sq. ft. shared space to support **around 500 households**, and organised neighbourhood events through **the Prince Edward Community Living Room**



Enhanced the surrounding urban environment by integrating traditional brickwork with a modern vertical rhythm in the **façade design of Belgravia Place**



Supported Zuni Icosahedron in establishing the **"Zuni Arts Tech Lab"** to **advance the local arts tech landscape**, providing students with **arts tech** workshops and stage theatre production courses



Continuing our commitment as **Community Education Partner of Hong Kong Dance Company**, we sustained our support for the **"HKDance Art Space"** and the **"H-Dance Community Education Fund"**, while sponsoring the production of **"The Kids in Rainbow Jerseys 2.0"**



Promoted multi-cultural engagement and Muslim-friendly hospitality by organising events such as Halal Poon Choi Feasts, Iftar Dinners, and offering Halal dining options



Supported **the 15th National Games** and related events through **"Henderson Sports" Campus Programme**, youth ticket donations, souvenir purchases, and torch bearing participation

* Non-group member charitable institution

Our Corporate Governance

Governance structure

The Group has put in place a structured and effective corporate governance framework that enables timely information sharing and promotes clear communication across management, departments, and business units.

The Board is actively engaged in establishing and implementing the Group's sustainability strategy and policies, and in evaluating the impacts of sustainability issues, including climate-related and nature-related matters, on the Group's operations. The Head of Sustainability, who is a member of the senior management, oversees these sustainability issues and is responsible for integrating sustainability considerations into the Group's strategy and operations. Through the Audit Committee's oversight, the Group also puts in place a risk management system that incorporates sustainability risks including climate-related and nature-related risks, supported by appropriate risk management and internal control mechanisms.

Supported by the Sustainability Committee and other relevant committees, the Board approves and monitors the implementation of sustainability policies. The Board reviews and approves the Sustainability Report annually, covering the Group's sustainability strategy, materiality assessment outcomes, and progress towards sustainability goals and targets.

The Sustainability Committee, chaired by the Group's Chairman, Dr Lee Ka Shing, Martin, and comprising directors and department heads, works closely with the Board to support the supervision of sustainability matters by:

- Evaluating, prioritising and managing material sustainability issues
- Managing Henderson Land's overall approach to sustainability
- Overseeing the identification of material sustainability issues
- Developing the Group's sustainability strategy and policies
- Regularly evaluating the Group's sustainability performance and progress made against sustainability targets

During the Sustainability Committee meeting in 2025, the Committee discussed a range of key topics, including the new HKEX ESG Reporting Code, endorsement of revised and new policies for the Board's approvals, and improvement of sustainability ratings.

To promote internal participation and ensure consistent communication of the Group's sustainability strategy and objectives, a Sustainability Working Group has been formed. The Working Group comprises committed team members who serve as sustainability champions and representatives, and plays an important role in coordinating, implementing, and reviewing sustainability initiatives. It also supports company-wide communication on sustainability matters and facilitates knowledge sharing on sustainability trends among internal stakeholders aligned with the Group's sustainability strategy.

The Group has established 4 operational sub-committees dedicated to specific sustainability focus areas. These sub-committees are responsible for carrying out sustainability-related policies and initiatives, further strengthening the Group's sustainability efforts.

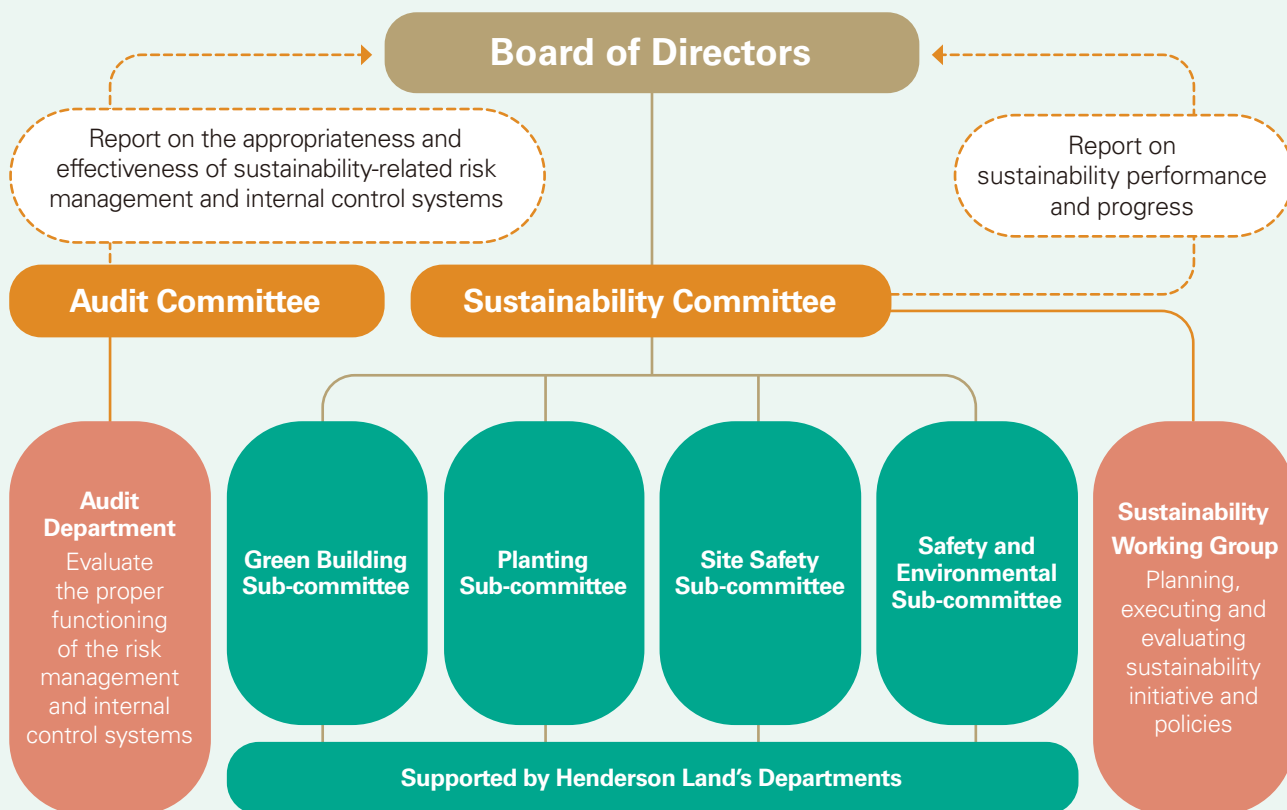
Green Building Sub-committee: Set corporate green building goals, encourage innovation, provide knowledge sharing and learning opportunities

Planting Sub-committee: Develop corporate landscape design standard and advise the design and planting effect for ongoing development projects

Site Safety Sub-committee: Conduct site safety inspections and oversee rectification measures at all ongoing construction sites

Safety and Environmental Sub-committee: Monitor and improve safety and environmental performance at construction sites

The Group’s sustainability efforts are further supported by multiple departments, including Company Secretarial, Human Resources, Corporate Communications, Project Management, Construction, Property Management, and other departments. As sustainability is integrated into our daily operations, all departments play an active role in executing and advancing our sustainability initiatives.



Policies

Henderson Land is committed to maintaining high standards in workplace practices, environmental protection, ethical operations, and community engagement. This commitment is underpinned by the Group’s detailed policies covering various sustainability-related issues. The policies are subject to regular review and refinement to ensure they remain relevant in light of changing external factors and community needs.

The following key policies have been approved by the Board and articulate the Group’s fundamental principles and values.

Environmental

- Biodiversity Policy **REVISED**
- Climate Change Policy
- Corporate Social Responsibility Policy
- Environmental Policy
- Sustainable Procurement Policy

Social

- Anti-Corruption and Bribery Policy **REVISED**
- Anti-Discrimination Policy
- Business Ethics and Code of Business Conduct Policy **REVISED**
- Customers Services Code of Conduct Policy **REVISED**
- Director and Employee Remuneration Policy
- Health and Safety Policy
- Human Rights and Equal Employment Opportunity Policy
- Stakeholder Engagement Policy
- Supplier Code of Conduct Policy

Governance

- Anti-Money Laundering and Counter-Terrorist Financing Policy
- Artificial Intelligence Policy **NEW**
- Board Diversity Policy
- Cybersecurity Policy **NEW**
- Dividend Policy
- Inside Information Policy
- Nomination Policy
- Risk Management Policy **REVISED**
- Shareholders Communication Policy **REVISED**
- Workforce Diversity Policy **NEW**

Risk management

The Board carries out annual reviews of significant operational risks. Individual departments are responsible for identifying risks within their areas and for designing, implementing, and monitoring appropriate risk management and internal control measures. Maintaining independence from operational functions, the Audit Department reports its findings directly to the Audit Committee, which reviews the effectiveness of the overall risk management framework and reports to the Board at least annually.

In addition, the Group encourages departments to take a proactive approach to identifying and reporting potential risks across the organisation, as well as to highlighting areas for improvement in the Group's risk management practices, through an annual risk assessment and a dedicated feedback channel. Sustainability risks are monitored on an ongoing basis to ensure that they are incorporated into the Group's product development and decision-making processes. To safeguard investors' interests, the Group assesses sustainability-related risks, incorporates a range of climate and biodiversity risks into its risk register, and discloses climate-related and nature-related risks and opportunities in its Sustainability Report.

Cybersecurity

As part of the Group's risk management framework, the Audit Committee receives regular updates on cybersecurity matters from the Audit and Information Technology ("IT") Departments. These departments conduct annual internal audits focused on customer data privacy protection and ensure that appropriate follow-up actions are implemented where necessary. To strengthen preparedness for potential cybersecurity incidents, the Group has established an Incident Response Management Guideline, aiming to mitigate the impact of cyberattacks.

To reinforce the importance of cybersecurity across the organisation, relevant policies and guidelines are made accessible on the Intranet. Compliance with these policies is taken seriously, with disciplinary actions imposed in cases of breach. An internal hotline is available for employees to report any suspected irregularities or unusual activities identified within the Group's IT systems.

The Group's data security governance is further supported by a Data Security Committee comprising managers from the IT Department. The Committee is responsible for maintaining database security configurations, data loss prevention tools, and data backup arrangements. A Data Governance and Management ("DGM") Policy has been implemented to govern systems and enhance the overall security of the Group's IT environment. The Group's cybersecurity controls are designed and aligned with the National Institute of Standards and Technology ("NIST") Cybersecurity Framework.

To foster a strong culture of cybersecurity awareness, the Group provides cybersecurity awareness training to all employees. New employees are also required to complete the IT Department's Information Security Introduction online training during orientation, and regular training sessions and webinars on cybersecurity and data protection are conducted for all staff. The IT Department also disseminates cybersecurity updates and guidance through the Intranet to keep employees informed of emerging risks.

In 2025, the IT Department worked closely with the Audit Department to perform DGM reviews on document archiving, visitor registration, working phone number registration, and human resource matters including recruitment and daily operations with 3 different departments. The assessment findings and recommended remedial actions were summarised and communicated to the relevant departments for follow-up.

Our Materiality Approach

Henderson Land recognises the importance of stakeholder expectations in shaping an effective sustainability strategy. The Group conducts an annual review and update of its material issues, incorporating perspectives from both internal and external stakeholders.

Since 2023, the Group has adopted a double materiality approach, which considers the significance of issues from both a financial and a stakeholder impact perspective in developing the materiality matrix. This approach enables the Group to better understand the financial implications of relevant economic, environmental and social issues, while also enhancing its understanding of the Group’s impacts and responsibilities in relation to the economy, the environment and society.

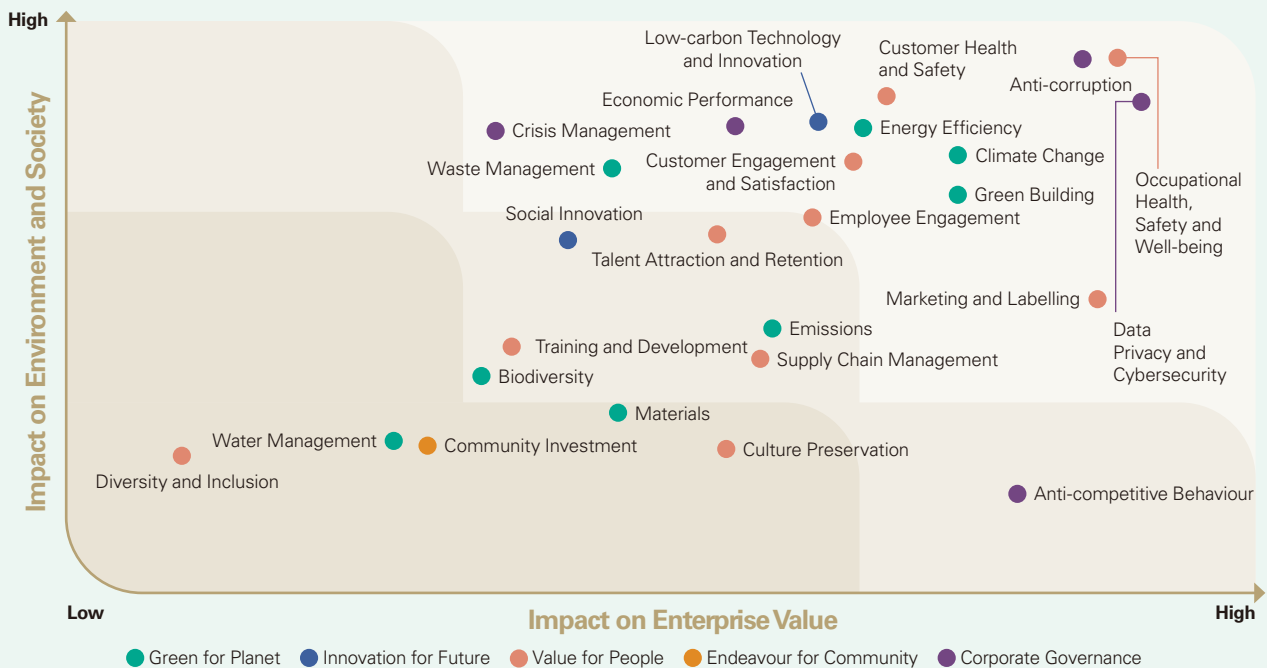


	Financial materiality	Impact materiality
What is the meaning of it?	ESG issues prioritised based on their potential impact on enterprise value	ESG issues prioritised based on their influence on the economy, environment and society
How it offers help?	Offers ESG-specific inputs for strategic decision-making aimed at mitigating risks and maximising returns for shareholders	Establishes priority areas for managing our impacts and outlines our approach to sustainability
For whom is it intended?	Investors, lenders, and creditors who anticipate sustainable returns	A diverse range of stakeholders seeking to comprehend our impacts and contributions to sustainable development

The updated materiality matrix in 2025 illustrates a shifting sustainability focus within the Group. “Occupational Health, Safety and Well-being” has emerged as one of the top material issues, reflecting rising stakeholder expectations around employee protection, safe working environments, and holistic well-being. “Data Privacy and Cybersecurity” continues to rank among the most significant sustainability issues in 2025, highlighting stakeholders’ concern over information security as digital systems and technology-enabled operations become increasingly integral to the Group’s activities.

In addition, “Waste Management”, “Employee Engagement”, and “Marketing and Labelling” have increased in relative importance as compared to 2024, reflecting the growing stakeholder focus on responsible resource use, workforce involvement and retention, and transparent communication of product and service information. These shifts demonstrate an increasing emphasis on operational efficiency, people-centric management, and accountability across the value chain.

Further details on how each material topic has been addressed are set out in the relevant sections of the Report.



Green for Planet

The Group is committed to developing a green portfolio and reducing our environmental footprint. Under the “Green for Planet” pillar, the Group supports the UN SDGs by taking action to address climate change and encouraging more sustainable patterns of consumption and production across our operations and value chain.



As a leading real estate developer and a strong proponent of sustainable development, the Group achieved notable milestones in 2025, receiving extensive global and local recognition for the integration of sustainability across its financing, development, operations and governance. During the year, the Group was named 2025 Asia’s Most Sustainable Company of the Year at the ACES Awards, attained Global and Sector Leader status with a full score in the GRESB Real Estate Assessment, and received multiple accolades recognising excellence in real estate development, green building performance, facilities management and corporate governance. The Group is also the first and only developer in Hong Kong to partner with the World Green Building Council’s Asia Pacific Network, and our Head of Sustainability has been elected to be Director of the Hong Kong Green Building Council from Institutional Members for 2026–2027. Collectively, these achievements demonstrate the robustness of the Group’s ESG governance, the quality and sustainability of its developments, and its commitment to ethical conduct, long-term value creation and positive impact on the economy, the environment and the wider community.

Aligned with the Group’s long-term ambition to achieve net zero, as well as the Paris Agreement⁷ and Hong Kong’s Climate Action Plan 2050, the Group established near-term, long-term and net-zero emissions reduction targets, which were validated by the Science Based Targets initiative (“SBTi”) in 2024. In the same year, the Group formulated a climate transition plan setting out the key strategies underpinning our pathway to net zero, and began implementing Internal carbon pricing⁸ within the procurement processes to support the integration of climate considerations into operational and investment decision-making. To reinforce accountability for delivering the climate transition plan, executive remuneration is linked to a range of sustainability performance factors, including progress against the targets set out in our “2030 Sustainability Vision”.



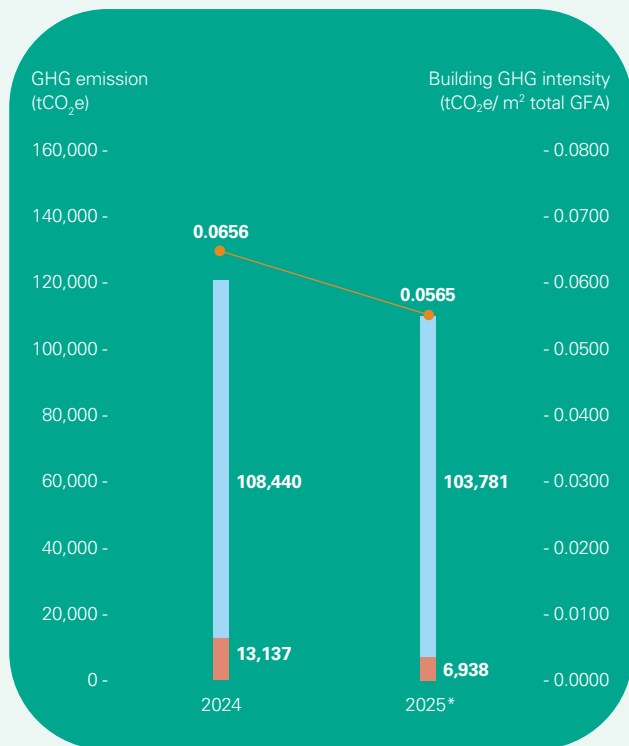
Note 7: The Paris Agreement aims at keeping the rise in global temperature to well below 2°C above pre-industrial levels and at pursuing efforts to further limit global warming to 1.5°C

Note 8: Internal carbon pricing currently covers Scope 1, 2 and 3 emissions of our procurement process

Building on the significant strides made in our sustainability efforts in 2024, we continue to make progress in 2025 by adopting specific metrics and targets to assess and manage climate-related risks and opportunities that are most relevant to Henderson Land.

GHG Emissions

at our Headquarters, Construction Sites, Managed Properties and Subsidiaries

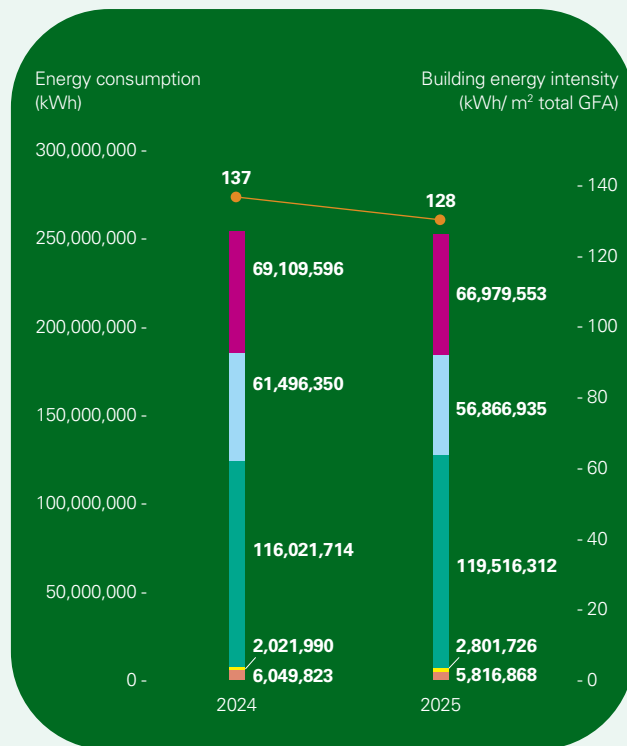


Legend
 ● Scope 1 ● Scope 2 ● Building GHG Intensity

* The significant decrease in scope 1 emissions in 2025 can be attributable to the decrease in consumption of refrigerants for maintenance projects

Energy Consumption

at our Headquarters, Construction Sites, Managed Properties and Subsidiaries



Legend
 ● Headquarters ● Construction Sites
 ● Managed Properties in Hong Kong ● Managed Properties in Chinese Mainland
 ● Other Subsidiaries ● Building Energy Intensity

On the other hand, the Group is also actively involved in several prominent advisory committees, including the Business Environment Council’s Climate Change Business Forum Advisory Group, Energy Transition Advisory Group, Circular Economy Advisory Group and Nature and Biodiversity Advisory Group. Furthermore, we engage in the Environmental Campaign Committee’s Carbon Reduction Action and the 4T Charter, reinforcing our dedication to sustainability.

The Group committed to become an Early Adopter of the Taskforce on Nature-related Financial Disclosures (“TNFD”) framework in 2023 and initiated the LEAP (Locate, Evaluate, Assess and Prepare) assessment in the same year, completing the “Locate” and “Evaluate” phases to identify material nature-related issues, followed by the “Assess” and “Prepare” phases in 2024 to prioritise key nature-related risks and opportunities. In 2025, we further strengthened disclosures under the “Strategy” pillar of the TNFD framework through the adoption of nature-related scenario analysis and the initial quantification of nature-related risks.

To finance and refinance eligible green and social projects, we also published our Sustainable Finance Framework in January 2026, which provides a structured and transparent approach to financing and refinancing eligible green and social projects. The Framework governs the issuance of green, social and sustainability financing instruments, and reinforces the linkage between our funding activities and measurable environmental and social outcomes.





Please refer to the Report for more information, particularly case studies relating to “Green for Planet”:

- Our Climate Transition Plan Towards Net Zero
- Advancing Nature-Related Risks and Opportunities Understanding through Scenario-Based Approach
- Global Banking Sustainability Partnership and Our Sustainable Finance Framework
- Living Close to Nature in a Low-Carbon Urban Home
- The Paddington – Sustainable Urban Living in Cheung Sha Wan
- Teaming Up with CLPe to Expand Cooling as a Service
- Advancing Hydrogen Solutions to Lead Hong Kong’s Energy Transition
- Transforming The Haddon with EcoBricks Paving
- Supporting ESG Awareness through the “ESG Plush Toys Christmas Trees”

Innovation for Future

Innovation underpins how we design, build and manage our developments. The Group leads in developing new solutions and technologies that deliver high-quality, smart living environments for users, tenants and residents. Our “Innovation for Future” strategy sets out the initiatives and actions we are taking to drive innovation and foster a sustainable community across our wider sphere of influence.



We are committed to creating meaningful impact across society by leveraging advanced technologies and promoting social innovation to address pressing challenges.

Innovation	Our approach	Highlights
Technology innovations	<p>The Group places strong emphasis on technology and smart solutions to achieve its sustainability goals. We invest in technologies and research to reduce our environmental footprint and to enhance interactions with our community and stakeholders. The Group is committed to optimising efficiency and performance throughout our value chain, from building to selling and managing properties, with various Property Technologies (“PropTech”) advancements implemented across our operations and offerings.</p> <p>Apart from this, the Group sees research and development as a key to business development, and in 2025 we have increased our support for technology development.</p>	<ul style="list-style-type: none"> • Recognised by the Global MIKE Award and Hong Kong MIKE Award for the 5th consecutive year • Developed an AI-enabled ESG Dashboard to centralise ESG data • Developed a proprietary AI-enabled “Scan-to-BIM” fire services inspection system with 3D integration • Co-developed an eco-friendly smart façade with The Hong Kong Polytechnic University featuring dynamic glazing technology • Introduced climate-positive flooring with ultra-low embodied carbon and high recycled content • Implemented green plant room and refuse area solutions in shopping malls • Introduced a token-based Landlord Individual Tenant “ESG Partnership Programme” at The Henderson • Integrated Internet of Things enabled smart room and toilet technologies at The Mira Hong Kong and Mira Place



Innovation	Our approach	Highlights
<p>Social innovations</p>	<p>Henderson Land is at the forefront of social innovation, forging alliances with experts from diverse industries to advance the well-being of society. Embracing the power of collaboration, we aim to develop cutting-edge solutions that leave a lasting positive impact on communities, paving the way for a better future.</p>	<ul style="list-style-type: none"> • Supported the Hong Kong Laureate Forum to connect leading scientists and young talent • Supported the “Po Leung Kuk Inno Makethon” to empower youth innovation • Revitalised Sun Chun Street into a safer, greener and more walkable community through sustainable urban renewal • Acting as a Pre-round Judge of the EPiC Awards to accelerate innovation • Sponsored the Hong Kong SciTech Pioneers Award to recognise young talents • Supported The Hang Seng University of Hong Kong Innovation Project Competition through judging and mentorship



Before revitalisation at Sun Chun Street

After revitalisation (Artist's impression)

Please refer to the Report for more information, particularly case studies relating to “Innovation for Future”:

- Global and Hong Kong Most Innovative Knowledge Enterprise Award
- ESG Dashboard Reflecting our Cross-Department Collaboration
- Various Smart Technologies Deployed Across Construction Sites
- Green Solutions Adopted at Shopping Malls
- Innovative Technologies at The Henderson
- Smart and Sustainable Upgrades at The Mira Hong Kong and Mira Place
- Hong Kong Laureate Forum – Inspiring Future Scientific Leaders
- Empowering Youth Innovation through The Po Leung Kuk Inno Makethon
- Driving Regional Growth through Empowering Tech Ventures
- Revitalising Sun Chun Street: Transforming Tenements into a Sustainable, Vibrant Community



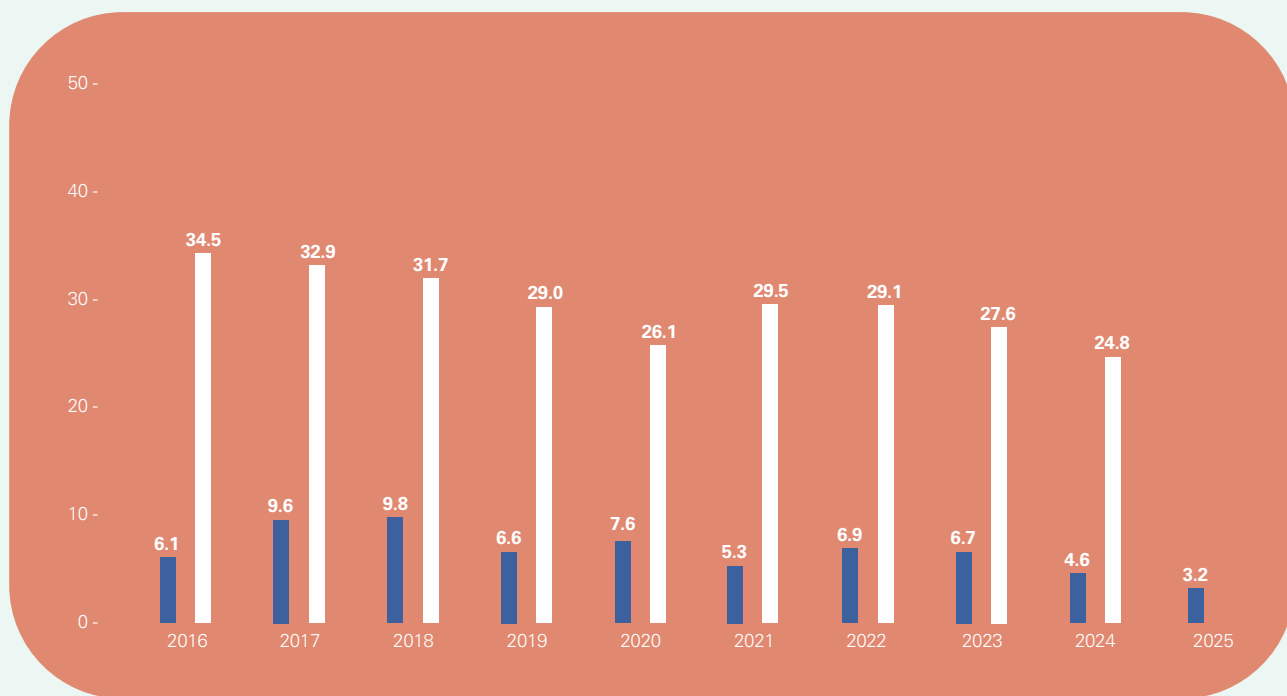
Value for People

Henderson Land is committed to building a culture of care in our engagement with employees, customers, suppliers and business partners. “Value for People” captures our commitment to advancing the UN SDGs across our sphere of influence. Through our products and services, we seek to promote health and well-being, support a productive workforce, and provide safe, fair and decent working conditions for everyone who works with us and alongside us.



The health, well-being and safety of our people are fundamental to our long-term success. To safeguard the health, safety and well-being of our employees, the Safety and Environmental Sub-committee, together with the Site Safety Sub-committee comprising managers from different departments, is responsible for overseeing and enhancing occupational health and safety performance. The committees also hold regular discussions with the Human Resources Department to review occupational health risks identified through inspections. In 2025, the Group outperformed the industry average with an accident frequency rate of 3.2 per 1,000 workers.

The historic accident frequency rate of Henderson Land compared to the industry



● Henderson Land ○ Hong Kong Industry

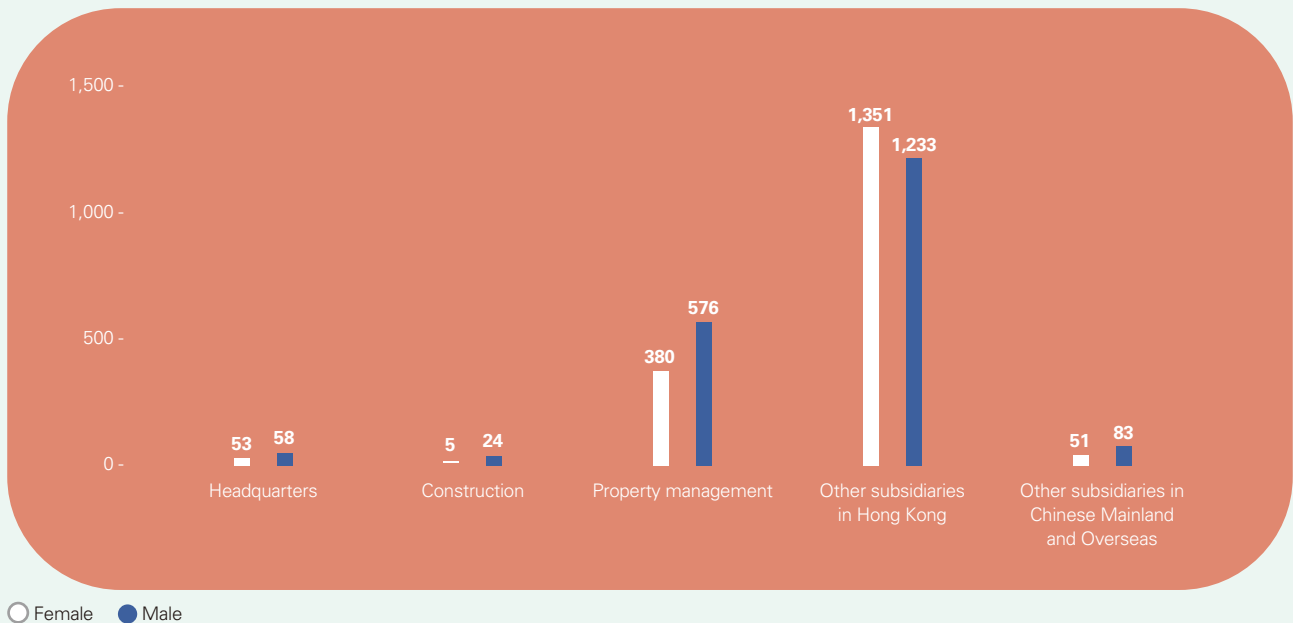
Note: 2025 accident frequency rate of the Hong Kong industry have not yet been published by the Labour Department

In addition, the Group is dedicated to cultivating an inclusive and collaborative workplace, while actively supporting employees' professional development throughout their careers. Henderson Land places strong emphasis on attracting and retaining talent through a diverse range of recruitment channels, and promotes internal mobility to enable employees to pursue new career opportunities within the Group. In 2025, internal transfers filled around 3.5% of vacancies. The Group understands the needs of our staff by conducting an annual staff survey, and since 2022, has also disclosed the voluntary staff turnover rate to enhance transparency.

New hires in 2025, by gender

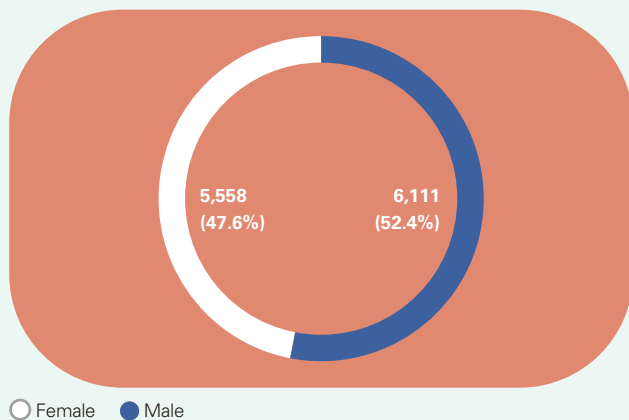


Employee voluntary turnover in 2025, by gender



The Group prioritises customer wellness by adopting a people-centric approach in our property design and management. Beyond obtaining internationally recognised health and safety certifications for our properties, the Group has implemented a variety of health and safety initiatives across its residential and commercial developments. These initiatives are designed to promote green living and strengthen residents' connection with nature, including celebrating Global Wellness Day with "Henderson Wellness", sustainable meals at The Henderson, urban farming programmes and health-related seminars.

Workforce in 2025, by gender



To strengthen sustainability performance across our value chain, our supplier ESG engagement programme is underpinned by a transparent and fair tendering and selection process with appropriate Board oversight. Specifically, our construction subsidiary E Man has a Sustainable Supply Chain Engagement and Management Guideline in place to mandate senior management to oversee suppliers' ESG programmes. During supplier screening, we evaluate various factors, including business relevance and past performance, while also considering environmental and social factors. We provide suppliers with training on quality standards and non-compliance issues. Suppliers who fail to improve their sustainability performance after our follow-up support would be removed from the tender list.



The Group actively supports public advocacy to raise sustainability awareness and promote emerging trends in eco-conscious living. In 2025, Henderson Land participated in numerous events to share our sustainability vision and strategy. In particular, Henderson Land supported the 13th Hong Kong Green Building Week by providing public venues, thought leadership and hands-on learning activities. We also partnered with the World and the U.S. Green Building Councils, international chambers and industry platforms to promote green building practices, showcase flagship developments and advance cross-sector collaboration locally and internationally. In addition to participating in various events, the Group regularly leverages multiple social media platforms to enhance public awareness of sustainability issues and initiatives.



The Group is committed to shaping our properties into vibrant destinations that go beyond functional use. We believe art can enrich lives, spark emotion and create meaningful connections. Working in collaboration with LCSD, we transformed the Lambeth Walk Rest Garden, an outdoor space adjacent to The Henderson, into a new Art Garden for the public. We also invited tenants of The Henderson, Henderson Club members and staff to exclusive guided tours, followed by a hands-on community workshop led by a local art organisation.

Please refer to the Report for more information, particularly case studies relating to “Value for People”:

- Celebrating Global Wellness Day with Henderson Wellness
- Nurturing Well-being through Sustainable Meals at The Henderson
- Henderson Running Club
- Supporting the 13th Hong Kong Green Building Week
- Enabling Global Partnerships across Industries to Advocate Sustainability
- The Henderson Art Garden: Sculpting Sustainability in the City



Endeavour for Community

The Group remains committed to enhancing community well-being and quality of life. We continued our community investment efforts to empower individuals, nurture creativity and create opportunities for inclusive growth. In 2025, we organised various initiatives and impacted over 320,000 beneficiaries in alignment with UN SDGs 8 and 11.



The future is shaped by the strength of our youth. Henderson Land is committed to empowering young people, supporting them in realising their potential and discovering new pathways for growth, all while infusing society with fresh vitality and energy. Through our launch of the “Henderson Sports” Campus Programme, delivered in partnership with Youth We Go, we bring structured sports education directly to students with limited access to professional training and diverse activities. In 2025, we extended the programme to 30 primary and secondary schools, engaging over 600 underprivileged students. Henderson Land continued to support youth empowerment and community development through participation in the HKSAR Government’s “Strive and Rise Programme”. In 2025, 24 mentors and mentees participated in an Arts Tech Workshop held at “Zuni Arts Tech Lab”, in collaboration with experimental arts group “Zuni Icosahedron”. In addition, we partnered with CUHK to convert Parkwood in Tai Po into student accommodation to solve the pressing issue of housing shortages for students in the area.





Recognising the important role of art in enriching community life and advancing cultural development, Henderson Land is committed to partnering with artists and local organisations. With a strong belief that arts are integral to the city's cultural fabric, in 2025, we built a long-term partnership with "Zuni Icosahedron" to encourage more artists and young people to experiment, learn and innovate. We also served as the title sponsor of "The Kids in Rainbow Jerseys 2.0", presented by HKDance, and continued our support as a sponsor of the Hong Kong Ballet's "The Nutcracker" for the second year, reinforcing our commitment to community arts engagement and youth development through the performing arts.



Henderson Land has a longstanding commitment to supporting underserved communities. Our ongoing initiatives reflect a focus on advancing social equity and improving quality of life for those in need. We sponsored the "Multi-cultural New Year Celebration: Halal Poon Choi Feast", co-hosted by the Hong Kong Community Network and the Yau Tsim Police District, hosted the Ramadan Iftar Dinner in The Mira Hong Kong, and launched Halal menus at Cuisine Cuisine at The Mira Hong Kong, enhance Hong Kong's profile as a Muslim-friendly travel destination. We partnered with Lok Kwan Social Service to support the "Prince Edward Community Living Room", as a flagship project launched in 2025, which offers a rent-free space of around 4,800 sq. ft. to serve 500 households, strengthen neighbourhood ties, and address housing-related social challenges. Additionally, we supported The NAScenT2 transitional housing project, which began moving residents in late 2025. Located at 8 Chun Shin Road in Yuen Long, it provides 1,208 transitional housing units, marking our fifth land provision for transitional housing.

Henderson Land believes that advancing sports and well-being is essential to improving quality of life across the city. As a committed community partner, we recognise the ability of sport to unite people, encourage healthy lifestyles, and strengthen social connections. We are honoured to support the 15th National Games, 12th National Games for Persons with Disabilities, and 9th National Special Olympic Games of the People’s Republic of China. This support underscores our commitment to promoting community pride and fostering shared participation in activities of national importance.



The Group regularly reviews evolving social needs and supports community development through a wide range of investment programmes delivered in partnership with reputable Non-Governmental Organisations (“NGOs”), focusing on 4 priority areas: “Empowering our Youth”, “Supporting Local Arts Development”, “Caring for Those in Need”, and “Fostering Sports and Well-being in the City”. The social impact and outcomes of these programmes are systematically assessed to ensure the delivery of positive long-term social outcomes, and in 2025, employees contributed over 100,000 volunteering hours in support of various charitable organisations.



Below are some of the community programmes within the 4 priority areas.

Priority area	Community programmes
Empowering our Youth	<ul style="list-style-type: none"> • “Henderson Sports” Campus Programme to Bring Sports Courses to 30 Schools Across Hong Kong • Supporting HKSAR Government’s “Strive and Rise Programme” • Parkwood: Transforming Tai Po into Affordable Student Housing for CUHK • HKSAR Government “Space Sharing Scheme for Youth” • HKSAR Government’s “Scheme on Corporate Summer Internship” • Summerbridge Hong Kong • Urban Land Institute – UrbanPlan Hong Kong • HSUHK Martin Ka Shing Lee Scholarship for Exchange and Global Internship
Supporting Local Arts Development	<ul style="list-style-type: none"> • Cultivating Innovation at the Intersection of Art and Technology • The Kids in Rainbow Jerseys 2.0 • HK Ballet “The Nutcracker” • Hong Kong Grand Opera • HART initiatives – HART HAUS, HART Studio Programme, HART Award, HART Artist-Led Workshops, “HART to HEART in Kennedy Town” community engagement programme, HART Curatorship Incubation Programme, Community and student outreach, Open House Hong Kong



Priority area	Community programmes
Caring for Those in Need	<ul style="list-style-type: none"> • Promoting Multi-Cultural Inclusion through Community Festival Engagement and Inclusive Hospitality • Fostering Connection and Growth – The Prince Edward Community Living Room • Supporting Families through Transitional Housing Communities • Volunteering activities – Make-A-Wish “Trees of Joy”, Soap cycling with elders, Visit dragon fruit farm with elders, Home Market, Starplus biannual visits to Aiyou Newborn Baby Home, “Zero-Carbon CBD, Green Star Community”, Kwai Tsing Ethnic Minority Programme, Connecting Hearts’ Movie Screening, Suicide Prevention Services (“SPS”) 30th Anniversary Charity Walk & Carnival, Blood donation programme
Fostering Sports and Well-being in the City	<ul style="list-style-type: none"> • Supporting National Sporting Events to Celebrate Community and Sports Development • “Pok Oi x Old Master Q Hong Kong Charity Run 2025” • “UNICEF Charity Run 2024 / 25” • The Green Earth: Night Walk 2025 • HKU “Lee Chau Kee Top Athletes Scholarship 2025 / 26” • “Simply Breathe 2025” • “Make Waves for Hong Kong” • “The Community Chest of Hong Kong – Sports for Millions” • WWF “Walk for Nature” @ Mai Po

Please refer to the Report for more information, particularly case studies relating to “Endeavour for Community”:

- “Henderson Sports” Campus Programme to Bring Sports Courses to 30 Schools Across Hong Kong
- Supporting HKSAR Government’s “Strive and Rise Programme”
- Parkwood: Transforming Tai Po into Affordable Student Housing for CUHK
- Cultivating Innovation at the Intersection of Art and Technology
- The Kids in Rainbow Jerseys 2.0
- Promoting Multi-Cultural Inclusion through Community Festival Engagement and Inclusive Hospitality
- Fostering Connection and Growth – The Prince Edward Community Living Room
- Supporting Families through Transitional Housing Communities
- Supporting National Sporting Events to Celebrate Community and Sports Development

Project Accreditations

Henderson Land’s commitment to sustainability is clearly demonstrated by the sustainability building certifications and awards we have obtained, showcasing the environmentally friendly and people-centric designs of our buildings.

Our cumulative achievements of local, regional and international green building certifications demonstrate our leadership in this space:



Our accreditations in relation to innovation are as follows:



The cumulative number of healthy buildings certifications achieved demonstrates our leadership in this space:



CORPORATE GOVERNANCE REPORT

The Company acknowledges the importance of good corporate governance practices and procedures and regards a preeminent board of directors, sound risk management and internal controls, and accountability to all shareholders as the core elements of its corporate governance principles. The Company is committed to operating its businesses in full compliance with all applicable rules and regulations, and codes and standards, while upholding our ethos of being highly accountable and transparent.

Corporate Governance Code

During the year ended 31 December 2025, the Company complied with the applicable code provisions set out in the Corporate Governance Code (the “CG Code”) as stated in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), with the exception that the roles of the chairman and the chief executive officer of the Company have not been segregated as required by the CG Code. The Company is of the view that it is in the best interest of the Company that each of Dr Lee Ka Kit and Dr Lee Ka Shing, with his relevant in-depth expertise and knowledge in the Group’s business, acts in the dual capacity as Chairman and Managing Director of the Company. Although the roles of the chairman and the chief executive officer of the Company have not been segregated, powers and authorities have not been over-concentrated as all major decisions are made in consultation with Board members as well as appropriate Board committees and senior management, who possess the relevant knowledge and expertise. Hence, the current arrangements are subject to adequate checks and balances notwithstanding the deviation.

Board of Directors

Responsibilities of and Support for Directors

The Board nourishes the Company’s culture and strives to promote the desired culture at the Company, and ensures it aligns with the Company’s purpose, values and strategy. The details of the Company’s corporate culture, business model and strategic direction are set out on pages 84 and 85 of this Annual Report.

The Board has the responsibility for managing the Company, which includes formulating a corporate strategy and a long term business model, directing and supervising the Company’s affairs, approving the Company’s financial reports and the relevant results announcements, considering dividend policy and approving the issue, allotment or disposal, or grant of options, in respect of securities or debentures of the Company. It is also responsible for performing the corporate governance duties and reviewing the effectiveness of the risk management and internal control systems which include reviewing the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company’s accounting, internal audit, financial reporting functions, as well as those relating to the Company’s environmental, social and governance (“ESG”) performance and reporting. The Board makes broad policy decisions and has delegated the responsibility for detailed considerations and implementation of the above matters to the Board’s standing committee (the “Standing Committee”) and, where appropriate, other specific committees.

The day-to-day management, administration and operation of the Company are delegated to the management team. The Board gives clear directions to the management as to their powers of management, and circumstances in which the management should report back.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. The Directors will be notified of code provisions amendments in respect of the CG Code so as to be kept abreast of the latest requirements and be assisted in fulfilling their responsibilities. The Directors are also provided with monthly updates which contain periodic financials with summaries of key events, outlook and business related matters of the Group. The monthly updates present a balanced and understandable assessment of the Company's performance and position. The Non-executive Director and Independent Non-executive Directors may, after making a request to the Board, take independent professional advice at the Company's expense in carrying out their functions.

Board Composition

The Board currently comprises 16 members:

	Length of Tenure (Number of Years)
Executive Directors	
Dr Lee Ka Kit (<i>Chairman and Managing Director</i>)	40
Dr Lee Ka Shing (<i>Chairman and Managing Director</i>)	32
Dr Lam Ko Yin, Colin (<i>Vice Chairman</i>)	41
Yip Ying Chee, John	28
Fung Lee Woon King	49
Kwok Ping Ho	32
Suen Kwok Lam	24
Wong Ho Ming, Augustine	15
Professor Fung Hau Chung, Andrew	5
Non-executive Director	
Lee Pui Ling, Angelina	29
Independent Non-executive Directors	
Kwong Che Keung, Gordon	21
Professor Ko Ping Keung	21
Wu King Cheong	21
Woo Ka Biu, Jackson	14
Professor Poon Chung Kwong	13
Au Siu Kee, Alexander	7

The biographical details of the Directors are set out on pages 182 to 187 of this Annual Report. Dr Lee Ka Kit and Dr Lee Ka Shing are siblings, and both are relatives of Madam Fung Lee Woon King. Save as aforesaid, none of the members of the Board is related to one another. A List of Directors and their Roles and Functions is available on the Company's website.

The Board comprises male and female Directors with diverse backgrounds and extensive expertise relevant to the Group's businesses. The Board collectively possesses a comprehensive and well-balanced mix of expertise that directly supports the Company's three core businesses, namely, property investment, strategic investments and property development.

Based on the recent board skills mix review, it was found that the skills mix coverage of the Board members had over 90% on skills relating to executive leadership, financial literacy and accounting, and people management, over 80% but below 90% on risk management and internal control, and about 75% on related industry knowledge/experience as well as legal and regulatory compliance and governance.

The Nomination Committee assists the Board in periodically reviewing the board skills mix to ensure its ongoing alignment with the Company's evolving strategic needs and the dynamic operating environment. Based on the review conducted recently, the Nomination Committee was satisfied that the Board possessed a directly relevant and comprehensive skill set for steering the Group's business and such combination enables effective leadership in addressing complex challenges and advancing the Company's purpose and values. In particular, with a large cohort in industry-related knowledge and executive leadership (along with a robust coverage in risk management and sustainability), the Board was effectively equipped to strategically position the Group to capitalise on emerging opportunities and enhance value for all stakeholders.

The Board has a balanced composition of Executive and Non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement. The Board considers that each of the Non-executive Director and Independent Non-executive Directors brings his/her own relevant expertise to the Board.

The Board has established mechanisms to ensure that independent views are available to the Board. The full text of the mechanisms is available on the Company's website and a summary of which is set out below:

(1) Composition

The Board ensures the appointment of at least three Independent Non-executive Directors and at least one-third of its members being Independent Non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time), with at least one Independent Non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. Further, Independent Non-executive Directors will be appointed to Board Committees as required under the Listing Rules and as far as practicable to ensure independent views are available.

(2) Independence Assessment

The Nomination Committee strictly adheres to the Nomination Policy with regard to the nomination and appointment of Independent Non-executive Directors, and is mandated to assess annually the independence of Independent Non-executive Directors to ensure that they can continually exercise independent judgement.

(3) Compensation

No equity-based remuneration with performance-related elements will be granted to Independent Non-executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence.

(4) Board Decision Making

Directors (including Independent Non-executive Directors) are entitled to seek further information from the management on the matters to be discussed at Board meetings and, where necessary, independent advice from external professional advisers at the Company's expense.

A Director (including Independent Non-executive Director) who has a material interest in a contract, transaction or arrangement shall not vote or be counted in the quorum on any Board resolution approving the same.

During the year ended 31 December 2025, the Board at all times met the requirements of the Listing Rules relating to the appointment of Independent Non-executive Directors as mentioned in item (1) above.

The Company has received confirmation in writing of independence from each of the Independent Non-executive Directors and considers them to be independent of the management and free of any relationship that could materially interfere with the exercise of their independent judgement.

Appointment and Re-election of Directors

The Board is empowered under the Company's Articles of Association ("Articles") to appoint any person, as a Director, either to fill a casual vacancy on or to be an additional member of the Board. Only the most suitable candidates who are experienced and competent and able to fulfill the fiduciary duties and exercise reasonable care, skill and diligence would be recommended to the Board for selection. Appointments are first considered by the Nomination Committee in accordance with its terms of reference with due regard to the Company's Nomination Policy and Board Diversity Policy, and recommendations of the Nomination Committee are then put to the Board for decision.

In accordance with the Articles, new appointments to the Board are subject to re-election at the next following annual general meeting of the Company ("AGM"). Furthermore, nearest one-third of the Directors shall retire from office by rotation but are eligible for re-election at the AGM. Notwithstanding the Directors being not appointed for a specific term, the Board will ensure that every Director (including every Non-executive Director) is subject to retirement by rotation at least once every three years. Each Director was appointed by a letter of appointment setting out the key terms and conditions of his/her appointment.

The appointment of Independent Non-executive Directors adheres to the guidelines for assessing independence as set out in Rule 3.13 of the Listing Rules. Mr Au Siu Kee, Alexander ("Mr Au"), an Independent Non-executive Director, has the following directorships which fall within the independence guideline in Rule 3.13(7) of the Listing Rules:

- (1) Mr Au is currently the chairman and a non-executive director of Henderson Sunlight Asset Management Limited ("HSAM"), a subsidiary of the Company and the manager of the publicly-listed Sunlight Real Estate Investment Trust ("Sunlight REIT"). Sunlight REIT is regarded as a core connected person of the Company for the purpose of the Listing Rules. As Mr Au plays a non-executive role in HSAM, and Sunlight REIT is not a subsidiary of the Company, the Company considers that such non-executive role in HSAM has no bearing on Mr Au's independence.
- (2) Mr Au is currently also a non-executive director of Hong Kong Ferry (Holdings) Company Limited, an associated company of the Company. As a non-executive director, Mr Au has not taken part in the day-to-day management of and has had no executive role in such company. The Company considers that Mr Au's role in such company has no impact on his independence as an Independent Non-executive Director of the Company.

Board Meetings

Number of Meetings and Directors' Attendance

The Board meets from time to time and at least four times a year to discuss and exchange ideas on the affairs of the Company. During the year ended 31 December 2025, the Board held four meetings to approve interim/final results announcements and interim/annual reports, to determine the level of dividends, to discuss significant issues and the general operation of the Company, and to approve matters and transactions specifically reserved to the Board for its decision. The attendance of the Directors is set out in the table on page 147.

During the year, the Independent Non-executive Directors held a meeting among themselves. In addition, the Chairmen held a meeting with the Independent Non-executive Directors without the presence of other Directors in accordance with the CG Code.

Practices and Conduct of Meetings

Notices of regular Board meetings are given to all Directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given. Meeting agenda and accompanying Board papers are sent to all Directors in a timely manner and at least three days before the Board/committee meetings.

The Company Secretary of the Company is responsible for taking and keeping minutes of all Board and committee meetings. Draft minutes are circulated to Directors for comment within a reasonable time after each board meeting and the final signed version is open for Directors' inspection with copies sent to all Directors for their records.

Conflict of Interest

If a Director has a material interest in a matter of significant nature to be considered by the Board, a physical meeting or meeting by video conference will be held to discuss such matter instead of seeking Directors' written consent by way of circulation of written resolution. In accordance with the Articles, such Director who is considered to be materially interested in the matter shall abstain from voting and not be counted in the quorum. The Company was not aware of any case of breach of conflict of interest by the Directors during the year.

Board Performance

The Board considers regular performance evaluation as an essential practice for good corporate governance and a critical tool for assessing its effectiveness. The Board recently conducted an internal evaluation of its performance as its routine biennial review, which was led by the Nomination Committee with the support of the Company Secretary. Each Director was requested to complete an anonymous assessment questionnaire to provide individual ratings and comments on certain assessment parameters including board composition, culture and procedure, risk management, stakeholder engagement, etc. The findings of the evaluation were collected and submitted to the Nomination Committee for review. Based on the performance evaluation results, the Nomination Committee was satisfied with the performance of the Board and that the Board played an effective role in the development and determination of the Group's corporate culture, strategic direction and overall business objectives.

Director's and Officer's Liability Insurance

The Company has arranged director's and officer's liability insurance to indemnify the Directors and senior management against any potential liability arising from the Company's business activities which such Directors and senior management may be held liable.

The Company also keeps Directors indemnified against any claims to the fullest extent permitted by the applicable laws and regulations arising out of the Directors' proper discharge of duties except for those attributable to any gross negligence or wilful misconduct.

Directors' Time Commitment

Each Director had ensured that he/she had given sufficient time and attention to the affairs of the Company for the year. Directors have disclosed to the Company the nature of offices held in Hong Kong or overseas listed public companies or organisations and other significant commitments, with the identity of the public companies and organisations and an indication of the time involved. Directors are encouraged to participate in professional, public and community organisations. They are also reminded to notify the Company of any change of such information in a timely manner. Other details of Directors, including their directorships held in listed public companies in the past three years, are set out in the biographical details of Directors on pages 182 to 187 of this Annual Report.

The Nomination Committee recently conducted an assessment of each Director's time commitment and contribution to the Board for the year 2025. The Committee reviewed the records of Directors' skills mix, other significant time commitment, attendance and training and considered a set of assessment criteria, including involvement on the board, familiarity with the Company's business, other significant external time commitments and other factors (like integrity and experience). The Committee was satisfied that each Director (a) demonstrated good attendance at all meetings held in 2025 and participated in discussions; (b) did not concurrently hold more than six listed company directorships and was not overburdened by other external commitments in terms of nature and complexity; (c) possessed integrity, along with skills appropriate to their roles on the Board and the relevant Board committee(s); and (d) was familiar with the Group's business and had participated in ongoing professional development to keep abreast of regulatory or business and other issues facing the Group, and that each Director had allocated sufficient time and made adequate contribution to the Board, and had discharged their responsibilities effectively.

Directors' Training

During the year, presentations for the Board on topics regarding international relations, and complex and evolving geopolitics affecting Hong Kong and Chinese Mainland as well as in-house briefings on various topics at monthly managers meetings where Executive Directors attended were arranged. Legal and regulatory updates are provided from time to time to the Directors for their reading. Directors are also encouraged to attend outside talks and seminars to enrich their knowledge in discharging their duties as a director. On a regular basis, information on seminars organised by professional bodies is provided to the Directors, and the seminar enrolments are handled by the Company Secretarial Department.

The Group observes a strict code of ethics in all spheres and has no tolerance for any form of corruption or other misconduct, and recognises that the overall responsibility for risk management lies with the Board. In order to reinforce awareness of our Directors on preventing corruption and their knowledge on risk management, we regularly provide anti-corruption and risk management training for all Directors which include legal and regulatory updates as well as anti-corruption and risk management training materials made by the Independent Commission Against Corruption.

According to the training records provided by the Directors to the Company, they participated in continuous professional development in 2025 which included attending seminars and talks, and reading legal and regulatory updates and other reference materials. The seminars, talks and other reference materials covered a wide range of topics on sustainability reporting, corporate governance, directors' duties, corporate transactions, anti-money laundering and counter-terrorism financing, market and regulatory updates, impact of geopolitics, anti-corruption, risk management, etc. During the year, the training undertaken by each Director are summarised as follows:

	Attending Seminars, Talks and Briefings	Reading Legal and Regulatory Updates and other Reference Materials
Executive Directors		
Dr Lee Ka Kit (<i>Chairman and Managing Director</i>)	✓	✓
Dr Lee Ka Shing (<i>Chairman and Managing Director</i>)	✓	✓
Dr Lam Ko Yin, Colin (<i>Vice Chairman</i>)	✓	✓
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 Poon Chung Kwong	✓	✓
Au Siu Kee, Alexander	✓	✓

Board Committees

The Board has six Board Committees, namely, the Standing Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Corporate Governance Committee and the Whistleblowing Committee for overseeing particular aspects of the Company's affairs. The Standing Committee of the Board operates as a general management committee with delegated authority from the Board.

The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

Audit Committee

The Audit Committee was established in December 1998 and reports to the Board. The members of the Audit Committee are:

Independent Non-executive Directors

Kwong Che Keung, Gordon (*Chairman*)

Professor Ko Ping Keung

Wu King Cheong

Au Siu Kee, Alexander

Both the chairman and Mr Au Siu Kee, Alexander have the appropriate professional qualifications as required under the Listing Rules, and Mr Au also possesses enterprise risk management expertise. None of the members of the Audit Committee was a former partner of the Company's existing external auditor within two years immediately prior to the dates of their respective appointments. All members have appropriate skills and experience in reviewing financial statements as well as addressing significant control and financial issues of public companies. The Board expects the Committee members to exercise independent judgement in conducting the business of the Committee.

The written terms of reference include the authority and duties of the Audit Committee and amongst its principal duties are the review and supervision of the Company's financial reporting process and risk management and internal control systems. The terms of reference of the Audit Committee are available on the Company's website.

During the year, the Audit Committee held three meetings with the management and the auditors. Its responsibilities performed relate to the following areas:

(1) Financial Reporting

In respect of the financial year ended 31 December 2025, the Committee reviewed the interim and annual results announcements and reports, discussed the financial highlights, explanations and analysis on operational and financial performance given by the management. The Committee gave careful consideration to the accounting policies adopted, significant accounting judgements applied, compliance with applicable regulatory requirements and accounting standards, as well as adequacy of reporting disclosures. Significant accounting issues relating to the financial statements were discussed amongst the Committee, the management and the external auditor for a proper accounting treatment or disclosure. The Committee also discussed with the management to ensure that the Company is having adequate resources, qualified and experienced staff, training programmes and budget of the Company’s accounting and financial reporting function, as well as those relating to the Company’s ESG performance and reporting.

(2) External Auditor

The Committee considered and approved the appointment of external auditor after having reviewed the terms of engagement, the level of remuneration in relation to audit and non-audit services and the confirmation of independence provided by the external auditor. The Committee assessed the effectiveness of the audit process, including the audit plan, the audit approach and scope, key audit matters identified and addressed, as well as the approach of information technology audit and the new artificial intelligence applications.

(3) Risk management and internal controls

The Committee reviewed the works and reports of the Group’s Audit Department on audit of the internal controls function and the rectification procedures taken by the management in respect of any deficiencies. The Committee also assessed the effectiveness of the risk management (including ESG risks) and internal control systems as set out in the paragraph headed “Internal Audit, Risk Management and Internal Controls” below.

Remuneration Committee

The Remuneration Committee which was established in January 2005 comprises:

Executive Directors

Dr Lee Ka Kit
 Dr Lee Ka Shing
 Dr Lam Ko Yin, Colin

Independent Non-executive Directors

Wu King Cheong (*Chairman*)
 Kwong Che Keung, Gordon
 Professor Ko Ping Keung
 Au Siu Kee, Alexander

Each member is sufficiently experienced and is appropriately skilled in the issues of determining executive compensations in public companies. The Board expects the committee members to exercise independent judgement in conducting the business of the committee.

The written terms of reference include the specific duties of determining, with delegated responsibility, the remuneration package of the individual Executive Director and senior management and making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management. The terms of reference of the Remuneration Committee are available on the Company's website.

During the year ended 31 December 2025, the Remuneration Committee held a meeting to review the salary structure of the employees of the Company and the level of salary increment for 2026 as well as the remuneration of senior management staff and the Directors with reference to the remuneration level of directors of comparable listed companies. The Company's policy serves a guide to the Remuneration Committee in considering the directors' remuneration and a summary thereof is set out in the paragraph headed "Board Policies" below.

Particulars of the Directors' emoluments disclosed pursuant to the Companies Ordinance (Cap. 622) and Appendix D2 of the Listing Rules are set out in note 8 to the financial statements on pages 259 to 261 while the analysis of the senior management's emoluments by band is set out in note 9 to the financial statements on page 262. The Director's fees are fixed at the rate of HK\$150,000 per annum for each Executive Director/Non-executive Director and HK\$250,000 per annum for each Independent Non-executive Director. In the event that an Independent Non-executive Director serves on Board committees, he will be paid an additional fee of HK\$250,000 per annum for acting as a member of the Audit Committee, and HK\$100,000 per annum for acting as a member of each of the Nomination Committee, the Remuneration Committee and the Corporate Governance Committee. The above remuneration remains unchanged until the Company in general meetings otherwise determines. Other emoluments shall from time to time be determined with reference to the Directors' duties and responsibilities.

Nomination Committee

The Nomination Committee which was established in December 2011 comprises:

Executive Directors

Dr Lee Ka Kit
Dr Lee Ka Shing
Dr Lam Ko Yin, Colin
(resigned on 1 December 2025)
Fung Lee Woon King
(appointed on 1 December 2025)

Independent Non-executive Directors

Wu King Cheong (*Chairman*)
Kwong Che Keung, Gordon
Professor Ko Ping Keung
Au Siu Kee, Alexander

Each member is sufficiently experienced and is appropriately skilled in the issues of nomination of directors to the Board. The Company has provided the Nomination Committee with sufficient resources to perform its duties. The Nomination Committee may seek independent professional advice, at the Company's expense, to perform its responsibilities.

The written terms of reference include the specific duties of reviewing the structure, size and composition of the Board, assisting the Board in maintaining a board skills matrix, and making recommendation on any proposed changes to the Board to complement the Company's corporate strategy with due regard to the Board Diversity Policy. Nominations will be made in accordance with the Nomination Policy and the ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. During the year, the terms of reference of the Nomination Committee were revised to embrace duties relating to board skills matrix and the Board's performance evaluation, and the assessment of Directors' time commitment and contribution. The latest terms of reference are available on the Company's website.

During the year ended 31 December 2025, the Nomination Committee held two meetings to assess the independence of Independent Non-executive Directors of the Company; make recommendation to the Board on the retiring Directors' eligibility for re-election at the AGM; review the structure and gender diversity of the Board; approve the approach in conducting board performance evaluation; and review the Board Diversity Policy and Nomination Policy. Having reviewed such policies, the Committee was satisfied that they were appropriate and effective, and had been properly implemented.

In addition, during the year, the Nomination Committee approved the nomination of Madam Fung Lee Woon King as a member of the Nomination Committee following the resignation of Dr Lam Ko Yin, Colin so as to enhance the Committee's gender diversity.

Corporate Governance Committee

The Corporate Governance Committee which was established in October 2012 comprises:

Independent Non-executive Directors

Kwong Che Keung, Gordon (*Chairman*)

Professor Poon Chung Kwong

Au Siu Kee, Alexander

Each member is sufficiently experienced and is appropriately skilled in the issues of corporate governance. The Company has provided the Corporate Governance Committee with sufficient resources to perform its duties.

The written terms of reference include the duties of developing and reviewing the Company's policies and practices on corporate governance and monitor such policies and practices on compliance with legal and regulatory requirements. The terms of reference of the Corporate Governance Committee are available on the Company's website.

During the year, the Corporate Governance Committee held a meeting to formulate the work plan for the 2025 Corporate Governance Report; review the training and continuous professional development of the Directors and senior management, the Shareholders' Communication Policy and the mechanisms for ensuring independent elements on the Board; consider the adoption of a new Artificial Intelligence Policy; and receive and accept the Audit Department's review report on the Group's compliance with the adopted policies, practices and codes of conduct as well as the applicable legal and regulatory requirements.

Moreover, to further strengthen corporate governance practices, the Corporate Governance Committee endorsed, during the year, the new Cybersecurity Policy and the new Workforce Diversity Policy, as well as revisions of certain existing Group policies.

On the basis that the Company had strictly adhered to the principles set out in the Shareholders' Communication Policy, including timely dissemination of corporate information to shareholders via "Investor Information" platform on its website, arranging briefings to investors and analysts, and making available different channels for shareholders to communicate their views to the Company, the Committee was satisfied that the Shareholders' Communication Policy was appropriate and effective, and had been properly implemented.

Upon reviewing the existing mechanisms adopted by the Company for ensuring independent elements on the Board, the Committee generally agreed that the mechanisms, which was in conformity with the requirements of the Listing Rules, was appropriate and effective, and had been complied with.

Whistleblowing Committee

The Whistleblowing Committee was established in March 2022 and reports to the Board. The members of the Whistleblowing Committee comprises:

Executive Director

Dr Lam Ko Yin, Colin (*Chairman*)

Independent Non-executive Directors

Professor Ko Ping Keung
Wu King Cheong

The Company has established systems for employees and those who deal with the Group to raise concerns about possible improprieties in any matters relating to the Group, in confidence and anonymity, to be dealt with by the Whistleblowing Committee. Each member is appropriately skilled in handling alleged improprieties reported by whistleblowers.

The written terms of reference include monitoring the effectiveness of the whistleblowing arrangements, ensuring proper procedures for fair and independent investigation of the reported improprieties as well as warranting the confidentiality of the information received and findings of the investigation. The whistleblowing policy has been duly incorporated in Business Ethics and Code of Business Conduct Policy which sets out the high ethical standard and whistleblowing framework.

Attendance Record at Board Meetings, Committee Meetings and AGM

The attendance of the individual Director at the meetings of the Board, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Corporate Governance Committee and the AGM during the year ended 31 December 2025 is set out in the following table:

	No. of meetings attended/No. of meetings held					
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee	AGM
Executive Directors						
Dr Lee Ka Kit (<i>Chairman and Managing Director</i>)	4/4	N/A	1/1	2/2	N/A	1/1
Dr Lee Ka Shing (<i>Chairman and Managing Director</i>)	4/4	N/A	1/1	2/2	N/A	1/1
Dr Lam Ko Yin, Colin (<i>Vice Chairman</i>)	4/4	N/A	1/1	1/1 ¹	N/A	1/1
Yip Ying Chee, John	4/4	N/A	N/A	N/A	N/A	1/1
Fung Lee Woon King	3/4	N/A	N/A	1/1 ²	N/A	0/1
Kwok Ping Ho	4/4	N/A	N/A	N/A	N/A	1/1
Suen Kwok Lam	4/4	N/A	N/A	N/A	N/A	1/1
Wong Ho Ming, Augustine	4/4	N/A	N/A	N/A	N/A	1/1
Professor Fung Hau Chung, Andrew	4/4	N/A	N/A	N/A	N/A	1/1
Non-executive Director						
Lee Pui Ling, Angelina	4/4	N/A	N/A	N/A	N/A	1/1
Independent Non-executive Directors						
Kwong Che Keung, Gordon	4/4	3/3	1/1	2/2	1/1	1/1
Professor Ko Ping Keung	4/4	3/3	1/1	2/2	N/A	1/1
Wu King Cheong	4/4	3/3	1/1	2/2	N/A	1/1
Woo Ka Biu, Jackson	4/4	N/A	N/A	N/A	N/A	1/1
Professor Poon Chung Kwong	4/4	N/A	N/A	N/A	1/1	1/1
Au Siu Kee, Alexander	4/4	3/3	1/1	2/2	1/1	1/1

Notes:

1. Antecedent to the resignation of Dr Lam Ko Yin, Colin as a member of the Nomination Committee on 1 December 2025, there was one Nomination Committee meeting held.
2. Subsequent to the appointment of Madam Fung Lee Woon King as a member of the Nomination Committee on 1 December 2025, there was one Nomination Committee meeting held.

Directors' Responsibility for the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2025, which give a true and fair view of the state of affairs of the Company and of the Group at that date and of the Group's results and cash flows for the year then ended and are properly prepared on the going concern basis in accordance with the statutory requirements and applicable accounting standards.

The statement of the Auditor of the Company about their reporting responsibilities on the financial statements of the Company is set out in the Independent Auditor's Report on pages 194 to 199.

Auditor's Remuneration

For the year ended 31 December 2025, the Auditor of the Company agreed to receive approximately HK\$16.5 million for audit and audit related services (2024: HK\$16.6 million) as well as approximately HK\$3.1 million for non-audit services (2024: HK\$2.7 million) covering tax services, corporate, and advisory services and other reporting services. The remuneration of the Auditor in respect of audit and non-audit services was reviewed by the Audit Committee.

Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in the Appendix C3 to the Listing Rules as the code for dealing in securities of the Company by the Directors (the "Model Code"). Having made specific enquiry, the Company confirmed that all Directors have complied with the required standards as set out in the Model Code.

Continuing Connected Transactions

The Independent Non-executive Directors and the Audit Department of the Company in the role of internal auditor have reviewed and the Auditor of the Company has reported on the continuing connected transactions as disclosed in the Report of the Directors of this Annual Report (the "Continuing Connected Transactions"). The Audit Department of the Company has also reported to the Independent Non-executive Directors of the Company that the Continuing Connected Transactions were conducted in accordance with the pricing mechanism under the relevant agreements.

Board Policies

The following as required by the Listing Rules or otherwise are the summaries of certain policies adopted by the Company:

(1) Inside Information Policy

The Inside Information Policy contains the guidelines to the directors, officers and all relevant employees (likely possessing the unpublished inside information) of the Group to ensure that the inside information of the Group is to be disseminated to public in equal and timely manner in accordance with the applicable laws and regulations.

(2) Board Diversity Policy

The Board Diversity Policy provides that selection of candidates during nomination process will be based on a range of diversity perspectives. These perspectives include but not be limited to gender, age, race, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

(3) Workforce Diversity Policy

The Workforce Diversity Policy outlines the Group's approach to achieve workforce diversity through fostering a diverse and inclusive workplace free from discrimination. Key initiatives include providing regular training to employees on preventing discrimination and harassment, ensuring equal opportunities in recruitment, promotion, and development as well as upholding a respectful environment free from discrimination.

(4) Nomination Policy

The Nomination Policy sets out the principles guiding the Nomination Committee to identify and evaluate a candidate for nomination to the Board for appointment or to the shareholders of the Company for election as a Director of the Company. The policy contains a number of factors to which the Nomination Committee has to adhere to when considering nominations. These factors include the candidate's skills and experience, diversity perspectives set out in the Board Diversity Policy, the candidate's time commitment and integrity, and the independence criteria under Rule 3.13 of the Listing Rules if the candidate is proposed to be appointed as an Independent Non-executive Director. The policy also lays down the following nomination procedures: the Nomination Committee (i) will take appropriate measures to identify and evaluate a candidate; (ii) may consider a candidate recommended or offered for nomination by a shareholder of the Company; and (iii) will, on making the recommendation, submit the candidate's personal profile to the Board for consideration.

(5) Dividend Policy

The Dividend Policy incorporates the guidelines for the Board to determine whether to pay a dividend and the level of such dividend to be paid. In general, it is the policy of the Company to allow its shareholders to participate in the Company's profits whilst retaining adequate reserves for future growth. Normally, the Company pays dividends twice a year, which are the interim dividend and final dividend. The Board may also declare special dividends in addition to such dividends as it considers appropriate. The policy also contains a number of factors for which the Board has to consider in determining the frequency, amount and form of any dividend in any financial year/period. The Board may also consider the issuance of bonus shares on a basis as permitted by the applicable laws and regulations.

(6) Anti-Money Laundering and Counter-Terrorist Financing Policy

The Anti-Money Laundering and Counter-Terrorist Financing Policy is in place to combat money laundering and terrorist financing activities, and formalise such procedures and systems. Compliance with the policy by operational departments is monitored and administered by the Audit Department.

(7) Director and Employee Remuneration Policy

The Director and Employee Remuneration Policy sets out the general principles which guide the Group to deal with the remuneration matters. As a general principle, a fair market level of remuneration will be provided to retain and motivate high quality directors, senior management and employees, and attract experienced people of high calibre to oversee the business and development of the Group. Executive Directors' remuneration packages shall comprise fixed and variable components linking to individual and the Group's performance and comparable to major Hong Kong based companies with special emphasis on the real estate industry. As for Non-executive Directors, only fixed remuneration/fee shall be paid and be set at an appropriate level by reference to the relevant time commitment and the size and complexity of the Group and benchmarked against a peer group.

The full text of the above policies are available on the Company's website.

ESG and Sustainable Development

Sustainability

The Company is a founding constituent member of the Hang Seng Corporate Sustainability Index Series launched in July 2010.

A Sustainability Committee, previously named as Corporate Social Responsibility Committee, was formed in 2012 and chaired by Dr Lee Ka Shing with certain Directors and department heads as members to assist the Board in overseeing the corporate social responsibility and sustainability issues including the formulation and review of policies and strategy, compliance with regulatory requirements and evaluation of performance.

During the year, the Sustainability Committee held a meeting to review the terms of reference, the Group's overall sustainability performance and policies, discuss the reporting trend and determine the sustainability strategy and plan. In response to the latest development in ESG initiatives and recommendations made by the consultant, PricewaterhouseCoopers, and the Audit Committee, the Group newly adopted the Cybersecurity Policy, the Workforce Diversity Policy and the Artificial Intelligence Policy, and revised a number of existing policies.

The written terms of reference of the Sustainability Committee and the ESG policies are available on the Company's website.

An overview of the Sustainability Report 2025 is set out on pages 104 to 133 of this Annual Report and the standalone Sustainability Report 2025 is available on the Company's website and HKEXnews website.

Diversity

Diversity and inclusion are important elements to a company's sustainability efforts. The Company recognises the benefits of having a diverse Board and has adopted the Board Diversity Policy to achieve it. Having considered the Board structure and various factors, the Nomination Committee is satisfied that the Board has an appropriate structure with a diversity of members in terms of knowledge, skills and experience. Gender diversity has also been achieved by having two female directors on the Board which exceed the minimum requirement of the Listing Rules. In striving to maintain gender diversity, the Company aims to continue to have at least two female Directors on the Board.

As regards succession planning, the Nomination Committee will deploy multiple channels to identify suitable director candidates, including referral from Directors, shareholders, management, advisors of the Company and external executive search firms as and when appropriate. The Board is committed to further enhancing gender diversity as and when suitable candidates are identified.

The Company places tremendous emphasis on gender diversity across all levels of the Group. As at 31 December 2025, the proportion of female representation at the workforce of the Group (including senior management) was approximately 48%. The overall workforce gender of the Group is relatively balanced and the Company will strive to maintain a gender balanced workforce.

Internal Audit, Risk Management and Internal Controls

Internal Audit

The Board is responsible for ensuring sound and effective risk management and internal control systems to safeguard the shareholders' interests and the Company's assets.

The Audit Department of the Company in the role of internal auditor, which reports directly to the Audit Committee and is independent of the Company's daily operations, is responsible for conducting regular audits on the major activities of the Company. Its objective is to ensure that all material controls, including financial, operational and compliance controls and risk management (including ESG risks) functions are in place and functioning effectively. It is also considered that the resources, staff qualifications and experience and training programmes are adequate.

Policies for Whistleblowing and Anti-corruption

The Company has established a system for employees and any person to report concerns about any suspected or actual improprieties relating to the Group and the relevant details are set out in the Business Ethics and Code of Business Conduct Policy. The Group will take appropriate actions against such improprieties and, where appropriate, report the cases to the relevant enforcement authorities.

Moreover, the Company has adopted the Anti-Corruption and Bribery Policy which provides guidance to our employees on how to recognise and deal with bribery and corruption. Every employee has a duty to report any potential violations of the policy to the Company through the channels set out therein.

Apart from the channels set out in the relevant policies, an email link has been set up in the webpage of the intranet of the Company for employees to express their opinions or concerns about the Group's operations directly to the Vice Chairman. In addition, the Company has provided a separate email link on its website, by which stakeholders can freely provide comments and suggestions on the operations of the Company so that proper actions can be taken to address issues being raised.

The reported cases, where necessary, will be escalated to the Whistleblowing Committee which is established specifically to deal with alleged improprieties reported by whistleblowers.

Risk Management and Internal Controls

The successful management of risks is essential for the long-term growth and sustainability of the Group's business. The Board is responsible for setting strategies, business objectives and risk appetite as well as ensuring a review of effectiveness of the risk management and internal control systems, and overseeing the design, implementation and monitoring of the risk management and internal control systems.

Risk management is proactive to ensure that significant risks are:

- identified;
- assessed by considering the impacts and likelihoods of their occurrence; and
- effectively managed by identifying suitable controls and countermeasures, and assessing the cost effectiveness of the mitigating actions proposed.

Approach to Risk Management

The risk management of the Group adopts “three lines of defence” model in risk governance which defines clear responsibilities and structure in ensuring accountability and transparency in our risk management practices. This model combines a top-down strategic view with a bottom-up operational process. The Board, by the top-down approach, has oversight on the risk management process and focuses on determining the nature and extent of significant risks it is willing to take in achieving the strategic objectives of the Group.

First Line of Defence

Each department of the Group is responsible for identifying its own risks and designing, implementing, managing and monitoring the relevant risk management and internal control systems. The process involves the maintenance of risk register setting out the particulars of material risks together with the control measures as reported by significant departments of the Group. This bottom-up approach is embedded in the operations of the Group and complements the top-down strategic view by identifying the principal risks and ensuring the significant risks to be considered by the Board in determining the risk appetite. The above risk exposure review process is conducted on an annual basis.

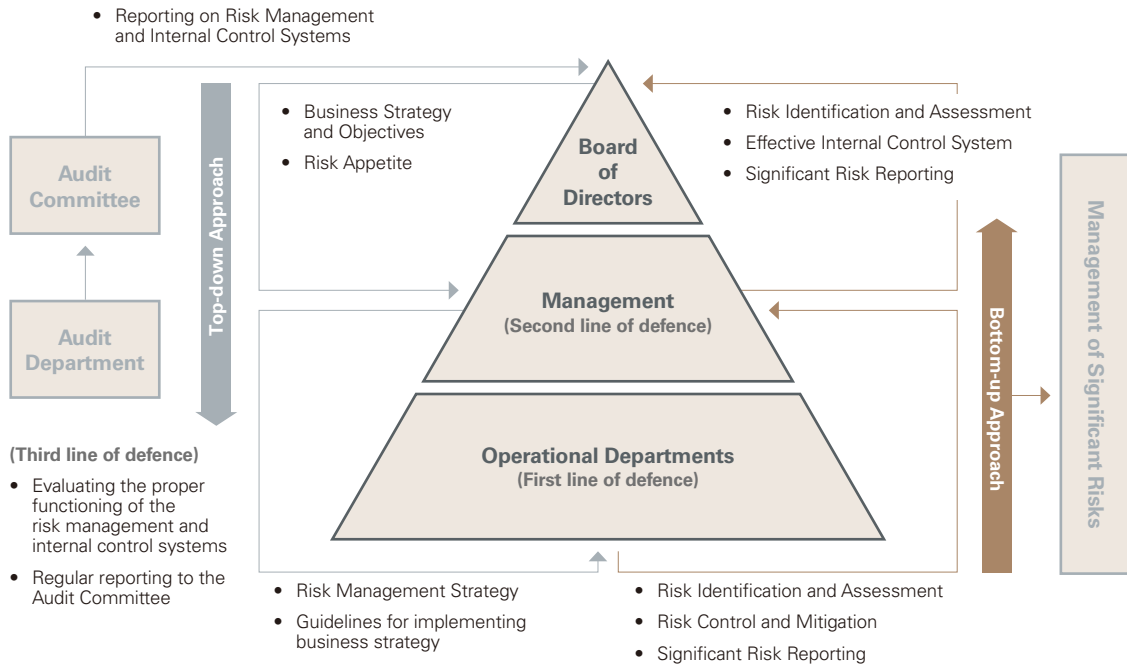
Second Line of Defence

Departmental management and task-specific groups have the responsibility of reviewing the risk management and control systems. This includes setting control standards and monitoring departments’ compliance with the set standards. In addition, a risk management policy has been adopted to serve as a guideline for risk management and internal control systems and such policy is available on the Company’s website.

Third Line of Defence


The Audit Department in the role of internal auditor performed independent audits to evaluate the adequacy and proper functioning of the risk management and internal control systems and provided the improvement suggestions for the financial year ended 31 December 2025. It is intended to carry out this evaluation process on an ongoing basis. The Audit Committee, after reviewing the findings submitted by the Audit Department in the role of internal auditor, reported and confirmed to the Board that the risk management and internal control systems are effective and adequate.

The diagram below summarises the complementary top-down and bottom-up aspects of the integrated approach of the Group to risk management.



Significant Risks and Control/Mitigation

Certain significant risks have been identified through the process of risk identification and assessment. A summary on such significant risks of the Group and the respective risk movement together with the relevant internal control measures or mitigation in place is listed below:

Significant Risks and Possible Impacts	Risk Movement*	Control/Mitigation Measures
<p>(1) Regulatory and Compliance Risk</p> <p>As a listed and diversified property development and investment, construction and real estate developer company, the Group is exposed to and subject to extensive government policies and regulations of Chinese Mainland and Hong Kong. These include the Companies Ordinance, financial and tax legislations, Residential Properties (First-hand Sales) Ordinance, construction legislations and regulations, Occupational Safety and Health Ordinance and the Listing Rules in Hong Kong; as well as property policies of the central and/or local government authorities in the Chinese Mainland.</p> <p>Any non-compliance with these policies and regulations may cause damage to the Group, delay its project developments and affect its ability to deliver its primary objectives.</p>		<ul style="list-style-type: none">• The Group is committed to complying with the relevant policies, regulations and guidelines applicable to its operations through internal guidelines, staff training, review process, compliance monitoring by experienced and professional staff as well as by consultation with external experts.

Significant Risks and Possible Impacts	Risk Movement*	Control/Mitigation Measures
<p>(2) Economic Risk</p> <p>The Group is dependent on the regional economy in which the Group is active. Global economic uncertainty, prospect of interest rates fluctuation, and geo-political conflicts etc. might affect the Group's business.</p>	→	<ul style="list-style-type: none"> The Group reviews and optimises its asset portfolio to ensure that it is sufficiently cost effective and efficient. The risk of adverse economic conditions is managed by ensuring proper monitoring of the business performance, and constant assessment of economic conditions and the appropriateness of the prevailing investment and business strategy.
<p>(3) Market Risk</p> <p>The Group operates in areas that are highly competitive, and failure to compete effectively in terms of price, product quality and specification or levels of service can have an adverse impact on the Group's results. The market demand and supply condition is also one of the significant factors impacting the Group's performance.</p>	→	<ul style="list-style-type: none"> The Group manages market risks by keeping track of the property market conditions, strengthening its brand names and product quality, and setting sales strategies commensurate with the market demand.

Significant Risks and Possible Impacts	Risk Movement*	Control/Mitigation Measures
<p>(4) Financial Risk</p> <p>An effective and sound financial management system is essential to the Group's operations. The Group may be exposed and impacted by factors such as shortage of fund flow, increase in costs of funding and currency fluctuation.</p>	→	<ul style="list-style-type: none"> The Group's finance team provides financial management support by monitoring the financial market conditions and setting an appropriate financial strategy. The Group maintains an open and proactive relationship with the banking community, arranges different terms of loan facilities from different sources with different tenures and ensures continuous assessment of counterparty risks.
<p>(5) Image/Reputation Risk</p> <p>The Group's reputation is one of its most valuable assets, playing a major part in the continued success of the business. The image of the Group may be affected by delayed handover of residential units and quality issues.</p>	→	<ul style="list-style-type: none"> The Group is committed to employing, training, developing and retaining a diverse and talented workforce to cope with potential complaints and ensuring proper quality delivery. The Group frequently organises brand name promotion events and maintains good public relations.
<p>(6) Sales, Leasing, Construction and Property Development Risk</p> <p>Whilst the Group ensures that strong management controls are in place and monitoring systems are enforced, it has occasionally encountered increases in development and selling costs, delays in property development, contractors' incapability, contract disputes and safety issues.</p>	↑	<ul style="list-style-type: none"> The Group continues to develop its well-planned property development and construction projects. Various measures have been well established to ensure that the development projects are built with high quality standards, on time and within budget. The Group provides relevant training to employees and conducts inspections in accordance with the Occupational Safety and Health Ordinance.

Significant Risks and Possible Impacts	Risk Movement*	Control/Mitigation Measures
<p>(7) Cyber Security Risk</p> <p>The Group may suffer loss resulting from a cyber-attack or data breach on the Group. Data breaches can result in the loss of sensitive information such as personal and financial data, leading to reputational damage and financial losses.</p>	↑	<ul style="list-style-type: none"> • The Group continues to monitor and improve risk management in cyber security and information technology development. • The Group manages the risks by employing experienced information technology personnel and/or engaging the services of external cyber security consultants to improve the system controls. • The Group provides regular network security training for employees.
<p>(8) ESG Risk</p> <p>The variables related to ESG factors can potentially affect the operational efficiency and financial performance of the Group.</p>	→	<ul style="list-style-type: none"> • A Sustainability Committee led by senior management has established clear sustainability strategies and coverage as well as performs on-going monitoring of the Group's ESG initiatives. • The Group has engaged external ESG consultants to provide professional advices.
<p>(9) Climate Risk</p> <p>The climate change may create adverse consequences for human or ecological systems. This may cause impacts on lives, livelihoods, health and wellbeing, economic, social and cultural assets and investments, infrastructure, services provision, ecosystems and species.</p>	↑	<ul style="list-style-type: none"> • The Group provides guidelines for implementing emergency response measures. • The Group provides relevant training for employees. • The Group purchases appropriate insurance.

* Risk Movement (Change from last year)

↑: Risk level increased

↓: Risk level decreased

→: Risk level remained broadly the same

Company Secretary

The Company Secretary is to support the Board by ensuring that there is good information flow and the board policies and procedures are strictly followed. The Company Secretary is responsible for advising the Board on governance matters and also facilitating the induction and professional development of Directors.

During the year, the Company Secretary took no less than 15 hours of the relevant professional training.

Shareholder Rights and Investor Relations

The Board is committed to promoting effective communications with shareholders and providing timely disclosure of material information to shareholders and investors.

Shareholders' Rights

The AGM of the Company provides a forum for communication between shareholders and the Board. The notice of AGM is despatched to all shareholders at least 21 days prior to the AGM. The Chairmen of all Board Committees are invited to attend the AGM. The Chairmen of the Board and the Chairmen of all the Board Committees, or in their absence, other members of the respective Committees, are available to answer questions at the AGM. The Auditor is also invited to attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor's independence. The Company's policy is to involve shareholders and to communicate with them in the Company's affairs at the AGM.

Pursuant to the Listing Rules, any vote of shareholders at a general meeting will be taken by poll. Detailed procedures for conducting a poll will be explained to the shareholders at the general meeting to ensure that shareholders are familiar with such voting procedures. The poll results will be posted on the websites of The Stock Exchange of Hong Kong Limited and the Company on the day of the general meeting. Moreover, separate resolution will be proposed by the chairman of a general meeting in respect of each substantially separate issue.

Under Section 566 of the Companies Ordinance, shareholders representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings are entitled to send a request to the Company to convene a general meeting. Such requisition must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. The request may be sent to the Company in hard copy form or in electronic form and must be authenticated by the shareholder(s) making it and deposited at the registered office of the Company or sent to the Company's email address at ir@hld.com. Besides, in relation to an annual general meeting which a company is required to hold, Sections 615 and 616 of the Companies Ordinance provide that shareholders representing at least 2.5% of the total voting rights of all shareholders of the company having a right to vote on the resolution at the annual general meeting or at least 50 shareholders having a right to vote on the resolution at the annual general meeting, may request the company to circulate a notice of the resolution for consideration at the annual general meeting, by sending a request, which must be authenticated by the shareholder(s) making it, in a hard copy form or in electronic form. Such request must be deposited at the registered office of the Company or sent to the Company's email address at ir@hld.com. The request made under Section 615 must also identify the resolution of which notice is to be given and be received by the Company not later than six weeks before the AGM to which the request relates, or if later, the time at which notice is given of the AGM.

Shareholders' Communication Policy

The Company has maintained a Shareholders' Communication Policy which aims at promoting effective communication with the Company's shareholders and enabling them to exercise their rights in an informed manner. The Shareholders' Communication Policy includes multiple channels for shareholders to communicate with the Company and vice versa. It is the Company's general policy to maintain an on-going dialogue with shareholders and the investment community, including the Company's potential investors and analysts. Designated senior management maintains regular communication and dialogue with shareholders, investors and analysts. A meeting with analysts will be held after the announcement of interim or annual results which strengthens the communication with investors. Enquiries from investors are dealt with in an informative and timely manner.

The Company also ensures effective and timely dissemination of information to shareholders and the investment community. As a channel to further promote effective communication, the Group maintains a website at www.hld.com where the Company's announcements and press releases, business developments and operations, financial information, corporate governance report and other information are posted.

The full text of the Shareholders' Communication Policy, which is available on the Company's website, includes channels for shareholders to communicate their views on various matters affecting the Company. In particular, shareholders may make enquiries to the Board through the Company's Investor Relations on telephone number (852) 2908 8392 or by email at ir@hld.com or directly by raising questions at general meetings.

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting to shareholders their annual report together with the audited financial statements for the year ended 31 December 2025.

Principal Activities

The Company is an investment holding company and the principal activities of its subsidiaries during the year were property development and investment, construction, project management, property management, hotel operation, department store operation and investment holding.

An analysis of the Group's revenue and contribution from operations by business and geographical segments is set out in note 14 to the financial statements on pages 271 to 278.

Business Review

A review of the business of the Group during the year and a discussion on the Group's future business development are provided in the Chairmen's Statement and Review of Operations on pages 14 to 83 of this Annual Report. Possible risks and uncertainties that the Group may be facing are set out in the Financial Review on pages 86 to 101 and the Corporate Governance Report on pages 134 to 159. Particulars of important events affecting the Group since the end of the financial year (if any) are provided in the Chairmen's Statement on pages 14 to 55 and note 44 to the financial statements on page 321. An analysis of the Group's performance during the year using financial key performance indicators is provided in the Five Year Financial Summary on pages 102 and 103 of this Annual Report. Environmental policy, biodiversity policy and climate change policy of the Group have been put in place to give due consideration to environmental issues and minimise the impact of business operations of the Group on environment. In addition, discussions on the aforesaid policies of the Group and the Group's relationships with employees, customers, suppliers and other stakeholders are contained in the Sustainability section and the Corporate Governance Report on pages 104 to 133 and pages 134 to 159 of this Annual Report respectively as well as the standalone Sustainability Report. The Chairmen's Statement, the Review of Operations, the Financial Review, the Sustainability section and the Corporate Governance Report form part of this report.

The Residential Properties (First-hand Sales) Ordinance (Cap. 621) ("RPFSSO") regulates the sales and marketing activities in relation to the first-hand residential properties in Hong Kong, with a view to enhancing the transparency, fairness and consumer protection of the sales of first-hand residential properties. The Group takes particular care to comply with the requirements of the RPFSSO through established internal procedures, as well as by engaging external professional advisors including architects, surveyors and solicitors in the checking of the accuracy of the information contained in sales brochures and other relevant documents made available to the public in connection with such sales.

The Group is also committed to safeguarding the security and proper use of personal data. When collecting, processing and using such data in the course of leasing, sale and marketing of properties, the Group complies with the Personal Data (Privacy) Ordinance (Cap. 486) and the guidelines issued by the Office of the Privacy Commissioner for Personal Data from time to time, with a view to protecting the privacy of, amongst others, the purchasers of its properties, in relation to personal data under its management.

In addition, the Group observes the requirements of trademarks, copyrights and other intellectual properties by obtaining the trademark and copyright owners' consent before the use of their products and artworks for the sale promotion of residential units. For the proper use and the protection of the Group's interests, chosen prestige brand names and chosen property names are registered under the Trade Marks Ordinance (Cap. 559) in Hong Kong. Moreover, in order to protect some of our inventions and inventions made by our consultants, the Group applies, from time to time, for patents for the said inventions under the Patents Ordinance (Cap. 514) in Hong Kong.

The Company has complied with the requirements under the Companies Ordinance (Cap. 622), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Securities and Futures Ordinance (Cap. 571) for, among other things, the disclosure of information and corporate governance. The Company has also adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules as the code of dealing in securities of the Company by the Directors.

In operating its businesses in Chinese Mainland, the Group has complied with the applicable laws, regulations and related legislation currently in effect in all material respects, including but not limited to the Civil Code of the People's Republic of China, the Company Law, Foreign Investment Law, Environmental Protection Law, Labour Law, Labour Contract Law, regulations in relation to natural resources protection and pollution prevention, etc. So far, no particular laws and regulations materially impact on the Group's businesses in Chinese Mainland in their ordinary course of operations.

Subsidiaries

Particulars of the principal subsidiaries of the Company as at 31 December 2025 are set out on pages 322 to 328.

Group Profit

The profit of the Group for the year ended 31 December 2025 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 200 to 330.

Dividends

An interim dividend of HK\$0.50 per share was paid on 17 September 2025. The Directors have recommended the payment of a final dividend of HK\$0.76 per share to shareholders whose names appear on the Register of Members of the Company on Wednesday, 10 June 2026, and such final dividend will not be subject to any withholding tax in Hong Kong.

The proposed final dividend is expected to be distributed to shareholders on Tuesday, 23 June 2026.

Charitable Donations

Charitable donations made by the Group during the year amounted to HK\$37,000,000 (2024: HK\$33,000,000).

Investment Properties and Other Property, Plant and Equipment

Particulars of the movements in investment properties and other property, plant and equipment during the year are set out in note 15 to the financial statements on pages 279 to 286.

Bank Loans, Guaranteed Notes and Medium Term Note Programme

Particulars of bank loans, Guaranteed Notes and Medium Term Note Programme of the Group as at 31 December 2025 are set out in notes 30 and 31 to the financial statements on pages 306 and 307.

Convertible Bonds

As disclosed in the announcements dated 8 July 2025, 16 July 2025 and 20 August 2025, Happy Ever Holdings Limited (the "Issuer"), a wholly-owned subsidiary of the Company as the Issuer, the Company as the guarantor for the Issuer, and The Hongkong and Shanghai Banking Corporation Limited as the manager, entered into a subscription agreement (the "Subscription Agreement") on 8 July 2025 in relation to the subscription of the guaranteed convertible bonds due in July 2030 in an aggregate principal amount of HK\$8,000,000,000 at the interest rate of 0.5% per annum (the "Bonds"), convertible into fully-paid shares in the Company ("Shares") which will rank pari passu in all respects with the Shares then in issue (the "Conversion Shares").

The initial conversion price of the Bonds was fixed at HK\$36 per Share which represents a premium of approximately 26.98% over the closing price of HK\$28.35 per Share as quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 8 July 2025 (being the trading day on which the Subscription Agreement was signed). Pursuant to the terms and conditions of the Bonds, the conversion price of the Bonds was subsequently adjusted from the initial price of HK\$36 per Share to HK\$35.35 per Share with effect from 9 September 2025, which is subject to further adjustment as announced on 23 March 2026. Subject to the terms and conditions of the Bonds, each holder of the Bonds has the right to convert his Bond(s) into Conversion Shares at the prevailing conversion price at any time on or after 26 August 2025 up to the date falling ten days prior to the maturity date of 16 July 2030, unless otherwise early redeemed.

Completion of the subscription and issuance of the Bonds took place on 16 July 2025, and the Bonds have been placed to no less than six independent placees who are professional investors. The Bonds are listed on the Vienna MTF operated by the Vienna Stock Exchange. The issue price of the Bonds is 100% of the aggregate principal amount of the Bonds. The issue of the Bonds enables the Company to raise financing on attractive terms and diversify the funding sources of the Group, which will support the Group's ongoing business development.

The net proceeds from the issuance of the Bonds, which was intended to be applied for general corporate purposes (including developing its property development and investment business in Hong Kong) and/or refinancing, was approximately HK\$7,920 million. The use of the net proceeds was set out in the following table:

Intended use of proceeds	Amount utilised during the year ended 31 December 2025 (HK\$ million)
General corporate purposes	–
Refinancing	7,920

The net proceeds from the issuance of the Bonds were fully utilised during the year. There was no material change from the intended use of such net proceeds as previously disclosed.

For indicative purpose, the following table sets forth the dilutive impact on the number of issued Shares and shareholding structure of the Company before and after the full conversion of the Bonds into Conversion Shares:

	Shareholding interest			
	As at 31 December 2025		Assuming full conversion of the outstanding Bonds at the adjusted conversion price of HK\$35.35 per Share and no other change to the issued Shares	
	Number of Shares held	% of Shares held	Number of Shares held	% of Shares held
Henderson Development Limited together with its related parties (substantial shareholders of the Company) ¹	3,509,782,778	72.50	3,509,782,778	69.26
Other shareholders	1,331,604,225	27.50	1,331,604,225	26.27
Bondholders	–	–	226,308,345 ²	4.47
Total	4,841,387,003	100	5,067,695,348	100

Notes:

1. Details of the shareholding interests of the substantial shareholders of the Company are set out in Substantial Shareholders' and Others' Interests section on pages 169 to 171 of this report.
2. This represents the maximum number of Shares that may be issued at a conversion price of HK\$35.35 per Share.

During the year, no Conversion Shares were issued by the Company. An analysis on the financial and liquidity position of the Company, including its ability to meet redemption obligations, is set out in the Financial Review on pages 86 to 101 of this report. The dilutive impact of the Bonds on earnings per share, as well as the Company's share price at which it would be equally financially advantageous for the holders of the Bonds to convert the Bonds or have them redeemed based on the implied rate of return, are set out in notes 13(a)(ii) and 32 to the financial statements on page 269 and pages 307 and 308, respectively.

Save as disclosed above, the Group has not issued any debentures during the year.

Interest Capitalised

The amount of interest capitalised by the Group during the year ended 31 December 2025 is set out in note 7(a) to the financial statements on page 257.

Reserves

Particulars of the movements in reserves of the Company during the year ended 31 December 2025 are set out in note 43(b) to the financial statements on page 320.

Share Capital

Details of the Company's share capital are set out in note 43(c) to the financial statements on page 321. There were no movements during the year.

Group Financial Summary

The results, assets and liabilities of the Group for the last five years ended 31 December 2025 are summarised on pages 102 and 103.

Development and Investment Properties

Particulars of development and investment properties of the Group are set out on pages 56 to 83.

Directors' Emoluments

Particulars of the Directors' emoluments disclosed pursuant to the Companies Ordinance (Cap. 622) and Appendix D2 of the Listing Rules are set out in note 8 to the financial statements on pages 259 to 261.

Directors

The Directors of the Company during the financial year and up to the date of this report were:

Executive Directors	Non-executive Director	Independent Non-executive Directors
Dr Lee Ka Kit <i>(Chairman and Managing Director)</i>	Lee Pui Ling, Angelina	Kwong Che Keung, Gordon
Dr Lee Ka Shing <i>(Chairman and Managing Director)</i>		Professor Ko Ping Keung
Dr Lam Ko Yin, Colin <i>(Vice Chairman)</i>		Wu King Cheong
Dr Lee Shau Kee <i>(passed away on 17 March 2025)</i>		Woo Ka Biu, Jackson
Yip Ying Chee, John		Professor Poon Chung Kwong
Fung Lee Woon King		Au Siu Kee, Alexander
Kwok Ping Ho		
Suen Kwok Lam		
Wong Ho Ming, Augustine		
Professor Fung Hau Chung, Andrew		

Dr Lee Ka Kit, Dr Lee Ka Shing, Madam Fung Lee Woon King, Mr Suen Kwok Lam and Mrs Lee Pui Ling, Angelina shall retire by rotation at the forthcoming annual general meeting in accordance with Article 116 of the Company's Articles of Association and the Corporate Governance Code and, being eligible, have offered themselves for re-election.

The list of directors of the subsidiaries of the Company during the financial year and up to the date of this report is kept at the Company's registered office and available for inspection by the Company's shareholders during office hours.

Disclosure of Interests

Directors' Interests in Shares

As at 31 December 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 Securities and Futures Ordinance ("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 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				2,542,547,046	2,542,547,046	69.25
	Lee Ka Shing	11				2,542,547,046	2,542,547,046	69.25
Sunlight Real Estate Investment Trust*	Lee Ka Kit	12				784,148,564	784,148,564	44.86
	Lee Ka Shing	12				784,148,564	784,148,564	44.86
	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

* 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 mean units of the Sunlight Real Estate Investment Trust as the context may require.

Report of the Directors

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
Feswin Investment Limited	Lee Ka Kit	16			5,000	5,000	10,000	100.00
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	

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 Limited, Henderson Investment Limited, Miramar Hotel and Investment Company, Limited 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 under paragraph 13 of Appendix D2 to the Listing Rules has been applied to, and granted by the Stock Exchange.

Substantial Shareholders' and Others' Interests

As at 31 December 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:

	No. of shares in which interested	%Interest
Long Positions		
Substantial Shareholders		
Rimmer (Cayman) Limited (Note 1)	3,509,782,778	72.50
Riddick (Cayman) Limited (Note 1)	3,509,782,778	72.50
Hopkins (Cayman) Limited (Note 1)	3,509,782,778	72.50
Henderson Development Limited (Note 1)	3,506,860,733	72.44
Yamina Investment Limited (Note 1)	1,580,269,966	32.64
Believegood Limited (Note 1)	797,887,933	16.48
South Base Limited (Note 1)	797,887,933	16.48
Persons other than Substantial Shareholders		
Cameron Enterprise Inc. (Note 1)	371,145,414	7.67
Richbond Investment Limited (Note 1)	475,801,899	9.83
HSBC Holdings plc (Note 20)	443,195,415	9.15
Short Positions		
Person other than Substantial Shareholders		
HSBC Holdings plc (Note 20)	78,705,631	1.62

Notes:

- Of these shares, (i) 1,450,788,868 shares were owned by Henderson Development Limited ("HD"); (ii) 475,801,899 shares were owned by Richbond Investment Limited which was a wholly-owned subsidiary of HD; (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 HD 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.
- Mrs Lee Pui Ling, Angelina was the beneficial owner of these shares.
- Madam Fung Lee Woon King was the beneficial owner of these shares.
- These shares were owned by the wife of Mr Woo Ka Biu, Jackson.
- 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.

Report of the Directors

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 these shares by virtue of the SFO.*
11. *These shares representing 69.25% of the total issued shares in Towngas Smart Energy Company Limited were taken to be interested by Hong Kong & China Gas (China) Limited (as to 2,323,531,202 shares), Planwise Properties Limited (as to 215,351,446 shares) and Superfun Enterprises Limited (as to 3,664,398 shares), all being wholly-owned subsidiaries of The Hong Kong and China Gas Company Limited ("HKCG"). 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 266,163,539 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 was 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 Andco 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.*
20. *HSBC Holdings plc held notifiable interests in the Company through the interests held by its controlled corporations (in the capacity of, among others, trustee and custodian) in such shares and underlying shares of the Company, including derivative and other interests. Among the interests held, (i) 466,704 shares (long position) and 959,861 shares (short position) were held through physically settled unlisted derivatives; (ii) 31,119,181 shares (long position) and 441,402 shares (short position) were held through cash settled unlisted derivatives; and (iii) 361,458,429 shares (long position) were held through listed convertible instruments.*

Share Schemes

The Company and its subsidiaries have no share schemes.

Arrangements to Purchase Shares or Debentures

At no time during the year ended 31 December 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.

Equity-linked Agreements

Save for the subscription agreement as set out in the section "Convertible Bonds" above, no equity-linked agreements were entered into by the Company during the year under review or were subsisted at the year end.

Interests in Transactions, Arrangements or Contracts and Connected Transactions/Continuing Connected Transactions

During the year under review, the Group had the transactions, arrangements and contracts as described below with persons who are "connected persons" for the purposes of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"):

- (1) Henderson Finance Company Limited, a wholly-owned subsidiary of Henderson Development Limited, made unsecured advances from time to time to subsidiaries of the Company during the year, with interest chargeable on the balances outstanding from time to time by reference to HIBOR quoted by banks or fixed rates mutually agreed between the parties. As at 31 December 2025, the aggregate sum owing by subsidiaries of the Company to Henderson Finance Company Limited amounted to approximately HK\$80,618 million, which has been included in the financial statements under "Amount due to a fellow subsidiary".

Dr Lee Ka Kit and Dr Lee Ka Shing were taken to be interested in the transactions, arrangements and contracts referred to in the above as directors of the Company's ultimate holding company, Henderson Development Limited (and as more particularly described in the section "Disclosure of Interests" above) with respect to their interests in Henderson Development Limited or the trusts.

- (2) The Company had the following continuing connected transactions, each of which, as previously disclosed by way of announcement, was subject to the reporting, announcement and annual review requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules:

Transactions entered into with Sunlight Real Estate Investment Trust ("Sunlight REIT")

Sunlight REIT being a trust in accordance with the Code on Real Estate Investment Trusts issued by the Securities and Futures Commission of Hong Kong was regarded by the Stock Exchange as a connected person of the Company under the Listing Rules so long as the aggregate percentage unitholdings in Sunlight REIT held by the Group and the Shau Kee Financial Enterprises Limited group ("SKFE Group") (both the Group and SKFE Group are controlled by family trusts of the late Dr Lee Shau Kee) is above 30%. Accordingly, the transactions between the Group and Sunlight REIT group constitute connected transactions of the Company under the Listing Rules.

As disclosed in the announcement dated 30 April 2024 (the "2024 Announcement"), fresh annual cap amounts in respect of each of the three financial years ending up to 31 December 2026 were set for the continuing connected transactions between the Group and Sunlight REIT group contemplated under the following agreements/deeds:

- (a) a property management agreement dated 29 November 2006 was entered into between Henderson Sunlight Asset Management Limited ("HSAM"), a wholly-owned subsidiary of the Company, as manager of Sunlight REIT, and Henderson Sunlight Property Management Limited (the "Property Manager"), a wholly-owned subsidiary of the Company, as property manager of the Sunlight REIT, and the property holding companies under the Sunlight REIT group had also subsequently acceded thereto. The property management agreement was thereafter supplemented by six supplemental agreements dated 28 April 2009, 25 June 2012, 12 May 2015, 15 May 2018, 31 March 2021 and 30 April 2024 respectively. The agreement related to the provision by the Property Manager of certain property management and lease management as well as marketing services in respect of the properties of Sunlight REIT at a fee of not exceeding 3% per annum of the gross property revenue of the relevant properties of Sunlight REIT plus a commission on the base rent or licence fee for a tenancy or a licence secured. By the last supplemental agreement entered into between HSAM and the Property Manager, the term of the appointment of the Property Manager for the provision of the said property related management services (the "Property Management Transactions") has been extended to 31 December 2026;
- (b) a trust deed dated 26 May 2006 (which has been amended and restated from time to time) was entered into between Uplite Limited, a subsidiary of SKFE Group, as settlor, HSAM as manager, and HSBC Institutional Trust Services (Asia) Limited as trustee in respect of, among other things, the appointment of HSAM as the manager of Sunlight REIT for the management and operation of Sunlight REIT at a base fee not exceeding 0.4% per annum of the property values of Sunlight REIT for the relevant financial year and a variable fee of 3% per annum of the relevant net property income and share of profits of joint venture entities (if any) of Sunlight REIT payable in the form of cash and/or Sunlight REIT units as HSAM may elect. HSAM is also entitled to an acquisition fee not exceeding 1% of the purchase price in respect of acquisition of real estate by Sunlight REIT, and a divestment fee not exceeding 0.5% of the sale price in respect of any real estate sold or divested by Sunlight REIT (where applicable) and certain reimbursement (the "Asset Management Transactions"); and

- (c) a master services agreement dated 30 April 2024 for a term of two and a half years from 1 July 2024 to 31 December 2026 was entered into between the Company and HSAM, as manager of Sunlight REIT, setting out the framework terms governing the transactions in relation to the provision of security services and other property related ancillary services in respect of the properties of Sunlight REIT by the Group to the Sunlight REIT group (“Service Transactions”). With respect to the services to be provided by the Group to the Sunlight REIT group under the master services agreement, the Company and its subsidiaries and associates (excluding the Sunlight REIT group) and the relevant members of the Sunlight REIT group (or the Property Manager as agent for, or at the costs of, the relevant members of the Sunlight REIT group) shall enter into separate definitive service agreement(s) setting out the detailed terms (including the fee and the payment terms). The pricing for Service Transactions under each definitive service agreement shall be determined after arm’s length negotiations or (where applicable) pursuant to the tender or quotation submitted by the Group, with regard to various factors including but not limited to the locations and types of the properties, the operational costs such as labour costs, administrative costs and material costs and with reference to the prevailing market rates.

Pursuant to the master services agreement, the Property Manager and Megastrength Securities Services Company Limited, a subsidiary of the Company, entered into a definitive service agreement on 4 July 2024 in respect of provision of security and customer services relating to a property located at Tai Kok Tsui for a term of 17 months from 1 August 2024 to 1 January 2026 with a total contract sum of approximately HK\$420,000 (excluding extra fees charged for on-demand customer services) to be paid on a monthly basis.

The maximum aggregate sums to be paid by the Sunlight REIT group to the Group under the Property Management Transactions, the Asset Management Transactions and the Service Transactions will not exceed the following:

Financial year ended 31 December 2025 (HK\$ million)	Financial year ending 31 December 2026 (HK\$ million)
206	225

For the year ended 31 December 2025, the Group received approximately HK\$46,631,000 for the Property Management Transactions, approximately HK\$86,873,000 for the Asset Management Transactions and approximately HK\$556,000 (including charges for on-demand services) for the Service Transactions which in aggregate amounted to approximately HK\$134,060,000 (collectively the “Sunlight REIT Transactions”).

Transactions entered into with Union Medical Centre Limited (“Union Medical”)

As disclosed in the announcement dated 10 June 2020, Smart Bright Development Limited (“Smart Bright”, a wholly-owned subsidiary of the Company) as licensor/landlord (by itself or through its agent, Henderson Leasing Agency Limited) entered into certain licences and tenancy agreements with Union Medical (trading as Union Hospital) as licensee/tenant in relation to the licensing/leasing of certain premises located at H Zentre, No. 15 Middle Road, Tsim Sha Tsui, Kowloon, Hong Kong (“H Zentre”).

As Union Medical is a company ultimately controlled by the family trusts of the late Dr Lee Shau Kee, Union Medical is a connected person of the Company under the Listing Rules. Accordingly, the licences and tenancy agreements set out below between Smart Bright as licensor/landlord and Union Medical as licensee/tenant constituted continuing connected transactions of the Company and the principal terms thereof are summarised below (collectively the “Union Medical Transactions”):

Agreement Date	Licence Period and Fee	Tenancy Term and Monthly Charges			Remarks
		1st Part of the Fixed Term – Duration and Monthly Rental ^{Note 2}	2nd Part of the Fixed Term – Duration and Monthly Rental ^{Note 2}	3rd Part of the Fixed Term – Duration and Monthly Rental ^{Note 2}	
(a) The whole of 9th Floor, H Zentre (gross floor area: 15,287 sq. ft.)					
(i) Offer to Licence Date: 23 October 2019	3 months commencing on 9 September 2019 ^{Note 1} Nominal fee of HK\$1	Not applicable	Not applicable	Not applicable	For renovation and fitting out purpose
(ii) Tenancy Agreement Date: 25 October 2019	Not applicable	8 years and 9 months commencing from 9 December 2019 to 8 September 2028			3 months' rent-free period ^{Note 1}
		1st-33rd month HK\$1,005,885	34th-69th month HK\$1,077,705	70th-105th month <i>Open market rent, which shall be not less than 85% and not more than 125% of the rent of the 69th month, to be agreed between the parties or, in case of no agreement, to be determined by an independent qualified surveyor</i>	The tenant shall be responsible for fitting out the interior of the premises at its own costs and expenses, save for landlord's fitting out works of not more than HK\$1,400,000
		<i>Miscellaneous charges (subject to review from time to time):</i>			
		<i>(i) Management fees: HK\$145,226.5</i>			
		<i>(ii) Air-conditioning charges: HK\$45,861</i>			

Agreement Date	Licence Period and Fee	Tenancy Term and Monthly Charges			Remarks
		1st Part of the Fixed Term – Duration and Monthly Rental ^{Note 2}	2nd Part of the Fixed Term – Duration and Monthly Rental ^{Note 2}	3rd Part of the Fixed Term – Duration and Monthly Rental ^{Note 2}	
(b) The whole of 12th Floor, H Zentre, including Flat Roof on 12th Floor (gross floor area: 17,234 sq. ft.)					
(i) Offer to Licence Date: 10 June 2020	3 months commencing on 1 August 2020 (which was subsequently deferred to 30 September 2020 by a written notice served by the tenant on 17 July 2020 in accordance with the offer to licence) ^{Note 1} Nominal fee of HK\$1	Not applicable	Not applicable	Not applicable	For renovation and fitting out purpose
(ii) Tenancy Agreement Date: 10 June 2020	Not applicable	8 years and 9 months commencing on the first day immediately following the expiration date of the above offer to licence	8 months' rent-free period ^{Note 1}		
		1st-33rd month HK\$822,192	34th-69th month HK\$880,896	70th-105th month <i>Open market rent, which shall be not less than 85% and not more than 125% of the rent of the 69th month, to be agreed between the parties or, in case of no agreement, to be determined by an independent qualified surveyor</i>	
		<i>Miscellaneous charges (subject to review from time to time):</i>			
		<i>(i) Management fees: HK\$163,723</i>			
		<i>(ii) Air-conditioning charges: HK\$51,702</i>			

Tenancy Term and Monthly Charges					
Agreement Date	Licence Period and Fee	1st Part of the Fixed Term – Duration and Monthly Rental ^{Note 2}	2nd Part of the Fixed Term – Duration and Monthly Rental ^{Note 2}	3rd Part of the Fixed Term – Duration and Monthly Rental ^{Note 2}	Remarks
(c) The whole of B1 Floor, H Zentre (gross floor area: 12,452 sq. ft.)					
(i) Offer to Licence Date: 10 June 2020	4 months and 15 days commencing on 1 September 2020 ^{Note 1} Nominal fee of HK\$1	Not applicable	Not applicable	Not applicable	For renovation and fitting out purpose
(ii) Tenancy Agreement Date: 10 June 2020	Not applicable	10 years commencing on the first day immediately following the expiration date of the above offer to licence			3 months' rent-free period ^{Note 1}
		1st-3rd year HK\$1,169,293	4th-6th year HK\$1,203,167	7th-10th year <i>Open market rent, which shall be not less than 85% and not more than 125% of monthly rent of the 6th year, to be agreed between the parties or, in case of no agreement, to be determined by an independent qualified surveyor</i>	An amount of approximately HK\$81,300,000 paid by the landlord as gross capital expenses on improvement of the property was incurred as part of the landlord's provision with such gross capital expenses having been amortised on a straight line basis over the 10-year fixed term and incorporated into the monthly rent
<i>Miscellaneous charges (subject to review from time to time):</i>					
(i) <i>Management fees: HK\$118,294</i>					
(ii) <i>Air-conditioning charges: HK\$37,356</i>					

Notes:

- The tenant shall be responsible for Government rates, management fees, air-conditioning charges and all other outgoings during the relevant licence/rent-free periods.
- The monthly rentals as referred to in the table above are payable in advance on the first day of each calendar month and exclusive of Government rates, management fees, air-conditioning charges, service charges and all other outgoings for which the tenant is responsible.

As the term of tenancy for each of the premises under the aforesaid tenancy agreements entered into between Smart Bright as landlord and Union Medical as tenant exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed an independent financial adviser to explain why a period of longer than three years is necessary and to confirm if it is normal business practice to have leases exceeding three years. Having considered a number of factors, including substantial capital expenditures incurred by both Smart Bright and Union Medical as well as the custom-built nature of the premises for medical floor purpose, the independent financial adviser was of the view that the tenancy term (including the licence period) for each of the premises under the aforesaid tenancy agreements was necessary and it was normal practice for tenancy agreements of this type to be of such duration.

The aggregate amounts of rentals, management fees, air-conditioning charges, service charges and other miscellaneous charges (exclusive of Government rates) payable by Union Medical to Smart Bright under the Union Medical Transactions on an annual basis will not exceed the following maximum figures:

Financial year ended/ending 31 December	Annual caps (HK\$ million)
2025	57
2026	61
2027	67
2028	61
2029	37
2030	25
2031	6

For the year ended 31 December 2025, the Group received approximately HK\$44,961,000 for the Union Medical Transactions.

The Audit Department has reviewed the Sunlight REIT Transactions and the Union Medical Transactions together with the relevant internal controls and confirmed to the Independent Non-executive Directors of the Company that the Sunlight REIT Transactions and the Union Medical Transactions were conducted in accordance with the pricing mechanism and the terms under the relevant agreements. The Independent Non-executive Directors of the Company have reviewed and confirmed that such transactions are (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms; and (c) in accordance with the terms of the respective licences/agreements/deeds relating to the transactions in question and are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Auditor of the Company has also confirmed that nothing has come to the Auditor's attention that causes it to believe that the Sunlight REIT Transactions and the Union Medical Transactions (a) have not been approved by the Board; (b) were not, in all material respects, in accordance with the pricing policies of the Group; (c) were not entered into, in all material respects, in accordance with the relevant licences/agreements/deeds governing such transactions; and (d) have exceeded the respective caps as aforesaid.

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

The material related party transactions set out in note 42 to the financial statements on pages 316 to 318 include transactions that constitute connected transactions/continuing connected transactions for which the disclosure requirements under the Listing Rules have been met.

Save as disclosed above, no other transaction, arrangement or contract that is significant in relation to the Company's business to which the Company, its holding company or any of its subsidiaries or fellow subsidiaries was a party, and in which a Director of the Company had, directly or indirectly, a material interest, subsisted at the year end or at any time during the year.

Directors' Interests in Competing Business

Pursuant to Rule 8.10 of the Listing Rules, the interests of Directors of the Company in businesses which might compete with the Group during the year ended and as at 31 December 2025 were as follows:

Dr Lee Ka Kit and Dr Lee Ka Shing, Chairmen and Managing Directors of the Company, held directorships and/or have deemed interests in companies engaged in the same businesses of property investment, development and management in Hong Kong and Chinese Mainland as the Group. As those companies which engage in the same businesses as the Group are involved in the investment, development and management of properties of different types and/or in different locations, and the Group has been operating independently of, and at arm's length from, the businesses of those companies, no competition is considered to exist.

Service Contracts

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

Management Contracts

No contracts (as defined in Section 543 of the Companies Ordinance (Cap. 622)) relating to the management and/or administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year.

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

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

Major Customers and Suppliers

For the year ended 31 December 2025:

- (1) the aggregate amount of purchases attributable to the Group's five largest suppliers represented less than 30% of the Group's total purchases; and
- (2) the aggregate amount of revenue attributable to the Group's five largest customers represented less than 30% of the Group's total revenue.

Discussion and Analysis of Performance

A discussion and analysis of the Group's performance for the year ended 31 December 2025 is shown on pages 86 to 101.

Sustainability

The standalone Sustainability Report is to be published on the same date of this Annual Report and posted on the Company's website.

Retirement Benefits Scheme

The Group's Hong Kong employees participate in certain defined contribution provident fund schemes (the "Funds") as defined in the Occupational Retirement Schemes Ordinance (Cap. 426) or in another defined contribution scheme (the "Scheme") as mentioned below or in schemes (the "MPF Schemes") registered under the Mandatory Provident Fund Scheme Ordinance (Cap. 485) ("MPFO").

Contributions to the Funds are made by the participating employers at rates ranging from 4% to 11%, and by the employees at rates ranging from 2% to 11%, of the employees' basic monthly salaries. The portion of employers' contributions to which the employees are not entitled and which has been forfeited shall not be used to reduce the future contributions of the participating employers.

As for the Scheme, contributions are made by both the employers and the employees at the rate of 5% of the employees' basic monthly salaries. Forfeited contributions can be applied towards reducing the amount of future contributions payable by the employers. There were no forfeited contributions of the Scheme utilised during the year ended 31 December 2025 (2024: Nil). As at 31 December 2025, there were no forfeited contributions that could be utilised to reduce the Group's contributions to the Scheme (2024: Nil).

No employees of the Group were eligible to join the Funds or the Scheme on or after 1 December 2000.

Employees of the Group who are not members of the Funds or the Scheme participate in the MPF Schemes. In addition to the minimum benefits set out in the MPFO, the Group provides certain voluntary top-up benefits to employees participating in the MPF Schemes. The portion of employer's contributions to which the employees are not entitled and which has been forfeited can be used by the Group to reduce the future contributions. The total amount so utilised during the year ended 31 December 2025 was HK\$4,541,000 (2024: HK\$1,562,000) and the balance available to be utilised as at 31 December 2025 was HK\$51,000 (2024: Nil).

The Group also participates in the state-organised pension scheme operated by the Government of the PRC for its PRC employees and contributes a certain percentage of the employees' covered payroll to fund the benefits.

The Group's retirement costs charged to the profit and loss account for the year ended 31 December 2025 were HK\$129,000,000 (2024: HK\$129,000,000).

Permitted Indemnity

The Articles of Association of the Company provide that every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities (to the fullest extent permitted by the Companies Ordinance (Cap. 622)) which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto.

In addition, the indemnity agreements made by the Company, which are currently in force and were in force throughout the financial year, contained permitted indemnity provisions (as permitted in Section 469(2) of the Companies Ordinance (Cap. 622)), for the benefit of the Directors of the Company. The Company has also taken out and maintained Director's liability insurance throughout the financial year, which provides appropriate cover for the Directors.

Financial Assistance to Affiliated Companies

Pursuant to Rule 13.22 of the Listing Rules, a combined statement of financial position of those affiliated companies with financial assistance from the Group and the Group's attributable interests in those affiliated companies as at 31 December 2025 are presented as follows:

	Combined statement of financial position HK\$ million	Group's attributable interests HK\$ million
Non-current assets	38,830	12,018
Current assets	111,828	39,346
Current liabilities	(98,553)	(31,956)
Total assets less current liabilities	52,105	19,408
Non-current liabilities	(37,787)	(15,150)
Net assets	14,318	4,258

The combined statement of financial position of the affiliated companies was prepared by combining their statements of financial position, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant classification in the statement of financial position, as at 31 December 2025.

Public Float

As at 31 December 2025 and up to the date of this report, the Company has complied with Rule 13.32B of the Listing Rules and maintained the prescribed public float, being at least 25% of the Company's total number of issued shares. Based on the information that is publicly available to the Company and within the knowledge of the Directors after a reasonable enquiries recently made, as at 31 December 2025, around 27.11% of the total number of issued shares of the Company were held by public hands.

Auditor

A resolution for the re-appointment of KPMG as Auditor of the Company is to be proposed at the forthcoming annual general meeting.

Corporate Governance

The Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 134 to 159.

On behalf of the Board

Dr Lee Ka Kit

Chairman

Dr Lee Ka Shing

Chairman

Hong Kong, 23 March 2026

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 Limited ("Henderson Development"). He is also the vice chairman of Henderson Investment Limited as well as the chairman of The Hong Kong and China Gas Company Limited and Towngas Smart Energy Company Limited, all of which are listed companies. He is 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 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 Standing Committee 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 Limited ("Henderson Development"). He is also the chairman and managing director of Henderson Investment Limited, the chairman and chief executive officer of Miramar Hotel and Investment Company, Limited as well as the chairman of The Hong Kong and China Gas Company Limited, all of which are listed companies. He is a member of 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 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 of the Company. Dr Lam was awarded the Gold Bauhinia Star (GBS) by the Government of the Hong Kong Special Administrative Region in 2025. Dr Lam holds a B.Sc. (Honours) degree from The University of Hong Kong and has over 52 years' experience in banking and property development. He is the chairman of Hong Kong Ferry (Holdings) Company Limited, the vice chairman of Henderson Investment Limited, a non-executive director of The Hong Kong and China Gas Company Limited and an executive director of Miramar Hotel and Investment Company, Limited, 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, a member of the 8th University Board of Fudan University, 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 Limited 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 77, 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 87, has been an Executive Director of the Company since 1976. She is also a member of the Nomination Committee of the Company. She joined Henderson Development Limited ("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 Henderson Investment 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 relative of Dr Lee Ka Kit, Dr Lee Ka Shing, Ms Lee Pui Man, Margaret, Mr Li Ning and Ms Li Keng Yan, Kristine.

Biographical Details of Directors and Senior Management

KWOK Ping Ho, *BSc, MSc, Post-Graduate Diploma in Surveying, FRICS, ACIB*, aged 73, 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 Bayes Business School, City St George's, University of London (formerly known as 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 is currently an Adjunct Professor of the Department of Real Estate and Construction, Faculty of Architecture of The University of Hong Kong. He is also an Adjunct Professor of the Department of Economics and Finance and a member of the School Advisory Committee, of the 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 79, 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 55 years' experience in property management.

The Hon WONG Ho Ming, Augustine, *JP, MSc, MEcon, FHKIS, MRICS, MCI Arb, RPS (GP)*, aged 65, 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. Mr Wong is a Member of the 8th Legislative Council (Real Estate and Construction Sector) of the Hong Kong Special Administrative Region. He is a registered professional surveyor and has over 41 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 The Hong Kong and China Gas Company Limited, 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 44 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 Community 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 77, 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 76, 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 Henderson Investment Limited, Agile Group Holdings Limited, Chow Tai Fook Jewellery Group Limited, COSCO SHIPPING International (Hong Kong) Co., Ltd. and FSE Lifestyle Services Limited, all of which are listed companies. Mr Kwong previously served as an independent non-executive director of Piraeus Port Authority S.A. (listed in Greece) until 8 July 2025.

Professor KO Ping Keung, *PhD, FIEEE, JP*, aged 75, 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 Henderson Investment Limited, Montage Technology Co., Ltd. and VTech Holdings Limited as well as a non-executive Director of OneRobotics (Shenzhen) Co., Ltd., all of which are companies listed in Hong Kong. He is also a director of Googol Technology Co., Ltd. and Smartsens Technology (Shanghai) Co., Ltd., both of which are companies listed in Chinese Mainland. Professor Ko previously served as an independent non-executive director of Q Technology (Group) Company Limited until 8 September 2025, an independent director of Primarius Technologies Co., Ltd. until 18 February 2025 and a director of Beken Corporation until 25 August 2025.

WU King Cheong, *BBS, JP*, aged 75, 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 Henderson Investment Limited, Hong Kong Ferry (Holdings) Company Limited, Miramar Hotel and Investment Company, Limited and Yau Lee Holdings Limited, all of which are listed companies.

WOO Ka Bui, Jackson, *MA (Oxon)*, aged 63, 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 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. 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.

Professor the Hon POON Chung Kwong, *GBM, GBS, JP, OBE, PhD, DSc*, aged 86, 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 The Hong Kong and China Gas Company Limited 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 79, 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 Henderson Investment Limited, Wharf Real Estate Investment Company Limited and Miramar Hotel and Investment Company, Limited, and a non-executive director of Hong Kong Ferry (Holdings) Company Limited, 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 40 years of experience in property planning and design, project management, quality management, cost management, and customer services. He also has experience in art and cultures, green building innovations, heritage and conservation developments. He serves as an Executive Committee Member of New Life Psychiatric Rehabilitation Association, a Council Member of the Hong Kong Polytechnic University, a Council Member of the Construction Industry Council, a Training Board Member of the Vocational Training Council and a Member of the Disciplinary Board Panel of the Hong Kong Institute of Architects.

KWOK Man Cheung, Victor, *BA (AS), B Arch (Dist), MSc (Con P Mgt), EMBA, FHKIA, MAPM, RIBA, Authorised Person (Architect), Registered Architect (HK)*, aged 72, 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 47 years of professional experience in the property and construction industry of Hong Kong and 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 49 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 68, 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, board member of the Airport Authority Hong Kong and member of the Hospital Authority. Mr Wong is currently director of Hong Kong-Shenzhen Innovation and Technology Park Ltd., 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, MStructE, MICE, RPE (Civil, Structural), RSE, RI (E)*, aged 71, 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 60, 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 42 years' experience in property sales and marketing.

HAHN Ka Fai, Mark, *BSc, MRICS, MHKIS, RPS (GP)*, aged 62, 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 39 years' experience in property acquisitions, developments, sales and marketing as well as fund raising involving projects in Hong Kong, 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.

Biographical Details of Directors and Senior Management

LEE Pui Man, Margaret, *BHum (Hons)*, aged 65, 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 41 years' experience in marketing development. She is 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 13 years of experience in property leasing, marketing and asset management field. She currently serves as a trustee of Urban Land Institute, and a director of Hong Kong Pei Hua Education Foundation and a committee member of the Union Hospital Charity Program. Ms Li is 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 52, 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 28 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 69, has been appointed an executive director of Henderson Investment Limited since 2014 and is also an executive director of Hong Kong Ferry (Holdings) Company Limited. 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 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 64, 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, MRICS, aged 55, is presently the Advisor to the Chairman and the Head of Sustainability Department at the Company. He joined in 2020, bringing with him 31 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 PricewaterhouseCoopers 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. He was also named ESG Elite at ESG Leading Enterprises 2025, organised by Bloomberg Businessweek/Chinese Edition. 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, Chartered Financial Analyst Institute and Royal Institution of Chartered Surveyors. Mr Yu is currently a director of Hong Kong Green Building Council Limited.

Biographical Details of Directors and Senior Management

LIU Cheung Yuen, Timon, *BEC, FCPA, CA ANZ, FCG, HKFCG*, aged 68, 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 63, 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 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 56, 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, the Chairperson of the Executive Committee of Make-A-Wish Hong Kong, a Board Member of the Hong Kong Philharmonic Orchestra, a Member of the School Management Committee of the HKFYG Lee Shau Kee College and a Member of the Incorporated Management Committee of the HKFYG Lee Shau Kee Primary School.

Financial Statements

194	Report of the Independent Auditor
200	Consolidated Statement of Profit or Loss
201	Consolidated Statement of Profit or Loss and Other Comprehensive Income
202	Consolidated Statement of Financial Position
204	Consolidated Statement of Changes in Equity
206	Consolidated Cash Flow Statement
209	Notes to the financial statements
322	Principal Subsidiaries
329	Principal Associates
330	Principal Joint Ventures

Report of the independent auditor



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 200 to 330, which comprise the consolidated statement of financial position as at 31 December 2025, 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 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as 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") as 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"), as applicable to audits of financial statements of public interest entities. We have also 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 15 to the consolidated financial statements on pages 279 to 286 and the accounting policy 2(j)(i) on page 217.

The key audit matter	How the matter was addressed in our audit
<p>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 Chinese Mainland. These properties comprise office premises, industrial premises, shopping malls, residential premises and car parking bays.</p> <p>The fair values of investment properties and investment properties under development as at 31 December 2025 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.</p> <p>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.</p>	<p>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:</p> <ul style="list-style-type: none"> • 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 Chinese Mainland

Refer to note 24 to the consolidated financial statements on page 297 and the accounting policies 2(o)(ii) and 2(o)(iii) on page 226.

The key audit matter

As at 31 December 2025, 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 Chinese Mainland.

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 Chinese Mainland.

We identified the assessment of the net realisable value of the properties in Chinese Mainland 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.

How the matter was addressed in our audit

Our audit procedures to assess the net realisable value of properties held for/under development for sale and completed properties for sale in Chinese Mainland, 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 as part of our engagement to audit the consolidated financial statements. We have performed an assurance engagement on the disclosed continuing connected transactions that form part of the other information and provided a separate assurance practitioner's conclusion thereon that is included within the other information.

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 HKFRS Accounting Standards as 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 HKSAAs, 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 consolidated 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 Lee Wai Shun, Wilson (practising certificate number: P04961).

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

23 March 2026

Consolidated statement of profit or loss

for the year ended 31 December 2025

	Note	2025 HK\$ million	2024 HK\$ million
Revenue	5	25,741	25,256
Direct costs		(17,527)	(16,163)
		8,214	9,093
Other net income	6	1,134	3,191
Selling and marketing expenses		(1,483)	(1,406)
Administrative expenses		(2,290)	(2,345)
Profit from operations before changes in fair value of investment properties and investment properties under development		5,575	8,533
Increase/(decrease) in fair value of investment properties and investment properties under development	15(a)	160	(1,514)
Profit from operations after changes in fair value of investment properties and investment properties under development		5,735	7,019
Finance costs	7(a)	(2,444)	(2,331)
Bank interest income		444	452
Net finance costs		(2,000)	(1,879)
Share of profits less losses of associates		2,512	2,413
Share of profits less losses of joint ventures		223	685
Profit before taxation	7	6,470	8,238
Income tax credit/(expense)	10(a)	48	(955)
Profit for the year		6,518	7,283
Attributable to:			
Equity shareholders of the Company		5,653	6,296
Non-controlling interests		865	987
Profit for the year		6,518	7,283
Earnings per share based on profit attributable to equity shareholders of the Company (reported earnings per share)			
Basic	13(a)(i)	HK\$1.17	HK\$1.30
Diluted	13(a)(ii)	HK\$1.14	HK\$1.30
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	13(b)	HK\$1.25	HK\$2.02
Diluted	13(b)	HK\$1.23	HK\$2.02

The notes on pages 209 to 330 form part of these financial statements. Details of dividends payable to equity shareholders of the Company are set out in note 11.

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2025

	Note	2025 HK\$ million	2024 HK\$ million
Profit for the year		6,518	7,283
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 12(b))		34	46
– Share of other comprehensive income of associates and joint ventures		54	9
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences (note 12(b))		1,067	(919)
– Cash flow hedges (note 12(b))		(171)	(64)
– Share of other comprehensive income of associates and joint ventures		1,412	(1,098)
Other comprehensive income for the year	12(a)	2,396	(2,026)
Total comprehensive income for the year		8,914	5,257
Attributable to:			
Equity shareholders of the Company		8,012	4,268
Non-controlling interests		902	989
Total comprehensive income for the year		8,914	5,257

The notes on pages 209 to 330 form part of these financial statements.

Consolidated statement of financial position

at 31 December 2025

	Note	At 31 December 2025 HK\$ million	At 31 December 2024 HK\$ million
Non-current assets			
Investment properties	15	276,134	271,874
Other property, plant and equipment	15	6,192	4,389
Right-of-use assets	16	833	981
Goodwill	17	262	262
Trademarks	18	91	94
Interest in associates	20	51,435	50,564
Interest in joint ventures	21	82,630	77,876
Derivative financial instruments	22	271	514
Other financial assets	23	4,978	4,611
Deferred tax assets	10(c)	1,564	1,082
		424,390	412,247
Current assets			
Deposits for acquisition of properties		432	369
Inventories	24	79,621	85,608
Trade and other receivables	25	11,589	14,023
Cash held by stakeholders		1,151	1,074
Cash and bank balances	27(a)	22,198	17,919
		114,991	118,993
Current liabilities			
Trade and other payables	28	24,528	26,811
Amounts due to related companies	34	2,023	97
Lease liabilities	29	277	262
Bank loans	30	6,534	8,001
Guaranteed notes	31	2,797	9,585
Tax payable		937	1,055
		37,096	45,811
Net current assets		77,895	73,182
Total assets less current liabilities		502,285	485,429

Consolidated statement of financial position
at 31 December 2025

	Note	At 31 December 2025 HK\$ million	At 31 December 2024 HK\$ million
Non-current liabilities			
Bank loans	30	54,422	54,626
Guaranteed notes	31	8,001	10,024
Convertible bonds	32	7,120	–
Amount due to a fellow subsidiary	33	80,618	66,215
Amounts due to related companies	34	1,520	3,575
Derivative financial instruments	22	513	996
Lease liabilities	29	593	757
Provision for reinstatement costs		16	14
Deferred tax liabilities	10(c)	8,596	8,645
		161,399	144,852
NET ASSETS		340,886	340,577
CAPITAL AND RESERVES			
Share capital	36 43(c)	52,345	52,345
Other reserves		270,119	269,802
Total equity attributable to equity shareholders of the Company		322,464	322,147
Non-controlling interests	35	18,422	18,430
TOTAL EQUITY		340,886	340,577

Approved and authorised for issue by the Board of Directors on 23 March 2026.

Dr Lee Ka Kit
Dr Lee Ka Shing

Directors

The notes on pages 209 to 330 form part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2025

Attributable to equity shareholders of the Company

	Note	Attributable to equity shareholders of the Company							Total	Non-controlling interests	Total equity
		Share capital	Property revaluation reserve	Exchange reserve	Fair value reserve (non-recycling)	Hedging reserve	Other reserves	Retained profits			
		HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	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	12(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	11(b)	-	-	-	-	-	-	(6,294)	(6,294)	-	(6,294)
Dividend declared and paid in respect of the current year	11(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	27(b)	-	-	-	-	-	-	-	-	122	122
Balance at 31 December 2024		52,345	16	(5,429)	109	94	189	274,823	322,147	18,430	340,577

Consolidated statement of changes in equity
for the year ended 31 December 2025

	Note	Attributable to equity shareholders of the Company									
		Share capital	Property revaluation reserve	Exchange reserve	Fair value reserve			Retained profits	Total	Non-controlling interests	Total equity
					(non-recycling)	Hedging reserve	Other reserves				
HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	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 2025:											
Profit for the year		-	-	-	-	-	-	5,653	5,653	865	6,518
Other comprehensive income for the year	12(c)	-	-	2,475	51	(210)	-	43	2,359	37	2,396
Total comprehensive income for the year		-	-	2,475	51	(210)	-	5,696	8,012	902	8,914
Transfer to retained profits upon disposal of equity investments		-	-	-	23	-	-	(23)	-	-	-
Dividend approved and paid in respect of the previous financial year	11(b)	-	-	-	-	-	-	(6,294)	(6,294)	-	(6,294)
Dividend declared and paid in respect of the current year	11(a)	-	-	-	-	-	-	(2,421)	(2,421)	-	(2,421)
Share of reserves of associates and joint ventures		-	-	12	-	-	-	121	133	-	133
Issuance of convertible bonds, net of transaction costs (equity component)	32	-	-	-	-	-	887	-	887	-	887
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	(472)	(472)
Repayment to non-controlling interests, net	27(b)	-	-	-	-	-	-	-	-	(438)	(438)
Balance at 31 December 2025		52,345	16	(2,942)	183	(116)	1,076	271,902	322,464	18,422	340,886

The notes on pages 209 to 330 form part of these financial statements.

Consolidated cash flow statement

for the year ended 31 December 2025

	Note	2025 HK\$ million	2024 HK\$ million
Operating activities			
Profit before taxation		6,470	8,238
Adjustments for:			
– Interest income		(719)	(946)
– 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”)	7(d)	(20)	(30)
– Net (gain)/loss on transfers of subsidiaries	6	(584)	2
– Net gain on disposal of investment properties	6	(8)	(93)
– Provision on inventories, net	6	94	193
– Impairment loss on trade debtors, net	6	11	36
– Net fair value gain on investments measured as financial assets at FVPL	6	(44)	(43)
– 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 year)	6	(67)	71
– (Increase)/decrease in fair value of investment properties and investment properties under development	15(a)	(160)	1,514
– Finance costs			
– On bank and other borrowings	7(a)	5,421	6,844
– On lease liabilities	7(a)	35	40
– Amount capitalised	7(a)	(3,012)	(4,553)
– Amortisation of trademarks	7(d)	3	4
– Depreciation			
– On other property, plant and equipment	7(d)	177	190
– On right-of-use assets	7(d)	289	297
– Share of profits less losses of associates		(2,512)	(2,413)
– Share of profits less losses of joint ventures		(223)	(685)
– Net foreign exchange gain		(39)	(40)
Other cash flows from operating activities		44	57
Operating profit before changes in working capital			
Decrease in instalments and loans receivable		723	1,462
(Increase)/decrease in deposits for acquisition of properties		(63)	12
Decrease in inventories (other than through acquisitions and transfers of subsidiaries and transfers from/to investment properties and investment properties under development)		7,119	5,823
Decrease in debtors, prepayments and deposits		1,146	496
Decrease in gross amount due from customers for contract work		1	29

Consolidated cash flow statement
for the year ended 31 December 2025

	Note	2025 HK\$ million	2024 HK\$ million
Operating profit before changes in working capital (continued)			
(Increase)/decrease in cash held by stakeholders		(78)	133
Decrease in cash restricted for use		87	59
Increase/(decrease) in creditors and accrued expenses		527	(1,067)
Increase/(decrease) in gross amount due to customers for contract work		5	(93)
Increase in rental and other deposits received		53	63
(Decrease)/increase in forward sales deposits received and other contract liabilities		(1,758)	815
Cash generated from operations		12,918	16,415
Interest received		169	306
Tax paid			
– Hong Kong		(435)	(683)
– Outside Hong Kong		(327)	(741)
Net cash generated from operating activities		12,325	15,297
Investing activities			
Payment for purchase of investment properties and other property, plant and equipment		(3,722)	(2,815)
Proceeds from disposal of investment properties and other property, plant and equipment		100	337
Repayment from/(advance to) associates, net		9	(265)
Advance to joint ventures, net		(5,802)	(2,350)
Additional investments in associates		(15)	(12)
Capital reduction in associates		–	194
Additional investments in joint ventures		(124)	–
Capital reduction in joint ventures		534	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		(168)	(782)
Proceeds from disposal of investments in equity securities designated as financial assets at FVOCI (non-recycling) and investments measured as financial assets at FVPL		358	554
Net cash outflow in respect of the acquisitions of subsidiaries	38(a)	–	(338)
Net cash inflow in respect of the transfers of subsidiaries	38(b)	1,075	2,221
Interest received		553	612
Dividends received from associates		2,880	2,877
Dividends received from joint ventures		1,014	1,566
Dividends received from investments in equity securities designated as financial assets at FVOCI (non-recycling) and investments measured as financial assets at FVPL		20	30
Increase in deposits with banks and other financial institutions over three months of maturity at acquisition		(5,088)	(4,214)
Net cash used in investing activities		(8,376)	(1,868)

Consolidated cash flow statement
for the year ended 31 December 2025

	Note	2025 HK\$ million	2024 HK\$ million
Financing activities			
(Repayment to)/advance from non-controlling interests, net	27(b)	(438)	122
Proceeds from new bank loans	27(b)	46,784	58,579
Repayment of bank loans	27(b)	(49,331)	(61,469)
Net proceeds from issue of guaranteed notes	27(b)	687	300
Repayment of guaranteed notes	27(b)	(9,619)	(6,334)
Net proceeds from issue of convertible bonds	27(b)	7,924	–
Increase in amount due to a fellow subsidiary	27(b)	14,403	3,788
(Decrease)/increase in amounts due to related companies	27(b)	(217)	93
Payments of principal portion of lease liabilities	27(b)	(286)	(300)
Interest and other borrowing costs paid	27(b)	(5,468)	(7,024)
Dividends paid to equity shareholders of the Company	11	(8,715)	(8,715)
Dividends paid to non-controlling interests		(472)	(239)
Net cash used in financing activities		(4,748)	(21,199)
Net decrease in cash and cash equivalents		(799)	(7,770)
Cash and cash equivalents at 1 January	27(a)	10,785	18,638
Effect of foreign exchange rate changes		73	(83)
Cash and cash equivalents at 31 December	27(a)	10,059	10,785

The notes on pages 209 to 330 form part of these financial statements.

Notes to the financial statements

for the year ended 31 December 2025

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 HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations as 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.

(b) Changes in accounting policies

(i) Amendments to HKAS which are first effective for the current accounting period

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 these 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.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Changes in accounting policies (continued)

(ii) Amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2025

Up to the date of issue of these consolidated 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 2025 and which have not been adopted in these consolidated financial statements. These developments include the following which may be relevant to the Group:

	Effective for annual periods beginning on or after
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027

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:

HKFRS 18, *Presentation and disclosure in financial statements*

HKFRS 18 will replace HKAS 1, *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt HKFRS 18 and is still in the process of assessing the impact of the adoption.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Basis of preparation of the consolidated financial statements

The consolidated financial statements for the year ended 31 December 2025 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)).

The preparation of these consolidated financial statements in conformity with HKFRS Accounting Standards 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 the Group's accounting policies that have significant effect on the consolidated financial statements and the key sources of estimation uncertainty are discussed in note 3.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(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.

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(n)(iii)).

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(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. 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(n)). 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.

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(n)(iii)).

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Associates and joint arrangements (continued)

- (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(n)(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.

(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:

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Other investments in debt and equity securities (continued)

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 income) 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 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, being the cost of hedging reserve, to the extent that it relates to the hedged items (see note 4(f)).

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 investment properties under development 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, in which case such investment properties under development are stated at cost. 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(n)(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(n)(iii)).

The cost of self-constructed items of other property, plant and equipment (including hotel properties under development) 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, freehold land and hotel properties under development

No depreciation is provided on investment properties, investment properties under development, freehold land and hotel properties under development.

(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 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).

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) 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(n)(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.

(m) 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.

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.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Leased assets (continued)

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(n)(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(o)). 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)

(n) 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(p));
- 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;

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

Measurement of ECLs (continued)

- 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.

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)

(n) 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)

(n) 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(n)(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)

(n) 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.

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 measurable), or value in use (if determinable).

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) 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(n)(i), 2(n)(ii) and 2(n)(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.

(o) 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)

(o) 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.

(p) 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(n)(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(q)).

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.

(q) 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(p)).

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(n)), 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)

(r) 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.

(s) Convertible bonds

Convertible bonds that contain an equity component

Compound financial instruments issued by the Group comprise convertible bonds denominated in Hong Kong dollars that can be converted to ordinary shares of the Company at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of the convertible bonds is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the convertible bonds as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component is measured at amortised cost using the effective interest rate method. Interest expense is recognised in profit or loss unless it is capitalised. The equity component is not re-measured and is recognised in the other reserve in equity until the convertible bonds are converted.

If the convertible bonds are converted, the other reserve in equity, together with the carrying amount of the liability component at the time of conversion, are transferred to share capital as consideration for the shares issued.

(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(n)(i).

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(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.

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.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(w) Income tax (continued)

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 under the deferred tax asset to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

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 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; 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.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(y) Revenue recognition (continued)

(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.

(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.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(z) Translation of foreign currencies (continued)

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 gain or loss on disposal is recognised.

(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.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(ab) Related parties (continued)

- (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.

(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 the aforementioned 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 15, 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.

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.

3 ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(d) Recognition of deferred tax assets

At 31 December 2025 and 31 December 2024, the Group has recognised deferred tax assets in relation to the unused tax losses as set out in note 10(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.

(e) The carrying amount of the debt component of the convertible bonds upon initial recognition

As referred to in note 32 to these financial statements, the Group issued the convertible bonds on 16 July 2025 in relation to which the Bondholders (as such term is defined in note 32) have the option to require the Issuer (as such term is defined in note 32) to redeem all or some of the convertible bonds held by them on 16 July 2028, before the maturity date of the convertible bonds of 16 July 2030. For the purpose of determining the carrying amount of the debt component (less attributable transaction costs) of the convertible bonds upon initial recognition on 16 July 2025 (see note 32), the Group exercised its judgements and estimated the respective probabilities for the Bondholder's exercise of the early redemption option (and the probabilities for various proportions of the convertible bonds which may be subject to early redemption) and the Group's repayment to the Bondholders on the maturity date.

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 Chinese Mainland (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 41 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 25 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 27(a)), the Group's investments in listed securities (see note 23) 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 30), the capacity for the issuance of guaranteed notes under the Group's Medium Term Note Programme (see note 31), proceeds from the issue of convertible bonds (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 28) 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:

	2025						2024					
	Contractual undiscounted cash outflow						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	8,923	16,671	28,257	15,087	68,938	60,956	11,095	20,014	23,257	18,420	72,786	62,627
Guaranteed notes	3,124	935	5,292	2,814	12,165	10,798	10,055	3,027	4,468	3,825	21,375	19,609
Convertible bonds	40	40	8,110	-	8,190	7,120	-	-	-	-	-	-
Lease liabilities	304	267	353	-	924	870	293	252	555	-	1,100	1,019
Creditors and accrued expenses	8,934	-	-	-	8,934	8,934	8,597	-	-	-	8,597	8,597
Rental and other deposits received	772	474	726	99	2,071	2,071	754	514	587	152	2,007	2,007
Amounts due to associates and joint ventures	859	-	-	-	859	849	1,098	-	-	-	1,098	1,082
Amounts due to related companies	2,092	1,399	146	-	3,637	3,543	186	1,973	1,697	-	3,856	3,672
	25,048	19,786	42,884	18,000	105,718	95,141	32,078	25,780	30,564	22,397	110,819	98,613

	2025					2024				
	Contractual undiscounted cash inflow/(outflow)					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	43	43	50	4	140	121	70	154	11	356
Other interest rate swap contracts	38	26	51	30	145	46	23	34	7	110
Derivative settled gross:										
Cross currency interest rate swap contracts held as cash flow hedging instruments:										
- outflow	(2,148)	(1,463)	(2,481)	(151)	(6,243)	(7,158)	(3,284)	(4,017)	(162)	(14,621)
- inflow	1,835	1,083	2,443	101	5,462	6,377	2,846	3,516	101	12,840
Other cross currency interest rate swap contracts and cross currency swap contracts:										
- outflow	(1,760)	-	-	-	(1,760)	(1,524)	(659)	-	-	(2,183)
- inflow	1,752	-	-	-	1,752	1,470	614	-	-	2,084

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 2025 and 31 December 2024, the Group's borrowings, namely, bank loans, guaranteed notes and convertible bonds, 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 2025 and 31 December 2024:

Hedged item	2025				2024			
	Denominating currency	Hedging risk category	Notional amount		Denominating currency	Hedging risk category	Notional amount	
			in original currency million	in HKD million			in original currency million	in HKD million
(I) Hedging arrangement at the end of the reporting period								
<i>(a) Under cash flow hedge</i>								
Bank loans					RMB	(ii)	1,000	1,063
	JPY	(iii)	28,000	1,392	JPY	(iii)	58,000	2,882
	HKD	(i)	1,600	1,600				
Guaranteed notes					HKD	(i)	968	968
	RMB	(ii)	955	1,063	RMB	(ii)	955	1,016
	USD	(ii)	30	234	USD	(ii)	630	4,890
	USD	(iii)	300	2,335	USD	(iii)	300	2,329
	JPY	(iii)	1,994	99	JPY	(iii)	1,994	99
Sub-total: under cash flow hedge				6,723				13,247
<i>(b) Under economic hedge</i>								
Bank loans	HKD	(i)	3,500	3,500	HKD	(i)	2,700	2,700
	RMB	(ii)	1,000	1,113				
Guaranteed notes	HKD	(i)	3,340	3,340	HKD	(i)	3,815	3,815
	USD	(ii)	10	78	USD	(ii)	113	876
	RMB	(ii)	500	557	RMB	(ii)	1,100	1,170
Sub-total: under economic hedge				8,588				8,561
Total: Hedging arrangement at the end of the reporting period				15,311				21,808

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)

Hedged item	2025				2024			
	Denominating currency	Hedging risk category	Notional amount		Denominating currency	Hedging risk category	Notional amount	
			in original currency million	in HKD million			in original currency million	in HKD million
(II) No hedging arrangement at the end of the reporting period								
Bank loans	HKD		47,545	47,545	HKD		50,896	50,896
	RMB		5,335	5,924	RMB		4,846	5,197
Guaranteed notes	HKD		3,112	3,112	HKD		4,472	4,472
Convertible bonds (debt component)	HKD		7,120	7,120				
Total: No hedging arrangement at the end of the reporting period				63,701				60,565
				79,012				82,373
Less: Deferred expenditure set-off				(138)				(137)
Total bank and other borrowings (in HKD equivalent)				78,874				82,236
Represented by:								
Bank loans			(note 30)	60,956			(note 30)	62,627
Guaranteed notes			(note 31)	10,798			(note 31)	19,609
Convertible bonds (debt component)			(note 32)	7,120				–
Total bank and other borrowings (in HKD equivalent)				78,874				82,236

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 and cash deposits) 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 Chinese Mainland 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 Chinese Mainland, 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, Japanese Yen, Swiss Franc ("CHF"), Australian dollars ("AUD"), Renminbi and other currencies. At 31 December 2025, the Group's cash deposits denominated in United States dollars amounted to US\$1,047 million which was equivalent to HK\$8,148 million (2024: US\$1,222 million which was equivalent to HK\$9,487 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 2025, the Group's cash deposits denominated in Japanese Yen, Swiss Franc and Hong Kong dollars amounted to ¥47,386 million which was equivalent to HK\$2,356 million, CHF182 million which was equivalent to HK\$1,789 million and HK\$396 million respectively and were hedged by way of foreign exchange forward contracts which were entered into between the Group and certain counterparty banks to hedge the foreign currency risk which may arise upon their final maturities and currency conversions into United States dollars. Save for the above, the Group's cash deposits denominated in Renminbi and Australian dollars amounted to RMB1,760 million which was equivalent to HK\$1,949 million and AUD38 million which was equivalent to HK\$197 million respectively (2024: RMB2,083 million which was equivalent to HK\$2,248 million and AUD32 million which was equivalent to HK\$154 million respectively). Since such cash deposits denominated in Renminbi and Australian dollars were not hedged against the foreign currency risk arising from the difference in the exchange rates between Renminbi, Australian dollars and Hong Kong dollars 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 or Australian dollar 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 2025 and 31 December 2024, as referred to in note 22 to these financial statements, which provide cash flow hedge to the Group's bank loans and guaranteed notes during the years then ended.

2025				
Currency	Weighted average fixed interest rate	Weighted average exchange rate against HKD	Maturity profiles	
RMB	4.84%	1.071	Within 1 year	
USD	2.60%	7.842	1 to 2 years or 2 to 5 years	
JPY	2.37%	0.073	Within 1 year, 1 to 2 years or after 5 years	
HKD	3.40%	Not applicable	2 to 5 years	

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	

The hedging instruments, which were stated at fair value at 31 December 2025 and 31 December 2024 (both assets and liabilities), are shown in note 22 "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 2025 and 31 December 2024:

	2025					
	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	Japanese Yen	Swiss Franc	Hong Kong dollars	Australian dollars
Cash and cash equivalents	8,148	1,949	2,356	1,789	396	197
Bank loans (note 4(c))	–	(7,037)	–	–	–	–
Guaranteed notes (note 4(c))	(78)	(557)	–	–	–	–
Amounts due to related companies (note 34)	–	(3,543)	–	–	–	–
Gross exposure arising from recognised assets and liabilities	8,070	(9,188)	2,356	1,789	396	197
Less:						
Notional amounts of cross currency interest rate swap contracts and cross currency swap contracts in relation to guaranteed notes and bank loans designated as economic hedge (note 4(c))	(78)	(1,670)	–	–	–	–
Notional amount of foreign exchange forward contracts in relation to cash and cash equivalents designated as economic hedge	(4,541)	–	2,356	1,789	396	–
Net exposure arising from recognised assets and liabilities (for which no hedge arrangement has been made)	12,689	(7,518)	–	–	–	197

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Foreign currency risk (continued)

(i) Hedging (continued)

	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 23)	–	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)

(ii) Sensitivity analysis

Assuming that the relevant foreign currencies had strengthened/weakened by not more than 5% (2024: 5%) at 31 December 2025 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\$13 million (2024: HK\$12 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 2024.

(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 2025 and 31 December 2024 as referred to in note 22 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 2025 and 31 December 2024 (both assets and liabilities), are shown in note 22 "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 convertible bonds, lease liabilities, amount due to a fellow subsidiary and amounts due to related companies at the end of the reporting period.

	2025	
	Fixed/ floating	Amount HK\$ million
Lease liabilities	Fixed	870
Bank loans	Floating	46,289
Bank loans	Fixed	14,667
Guaranteed notes	Floating	1,857
Guaranteed notes	Fixed	8,941
Convertible bonds (debt component)	Fixed	7,120
Amount due to a fellow subsidiary	Floating	67,534
Amount due to a fellow subsidiary	Fixed	13,084
Amounts due to related companies	Floating	3,543
	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

(iii) Sensitivity analysis

Assuming that the interest rates had generally increased/decreased by not more than 100 basis points (2024: 100 basis points) at 31 December 2025 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\$447 million (2024: HK\$335 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 2024.

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 2025	89	8	97
Effective portion of changes in fair value of hedging instruments recognised in other comprehensive income (below)	501	(7)	494
Other amounts reclassified to profit or loss	20	(3)	17
Reclassified to interest expenses	52	(8)	44
Reclassified to exchange differences (note 7(d))	(713)	–	(713)
Reclassification from equity to profit or loss	(641)	(11)	(652) (note 12(b))
Related tax	–	–	–
Movement during the year	(140)	(18)	(158)
Balance at 31 December 2025	(51)	(10)	(61)
Change in fair value of hedged items during the year	501	(7)	494
Less:			
Hedge ineffectiveness recognised in profit or loss	–	–	–
Effective portion of the cash flow hedge recognised in other comprehensive income (above) (note 12(b))	501	(7)	494

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 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 7(d))	335	–	335
Reclassification from equity to profit or loss	405	(37)	368 (note 12(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 12(b))	(494)	6	(488)

The carrying balances of the hedging reserve at 31 December 2025 and 31 December 2024 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 2024	3
Fair value change on hedging instruments (note 12(b))	30
Reclassification adjustments for amounts transferred to profit or loss (note 12(b))	(11)
Related tax	1
Movement during the year	20
Balance at 31 December 2024	23
Balance at 1 January 2025	23
Fair value change on hedging instruments (note 12(b))	(6)
Reclassification adjustments for amounts transferred to profit or loss (note 12(b))	(7)
Related tax	–
Movement during the year	(13)
Balance at 31 December 2025	10

The carrying balances of the cost of hedging reserve at 31 December 2025 and 31 December 2024 relate to the Group's continuing cash flow hedge.

On an after tax basis, for the year ended 31 December 2025, the abovementioned decrease in the hedging reserve of HK\$158 million (2024: decrease in the hedging reserve of HK\$84 million) and the abovementioned decrease in the cost of hedging reserve of HK\$13 million (2024: increase in the cost of hedging reserve of HK\$20 million) amount in aggregate to a decrease of HK\$171 million (2024: a net decrease of HK\$64 million) (note 12(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 23) and certain financial assets measured at FVPL (see note 25).

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 2025, 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% (2024: 10%), with all other variables held constant, the total equity attributable to equity shareholders of the Company would increase/decrease by HK\$10 million (2024: HK\$31 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% (2024: 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\$32 million (2024: HK\$21 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 2024.

(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 2025 HK\$ million	Fair value measurements at 31 December 2025 categorised into		
		Level 1 HK\$ million	Level 2 HK\$ million	Level 3 HK\$ million
Recurring fair value measurement				
<i>Financial assets:</i>				
Investments in equity securities designated as financial assets at FVOCI (non-recycling):				
– Unlisted (note 23)	45	–	–	45
– Listed (note 23)	104	104	–	–
Investments in other securities measured as financial assets at FVPL:				
– Listed (note 23)	24	24	–	–
Financial assets measured at FVPL (note 25)	922	298	119	505
Derivative financial instruments:				
– Cross currency interest rate swap contracts (note 22)	64	–	64	–
– Interest rate swap contracts (note 22)	290	–	290	–
– Foreign exchange forward contracts (note 22)	151	–	151	–
<i>Financial liabilities:</i>				
Derivative financial instruments:				
– Cross currency interest rate swap contracts (note 22)	755	–	755	–
– Cross currency swap contracts (note 22)	20	–	20	–
– Interest rate swap contracts (note 22)	76	–	76	–
– Foreign exchange forward contracts (note 22)	6	–	6	–

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	Fair value measurements		
	31 December 2024	at 31 December 2024 categorised into		
	HK\$ million	Level 1 HK\$ million	Level 2 HK\$ million	Level 3 HK\$ million
Recurring fair value measurement				
<i>Financial assets:</i>				
Investments in equity securities designated as financial assets at FVOCI (non-recycling):				
– Unlisted (note 23)	38	–	–	38
– Listed (note 23)	306	306	–	–
Investments in other securities measured as financial assets at FVPL:				
– Listed (note 23)	20	20	–	–
Financial assets measured at FVPL (note 25)	851	187	172	492
<i>Derivative financial instruments:</i>				
– Cross currency interest rate swap contracts (note 22)	6	–	6	–
– Interest rate swap contracts (note 22)	565	–	565	–
<i>Financial liabilities:</i>				
<i>Derivative financial instruments:</i>				
– Cross currency interest rate swap contracts (note 22)	1,422	–	1,422	–
– Cross currency swap contracts (note 22)	89	–	89	–
– Interest rate swap contracts (note 22)	162	–	162	–

During the years ended 31 December 2025 and 31 December 2024, 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 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.

5 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:

	2025 HK\$ million	2024 HK\$ million
Property development (including sales of properties)	14,639	12,506
Rental income	6,764	6,994
Department stores and supermarket-cum-stores operations (note (i))	1,461	1,548
Hotel room operation	318	331
Other businesses	2,559	3,877
Total (note 14(b))	25,741	25,256

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\$332 million for the year ended 31 December 2025 (2024: HK\$373 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\$923 million (2024: HK\$2,053 million) is recognised over time while the remaining is recognised at a point in time.

At 31 December 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 Chinese Mainland, amounted to HK\$10,915 million (2024: HK\$8,621 million) and which will be recognised when the pre-sold properties are assigned to the customers, in relation to which an amount of HK\$8,890 million is expected to occur within one year and an amount of HK\$2,025 million is expected to occur within one to two years (2024: in relation to which an amount of HK\$8,212 million is expected to occur within one year and an amount of HK\$409 million is expected to occur within one to two years).

6 OTHER NET INCOME

	2025 HK\$ million	2024 HK\$ million
Net gain/(loss) on transfer of a subsidiary regarding investment properties (note 38(b)) (note (i))	381	(2)
Net gain on disposal of investment properties	8	93
Aggregate net gain on sales of property interests (note 14(a))	389	91
Net gain on transfers of subsidiaries regarding leasehold land held for development for sale and properties held for development for sale (note 38(b))	203	–
Net fair value gain on investments measured as financial assets at FVPL	44	43
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 year)	67	(71)
Impairment loss on trade debtors, net (notes 14(c) and 25(b))	(11)	(36)
Provision on inventories, net (note 14(a))	(94)	(193)
Exchange loss, net (note 7(d))	(37)	(60)
Gains on land resumptions (note (iii))	557	3,421
Others	16	(4)
	1,134	3,191

Notes:

- (i) During the year ended 31 December 2025, the Group transferred to an independent third party its entire interest in and shareholder's loan to a subsidiary in which the Group has an indirect 65% interest, for a cash consideration of HK\$1,075 million. The sole assets of such subsidiary comprise two property units held as investment properties at Tower 1, The Legacy (天御) Phase 2, No. 8 Castle Road, Hong Kong. The gain on transfer attributable to reported profit amounted to HK\$381 million and after deducting non-controlling interests' attributable share of the net gain on transfer of a subsidiary attributable to reported profit in the amount of HK\$133 million, and adding back the Group's attributable share of the cumulative fair value gain on the investment properties disposed of in the amount of HK\$234 million, the Group recognised its share of gain on transfer attributable to underlying profit in the amount of HK\$482 million during the year ended 31 December 2025. Including the Group's share of gain on transfer of carparking spaces of The Legacy Phase 1 to the independent third parties attributable to underlying profit in the amount of HK\$16 million, the Group's share of gain on transfer attributable to underlying profit of property interests relating to the portion of The Legacy project which is classified as investment property amounted to HK\$498 million for the year ended 31 December 2025.

During the corresponding year ended 31 December 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. The loss on transfer attributable to reported profit amounted to HK\$2 million and 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 year ended 31 December 2024.

- (ii) During the year ended 31 December 2025, the amount related to the aggregate pre-tax gains attributable to reported profit of HK\$557 million resulting from the resumptions by the HKSAR Government of certain land lots held by the Group's subsidiaries in Yuen Long South, Kam Tin, San Tin, Hung Shui Kiu and the land sites for the construction of the Northern Link Main Line, the New Territories, Hong Kong.

Including the Group's attributable share of pre-tax gain of HK\$42 million resulting from the resumption of certain land lots in San Tin and Hung Shui Kiu, the New Territories, Hong Kong held by certain joint ventures of the Group, the Group's share of pre-tax gains on land resumptions attributable to reported profit amounted in aggregate to HK\$599 million during the year ended 31 December 2025 (see note 14(a)).

During the corresponding year ended 31 December 2024, the amount comprised 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, 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.

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, the Group's share of pre-tax gains on land resumptions attributable to reported profit amounted in aggregate to HK\$3,320 million during the corresponding year ended 31 December 2024 (see note 14(a)).

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2025 HK\$ million	2024 HK\$ million
(a) Finance costs:		
Bank loans interest	2,378	2,765
Interest on guaranteed notes	479	812
Interest on convertible bonds (at effective interest rate) (notes 27(b) and 32)	102	–
Interest on other loans	2,323	3,126
Finance cost on lease liabilities (notes 27(b) and 29)	35	40
Other borrowing costs (note 27(b))	139	141
	5,456	6,884
Less: Amount capitalised (<i>note</i>)	(3,012)	(4,553)
Finance costs (note 14(a))	2,444	2,331

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, convertible bonds and other loans during the period under which interest capitalisation was applicable, ranging from 3.09% to 4.30% (2024: ranging from 3.31% to 5.88%) per annum.

	2025 HK\$ million	2024 HK\$ million
(b) Directors' emoluments	192	209

Details of the directors' emoluments are set out in note 8.

	2025 HK\$ million	2024 HK\$ million
(c) Staff costs (other than directors' emoluments):		
Salaries, wages and other benefits	3,108	3,059
Contributions to defined contribution retirement plans	124	124
	3,232	3,183

7 PROFIT BEFORE TAXATION (CONTINUED)

Profit before taxation is arrived at after charging/(crediting): (continued)

	2025 HK\$ million	2024 HK\$ million
(d) Other items:		
Net foreign exchange loss/(gain)	895	(546)
Cash flow hedges: net foreign exchange (gain)/loss reclassified from equity (note 4(f))	(713)	335
Amount of exchange (loss)/gain capitalised	(145)	271
Exchange loss, net (note 6)	37	60
Amortisation of trademarks (note 18)	3	4
Depreciation		
– on other property, plant and equipment (note 15(a))	177	190
– on right-of-use assets (note 16)	289	297
	469	491
	(note 14(c))	(note 14(c))
Cost of sales		
– properties for sale	12,060	9,463
– trading stocks and consumable stores	988	923
Auditors' remuneration		
– audit services	23	24
– non-audit services	10	8
Expenses relating to short-term leases	9	17
Rentals receivable from investment properties less direct outgoings of HK\$2,054 million (2024: HK\$1,966 million) (note (i))	(4,557)	(4,880)
Dividend income from investments designated as financial assets at FVOCI (non-recycling) and measured as financial assets at FVPL (note (ii))		
– listed	(12)	(25)
– unlisted	(8)	(5)

Notes:

(i) The rental income from investment properties included contingent rental income of HK\$56 million (2024: HK\$61 million).

(ii) During the year ended 31 December 2025, dividend income of HK\$11 million related to investments designated as financial assets at FVOCI (non-recycling) held at 31 December 2025 (2024: dividend income of HK\$19 million related to investments designated as financial assets at FVOCI (non-recycling) held at 31 December 2024).

8 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:

	2025				
	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	4,567	18	23,374
Dr Lee Ka Shing	300	15,956	6,237	881	23,374
Dr Lam Ko Yin, Colin	250	10,307	20,169	617	31,343
Dr Lee Shau Kee *	38	4,508	–	–	4,546
Yip Ying Chee, John	150	9,418	14,815	563	24,946
Suen Kwok Lam	150	7,943	7,683	474	16,250
Fung Lee Woon King	150	5,620	5,145	335	11,250
Kwok Ping Ho	250	5,413	1,415	323	7,401
Wong Ho Ming, Augustine	150	10,836	15,413	648	27,047
Fung Hau Chung, Andrew	150	12,649	2,756	613	16,168
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 2025	7,938	101,239	78,200	4,472	191,849

* Dr Lee Shau Kee passed away on 17 March 2025.

8 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)

	2024				Total HK\$'000
	Directors' fees HK\$'000	Salaries, allowances and benefits- in-kind HK\$'000	Discretionary bonuses HK\$'000	Retirement scheme contributions 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

8 DIRECTORS' EMOLUMENTS (CONTINUED)

During the years ended 31 December 2025 and 31 December 2024:

- (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 2025, 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 (Cap. 622G) (2024: None).

During the year ended 31 December 2025 and at 31 December 2025, save as disclosed in note 42, 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 (Cap. 622G) (2024: None).

There was no arrangement under which a director had waived or agreed to waive any remuneration during the current and prior years.

9 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 (2024: all) of them are directors whose emoluments are disclosed in note 8.

(b) Emoluments of senior management

Other than the emoluments of directors and five highest paid individuals disclosed in notes 8 and 9(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 2025 (of which these financial statements form a part) fell within the following bands:

	2025 Number of individuals	2024 Number of individuals
Emolument band (HK\$) (note)		
\$3,000,001 to \$4,000,000	–	1
\$4,000,001 to \$5,000,000	3	3
\$5,000,001 to \$6,000,000	3	2
\$6,000,001 to \$7,000,000	3	3
\$7,000,001 to \$8,000,000	–	–
\$8,000,001 to \$9,000,000	–	–
\$9,000,001 to \$10,000,000	–	–
\$10,000,001 to \$11,000,000	1	1
\$11,000,001 to \$12,000,000	1	1
\$12,000,001 to \$13,000,000	3	3
\$13,000,001 to \$14,000,000	–	–
\$14,000,001 to \$15,000,000	1	1
\$15,000,001 to \$16,000,000	1	1
\$16,000,001 to \$17,000,000	1	1
	17	17

Note: Including salaries, allowances and benefits-in-kind, discretionary bonuses and retirement scheme contributions.

10 INCOME TAX

(a) Income tax in the consolidated statement of profit or loss represents:

	2025 HK\$ million	2024 HK\$ million
Current tax – Provision for Hong Kong Profits Tax		
Provision for the year	394	727
(Over)/under-provision in respect of prior years	(12)	224
	382	951
Current tax – Provision for taxation outside Hong Kong		
Provision for the year	230	309
(Over)/under-provision in respect of prior years	(4)	3
	226	312
Current tax – Provision for Land Appreciation Tax		
Provision for the year	9	44
Over-provision in respect of prior years	–	(54)
	9	(10)
Deferred tax		
Origination and reversal of temporary differences	(665)	(298)
	(665)	(298)
Income tax (credit)/expense	(48)	955

Provision for Hong Kong Profits Tax has been made at 16.5% (2024: 16.5%) on the estimated assessable profits for the year, taking into account a one-off reduction of 100% (2024: 100%) of the tax payable for the year of assessment 2024/25 subject to a ceiling of HK\$1,500 (2023/24: HK\$3,000) 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 Chinese Mainland 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.

10 INCOME TAX (CONTINUED)

(b) Reconciliation between tax (credit)/expense and accounting profit at applicable tax rates:

	2025 HK\$ million	2024 HK\$ million
Profit before taxation	6,470	8,238
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	1,044	1,395
Tax effect of share of profits less losses of associates and joint ventures	(413)	(500)
Tax effect of non-deductible expenses	136	438
Tax effect of non-taxable revenue	(598)	(622)
Tax effect of current year's tax losses not recognised	402	236
Tax effect of prior years' tax losses utilised	(72)	(54)
Tax effect of unused tax losses not recognised in prior years now recognised	(518)	(125)
Land Appreciation Tax	6	33
(Over)/under-provision in respect of prior years, net	(35)	154
Actual tax(credit)/expense	(48)	955

(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 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 12(a))	-	-	-	-	-	(37)	(37)
Others	-	-	-	-	-	(3)	(3)
At 31 December 2024	3,098	3,830	131	1,540	(1,062)	26	7,563
At 1 January 2025	3,098	3,830	131	1,540	(1,062)	26	7,563
Exchange adjustments	30	100	-	-	-	4	134
Charged/(credited) to profit or loss	445	(327)	(6)	(12)	(741)	(24)	(665)
Charged/(credited) to reserves (note 12(a))	-	-	-	-	-	-	-
At 31 December 2025	3,573	3,603	125	1,528	(1,803)	6	7,032

10 INCOME TAX (CONTINUED)

(c) Deferred tax assets and liabilities recognised: (continued)

	2025 HK\$ million	2024 HK\$ million
Net deferred tax assets recognised in the consolidated statement of financial position	(1,564)	(1,082)
Net deferred tax liabilities recognised in the consolidated statement of financial position	8,596	8,645
	7,032	7,563

(d) Deferred tax assets not recognised:

Deferred tax assets have not been recognised in respect of the following items:

	2025		2024	
	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
Future benefits of tax losses				
Hong Kong (note (i))				
– Assessed by the Inland Revenue Department	6,387	1,054	5,319	878
– Not yet assessed by the Inland Revenue Department	13,925	2,298	12,724	2,099
Outside Hong Kong (note (ii))	1,866	466	2,083	521
	22,178	3,818	20,126	3,498
	22,178	3,818	20,130	3,499

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.

11 DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to profit for the year

	2025 HK\$ million	2024 HK\$ million
Interim dividend declared and paid of HK\$0.50 (2024: HK\$0.50) per share	2,421	2,421
Final dividend proposed after the end of the reporting period of HK\$0.76 (2024: HK\$1.30) per share	3,679	6,294
	6,100	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

	2025 HK\$ million	2024 HK\$ million
Final dividend in respect of the previous financial year, approved and paid during the year of HK\$1.30 (2024: HK\$1.30) per share	6,294	6,294

12 OTHER COMPREHENSIVE INCOME

(a) Tax effects relating to each component of other comprehensive income

	2025			2024		
	Pre-tax amount HK\$ million	Tax charge/ 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	1,067	–	1,067	(919)	–	(919)
Cash flow hedges	(171)	–	(171)	(101)	37	(64)
Investments in equity securities designated as financial assets at FVOCI (non-recycling)	34	–	34	46	–	46
Share of other comprehensive income of associates and joint ventures	1,466	–	1,466	(1,089)	–	(1,089)
Other comprehensive income for the year	2,396	–	2,396	(2,063)	37	(2,026)

(note 10(c))

(note 10(c))

12 OTHER COMPREHENSIVE INCOME (CONTINUED)

(b) Components of other comprehensive income, including reclassification adjustments

	2025 HK\$ million	2024 HK\$ million
Exchange differences:		
– translation of financial statements of foreign entities	1,067	(919)
Net movement in the exchange reserve during the year recognised in other comprehensive income	1,067	(919)
Cash flow hedges:		
– effective portion of changes in fair value of hedging instruments recognised during the year (note 4(f))	494	(488)
– hedging – reclassification from equity to profit or loss (note 4(f))	(652)	368
– cost of hedging – changes in fair value (note 4(f))	(6)	30
– cost of hedging – reclassification adjustments for amounts transferred to profit or loss (note 4(f))	(7)	(11)
– 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))	(171)	(64)
Investments in equity securities designated as financial assets at FVOCI (non-recycling):		
– changes in fair value recognised during the year	34	46
Net movement in the fair value reserve (non-recycling) during the year recognised in other comprehensive income	34	46

12 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
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)
2025									
Exchange differences:									
– translation of financial statements of foreign entities	-	1,041	-	-	-	-	1,041	26	1,067
Cash flow hedges:									
– effective portion of changes in fair value	-	-	-	494	-	-	494	-	494
– hedging – reclassification from equity to profit or loss	-	-	-	(652)	-	-	(652)	-	(652)
– cost of hedging – change in fair value	-	-	-	(6)	-	-	(6)	-	(6)
– cost of hedging – reclassification adjustments for amounts transferred to profit or loss	-	-	-	(7)	-	-	(7)	-	(7)
Investments in equity securities designated as financial assets at FVOCI (non-recycling):									
– changes in fair value	-	-	23	-	-	-	23	11	34
Share of other comprehensive income of associates and joint ventures	-	1,434	28	(39)	-	43	1,466	-	1,466
Other comprehensive income for the year	-	2,475	51	(210)	-	43	2,359	37	2,396

13 EARNINGS PER SHARE

(a) Reported earnings per share

(i) Basic 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\$5,653 million (2024: HK\$6,296 million) and the weighted average number of 4,841 million ordinary shares (2024: 4,841 million ordinary shares) in issue during the year.

(ii) Diluted earnings per share

Diluted earnings per share for the year ended 31 December 2025 is calculated by dividing the consolidated profit attributable to equity shareholders of the Company of HK\$5,653 million (in relation to which no interest expenses on the Bonds (as defined and referred to in note 32) are adjusted for, as they are fully capitalised as the cost of an investment property under development of the Group during the year) by the diluted weighted average number of 4,946 million ordinary shares after adjusting for the effect of full conversion of the Bonds which would result in the issuance of an aggregate of 105 million ordinary shares, based on the issuance date of the Bonds of 16 July 2025 (see note 32) and which has been taken into consideration in the weighted average calculation.

Diluted earnings per share were the same as the basic earnings per share for the corresponding year ended 31 December 2024 as there were no dilutive potential ordinary shares in existence during that year.

13 EARNINGS PER SHARE (CONTINUED)

(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\$6,063 million (2024: HK\$9,774 million). A reconciliation of profit is as follows:

	2025 HK\$ million	2024 HK\$ million
Profit attributable to equity shareholders of the Company	5,653	6,296
Fair value (gain)/loss of investment properties and investment properties under development during the year (after deducting non-controlling interests' attributable share and deferred tax) (note 15(c))	(158)	1,833
Share of fair value loss/(gain) of investment properties (net of deferred tax) during the year:		
– associates (note 15(c))	189	208
– joint ventures (note 15(c))	104	(19)
The Group's attributable share of the cumulative fair value gain of investment properties disposed of during the year, net of tax:		
– subsidiaries	275	1,454
– associates and joint ventures	–	2
Underlying Profit	6,063	9,774
Basic underlying earnings per share, based on the weighted average number of ordinary shares in issue during the year (note 13(a)(i))	HK\$1.25	HK\$2.02
Diluted underlying earnings per share, based on the diluted weighted average number of ordinary shares (note 13(a)(ii))	HK\$1.23	HK\$2.02

14 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 " <i>Property development</i> " 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 and related products or services, water supply and waste treatment, renewable energy businesses, extended businesses and advanced fuels 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 respectively. 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.

14 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 2025 and 31 December 2024 is set out below.

	Company and its subsidiaries (before deducting non-controlling interests)		Associates and joint ventures		Consolidated		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 2025										
Property development										
Hong Kong	13,504	1,630	2,019	83	15,523	1,713	(311)	(147)	(note 1) 15,212	(note 1) 1,566
Chinese Mainland	1,135	(61)	2,291	(189)	3,426	(250)	-	(3)	3,426	(253)
	14,639	1,569	4,310	(106)	18,949	1,463	(311)	(150)	18,638	1,313
Property leasing										
Hong Kong	5,002	3,457	2,287	1,730	7,289	5,187	(373)	(315)	6,916	4,872
Chinese Mainland	1,762	1,309	86	11	1,848	1,320	(22)	(16)	1,826	1,304
	(note (iii)) 6,764	4,766	2,373	1,741	9,137	6,507	(395)	(331)	8,742	6,176
Department stores and supermarket-cum-stores operations										
- sale of own goods	1,185	(62)	-	-	1,185	(62)	(362)	27	823	(35)
- rental of consignment and concessionaire counters	276	119	-	-	276	119	(85)	(12)	191	107
	1,461	57	-	-	1,461	57	(447)	15	1,014	72
Hotel room operation										
Other businesses	318	79	297	97	615	176	(159)	(39)	456	137
	2,559	(47)	372	184	2,931	137	(773)	60	2,158	197
Utility and energy										
	25,741	6,424	7,352	1,916	33,093	8,340	(2,085)	(445)	31,008	7,895
	-	-	35,116	3,521	35,116	3,521	-	-	35,116	3,521
	25,741	6,424	42,468	5,437	68,209	11,861	(2,085)	(445)	66,124	11,416

14 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	Segment	Share of	Share of	Combined	Consolidated	Revenue	Segment	Combined	Consolidated
	(note (i))	results	revenue	segment	revenue	segment	Revenue	results	revenue	segment
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
For the year ended										
31 December 2025 (continued)										
Provision on inventories, net	(note 6)	(94)		(62)		(156)		-		(156)
Sales of property interests (note 2)	(note 6)	389		-		389		(136)		253
Unallocated head office and corporate expenses, net		(1,144)		(22)		(1,166)		1		(1,165)
Profit from operations		5,575		5,353		10,928		(580)		10,348
Increase/(decrease) in fair value of investment properties and investment properties under development		160		(291)		(131)		(333)		(464)
Finance costs	(note 7(a))	(2,444)		(1,342)		(3,786)		97		(3,689)
Bank interest income		444		108		552		(94)		458
Net finance costs		(2,000)		(1,234)		(3,234)		3		(3,231)
Profit before taxation		3,735		3,828		7,563		(910)		6,653
Income tax credit/(expense)		48		(1,093)		(1,045)		45		(1,000)
Profit for the year		3,783		2,735		6,518		(865)		5,653

Notes:

- (1) The revenue and segment results for the year ended 31 December 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\$3 million, HK\$149 million and HK\$Nil respectively and segment profit in the amounts of HK\$1 million, HK\$134 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 year ended 31 December 2025 also included the Group's share of pre-tax gains attributable to reported profit in the aggregate amount of HK\$599 million upon the resurreptions by the HKSAR Government of the Group's leasehold lands during the year ended 31 December 2025 (note 6(ii)).
- (2) The Group's attributable share of the realised cumulative fair value gain of investment properties disposed of during the year ended 31 December 2025 amounted to HK\$275 million (note 13(b)). Adding to it the Group's share of net gain attributable to reported profit on disposal of investment properties of HK\$253 million (see above) for the year ended 31 December 2025, the Group's share of the realised gain from the sales of property interests attributable to underlying profit amounted to HK\$528 million during the year ended 31 December 2025.

14 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 2025							
Share of profits less losses of associates (<i>note (iii)</i>)							
– Material listed associate The Hong Kong and China Gas Company Limited	–	145	10	(739)	(584)	2,946	2,362
– Other listed associates and unlisted associates	47	(40)	–	143	150	–	150
	47	105	10	(596)	(434)	2,946	2,512
Share of profits less losses of joint ventures (<i>note (iv)</i>)	(426)	821	44	(216)	223	–	223
	(379)	926	54	(812)	(211)	2,946	2,735

14 SEGMENT REPORTING (CONTINUED)

(a) Results of reportable segments (continued)

	Company and its subsidiaries (before deducting non-controlling interests)		Associates and joint ventures		Combined revenue HK\$ million	Consolidated segment results HK\$ million	Attributable to non-controlling interests		Attributable to equity shareholders of the Company	
	Revenue (note (ii)) HK\$ million	Segment results HK\$ million	Share of revenue HK\$ million	Share of segment results HK\$ million			Revenue HK\$ million	Segment results HK\$ million	Combined revenue HK\$ million	Consolidated segment results HK\$ million
For the corresponding 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
Chinese Mainland	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
Chinese Mainland	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
Utility and energy	25,256	10,063	11,030	3,000	36,286	13,063	(2,009)	(412)	34,277	12,651
	–	–	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

14 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	Segment	Share of	Share of	Combined	Consolidated	Revenue	Segment	Combined	Consolidated
	(note ii)	results	revenue	segment	revenue	segment	Revenue	results	revenue	segment
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
For the corresponding year ended										
31 December 2024 (continued)										
Provision on inventories, net	(note 6)	(193)		(131)		(324)		-		(324)
Sales of property interests (note 2)	(note 6)	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 7(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 expense		(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 corresponding 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 corresponding year ended 31 December 2024 also included the Group's 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 corresponding year ended 31 December 2024 (note 6(ii)).
- (2) The Group's attributable share of the realised cumulative fair value gain of investment properties disposed of during the corresponding year ended 31 December 2024 amounted to HK\$1,456 million (note 13(b)). Adding to it the Group's share of net gain attributable to reported profit on disposal of investment properties of HK\$92 million (see above) for the corresponding year ended 31 December 2024, the Group's share of the realised gain from the sales of property interests attributable to underlying profit amounted to HK\$1,548 million during the corresponding year ended 31 December 2024.

14 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 corresponding 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

Notes:

- (i) The revenue figures above are arrived at after the elimination of inter-segment revenues, in the amounts of HK\$408 million (2024: HK\$455 million) and HK\$2,542 million (2024: HK\$2,757 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\$5,789 million (2024: HK\$6,055 million) and rental-related income of HK\$975 million (2024: HK\$939 million), which in aggregate amounted to HK\$6,764 million for the year (2024: HK\$6,994 million) (see note 5).
- (iii) The Group’s share of profits less losses of associates contributed from the “Property leasing” segment during the year of HK\$105 million (2024: HK\$78 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\$189 million (2024: HK\$208 million) (see note 15(c)).
- The Group’s share of losses less profits of associates contributed from the “Other businesses” segment during the year of HK\$596 million (2024: HK\$606 million) included the Group’s attributable share of profit after tax from hotel management (other than hotel room operation) during the year of HK\$3 million (2024: HK\$2 million).
- (iv) The Group’s share of profits less losses of joint ventures contributed from the “Property leasing” segment during the year of HK\$821 million (2024: HK\$859 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\$104 million (2024: attributable share of net increase in fair value of investment properties (net of deferred tax) of HK\$19 million) (see note 15(c)).
- The Group’s share of losses less profits of joint ventures contributed from the “Other businesses” segment during the year of HK\$216 million (2024: HK\$155 million) included the Group’s attributable share of profit after tax contributed from hotel management (other than hotel room operation) during the year of HK\$9 million (2024: HK\$7 million).

14 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	
	2025 HK\$ million	2024 HK\$ million	2025 HK\$ million	2024 HK\$ million
Hong Kong	22,342	21,904	349,941	338,042
Chinese Mainland	3,399	3,352	67,597	67,962
The United Kingdom	–	–	39	36
	25,741	25,256	417,577	406,040
	(note 5)	(note 5)		

(c) Other segment information

	Depreciation and amortisation		Impairment loss on trade debtors, net	
	For the year ended 31 December		For the year ended 31 December	
	2025 HK\$ million	2024 HK\$ million	2025 HK\$ million	2024 HK\$ million
Property development	49	53	11	27
Property leasing	28	26	–	9
Department stores and supermarket-cum-stores operations				
– sale of own goods	131	151	–	–
– rental of consignment and concessionaire counters	6	7	–	–
Hotel room operation	74	75	–	–
Other businesses	181	179	–	–
	469	491	11	36
	(note 7(d))	(note 7(d))	(notes 6 and 25(b))	(notes 6 and 25(b))

15 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Investment properties	Investment properties under/ development	Sub-total	Hotel properties	Other land and buildings	Plant and equipment	Sub-total	Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	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 38(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 7(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

15 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Reconciliation of carrying amount (continued)

	Investment properties under/ development	Investment properties held for development	Sub-total	Hotel properties under development	Hotel properties under development	Other land and buildings	Plant and equipment	Sub-total	Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Cost or valuation:									
At 1 January 2025	203,717	68,157	271,874	4,225	-	271	3,048	7,544	279,418
Exchange adjustments	1,161	32	1,193	-	-	3	7	10	1,203
Additions	1,050	4,624	5,674	1	16	-	180	197	5,871
Disposals									
- through transfer of a subsidiary (note 38(b))	(613)	-	(613)	-	-	-	-	-	(613)
- others	(65)	-	(65)	-	-	-	(57)	(57)	(122)
Written off	-	-	-	-	-	-	(24)	(24)	(24)
(Deficit)/surplus on revaluation	(2,276)	2,436	160	-	-	-	-	-	160
Transfer to hotel properties under development	-	(1,620)	(1,620)	-	1,620	-	-	1,620	-
Transfer to plant and equipment	(169)	-	(169)	-	-	-	169	169	-
Transfer to investment properties	1,405	(1,405)	-	-	-	-	-	-	-
Transfer (to)/from inventories, net	(387)	87	(300)	-	-	-	-	-	(300)
At 31 December 2025	203,823	72,311	276,134	4,226	1,636	274	3,323	9,459	285,593
Representing:									
Cost	-	1,859	1,859	4,226	1,636	274	3,323	9,459	11,318
Valuation	203,823	70,452	274,275	-	-	-	-	-	274,275
	203,823	72,311	276,134	4,226	1,636	274	3,323	9,459	285,593
Accumulated depreciation and impairment losses:									
At 1 January 2025	-	-	-	344	-	78	2,733	3,155	3,155
Exchange adjustments	-	-	-	-	-	1	4	5	5
Charge for the year (note 7(d))	-	-	-	65	-	4	108	177	177
Written back on disposals	-	-	-	-	-	-	(48)	(48)	(48)
Written off	-	-	-	-	-	-	(24)	(24)	(24)
Impairment loss for the year	-	-	-	-	-	-	2	2	2
At 31 December 2025	-	-	-	409	-	83	2,775	3,267	3,267
Net book value:									
At 31 December 2025	203,823	72,311	276,134	3,817	1,636	191	548	6,192	282,326

15 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) The analysis of net book value of properties is as follows:

	2025 HK\$ million	2024 HK\$ million
In Hong Kong		
– under long leases	18,600	19,224
– under medium-term leases	216,960	210,321
	235,560	229,545
Outside Hong Kong		
– under long leases	10	10
– under medium-term leases	46,169	46,357
– freehold	39	36
	46,218	46,403
	281,778	275,948

(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.

15 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 2025	Fair value measurements at 31 December 2025 categorised into	
	HK\$ million	Level 2 HK\$ million	Level 3 HK\$ million
Recurring fair value measurement			
<i>Investment properties:</i>			
– In Hong Kong	158,490	3,334	155,156
– In Chinese Mainland	45,333	–	45,333
<i>Investment properties under development:</i>			
– In Hong Kong	69,668	–	69,668
– In Chinese Mainland	784	–	784

	Fair value at 31 December 2024	Fair value measurements at 31 December 2024 categorised into	
	HK\$ million	Level 2 HK\$ million	Level 3 HK\$ million
Recurring fair value measurement			
<i>Investment properties:</i>			
– In Hong Kong	158,201	3,763	154,438
– In Chinese Mainland	45,516	–	45,516
<i>Investment properties under development:</i>			
– In Hong Kong	64,673	–	64,673
– In Chinese Mainland	774	–	774

During the years ended 31 December 2025 and 31 December 2024, 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.

15 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 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 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 Chinese Mainland 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 Chinese Mainland 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 the 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	
	2025 %	2024 %	2025 %	2024 %
In Hong Kong				
– Retail	2.75%-6.0%	2.75%-6.0%	40%-100%	40%-100%
– Office/industrial	2.75%-4.125%	2.75%-4.125%	72%-100%	53%-100%
In Chinese Mainland				
– Retail	5.5%-8.0%	5.5%-8.5%	56%-100%	57%-100%
– Office	5.0%-6.0%	5.0%-6.75%	57%-100%	50%-100%

The fair value measurement of completed investment properties is positively correlated to the occupancy rate and negatively correlated to the capitalisation rate.

15 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	
	2025	2024
In Hong Kong	HK\$21 million to HK\$16,300 million	HK\$49 million to HK\$16,300 million
In Chinese Mainland		HK\$71 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 gain on the Group's investment properties and investment properties under development in Hong Kong and Chinese Mainland (after deducting non-controlling interests' attributable share and deferred tax), excluding those held by associates and joint ventures, in the amount of HK\$158 million (2024: a net fair value loss on the Group's investment properties and investment properties under development in Hong Kong and Chinese Mainland (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) has been recognised in the consolidated statement of profit or loss for the year (see note 13(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 2025 amounted to HK\$135 million (2024: HK\$2,022 million).

15 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:

	For the year ended 31 December 2025		
	Hong Kong HK\$ million	Chinese Mainland 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)	1,572	(1,412)	160
Add/(Less):			
Deferred tax	–	328	328
Non-controlling interests' attributable share of the net fair value gain (net of deferred tax)	(324)	(6)	(330)
(after deducting non-controlling interests' attributable share and deferred tax) (note 13(b))	1,248	(1,090)	158
– associates (Group's attributable share) (notes 13(b) and 14(a)(iii))	(190)	1	(189)
– joint ventures (Group's attributable share) (notes 13(b) and 14(a)(iv))	(116)	12	(104)
	942	(1,077)	(135)

15 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 corresponding year ended 31 December 2024		
	Hong Kong HK\$ million	Chinese Mainland 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)
Add/(Less):			
Deferred tax	–	267	267
Non-controlling interests' attributable share of the net fair value gain (net of deferred tax)	(578)	(8)	(586)
(after deducting non-controlling interests' attributable share and deferred tax) (note 13(b))	(929)	(904)	(1,833)
– associates (Group's attributable share) (notes 13(b) and 14(a)(iii))	(208)	–	(208)
– joint ventures (Group's attributable share) (notes 13(b) and 14(a)(iv))	193	(174)	19
	(944)	(1,078)	(2,022)

- (d) All properties held under operating leases that would otherwise meet the definition of investment properties are classified as investment properties.

16 RIGHT-OF-USE ASSETS

	2025 HK\$ million	2024 HK\$ million
Cost:		
At 1 January	1,953	1,996
Exchange adjustments	1	(1)
Additions for the year (note 29)	141	68
Change in basic rent due to modification of certain lease terms (note 29)	(1)	(1)
Written back on expiry of leases	(216)	(109)
At 31 December	1,878	1,953
Accumulated depreciation:		
At 1 January	972	785
Exchange adjustments	–	(1)
Charge for the year (note 7(d))	289	297
Written back on expiry of leases	(216)	(109)
At 31 December	1,045	972
Net book value:		
At 31 December	833	981

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 and a joint venture of the Group. Other properties leased for own use relate to certain property interests held by external third parties.

16 RIGHT-OF-USE ASSETS (CONTINUED)

Further analysis of right-of-use assets by category, at net book values, is as follows:

	2025 HK\$ million	2024 HK\$ million
At 1 January		
– Indirect ownership interests in leasehold land and buildings	579	720
– Other properties leased for own use	402	491
	981	1,211
At 31 December		
– Indirect ownership interests in leasehold land and buildings	464	579
– Other properties leased for own use	369	402
	833	981

17 GOODWILL

Goodwill of HK\$262 million (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 board of directors of the Company (“Directors”) have assessed that there was no impairment on the goodwill at 31 December 2025 and 31 December 2024.

18 TRADEMARKS

	2025 HK\$ million	2024 HK\$ million
Cost:		
At 1 January and 31 December	109	109
Accumulated amortisation:		
At 1 January	15	11
Amortisation during the year (note 7(d))	3	4
At 31 December	18	15
Carrying amount:		
At 31 December	91	94

The amortisation charge is included in “Administrative expenses” in the Group’s consolidated statement of profit or loss.

19 INTEREST IN SUBSIDIARIES

Details of the principal subsidiaries at 31 December 2025 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 322 to 328.

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.

	2025 HK\$ million	2024 HK\$ million
NCI percentage	49.925%	49.925%
Current assets	7,304	6,862
Non-current assets	15,384	15,583
Current liabilities	(708)	(768)
Non-current liabilities	(545)	(577)
Non-controlling interests	(199)	(217)
Net assets attributable to equity shareholders	21,236	20,883
Carrying amount of NCI	10,602	10,426
Revenue	2,581	2,858
Profit for the year	700	802
Total comprehensive income	750	814
Profit allocated to NCI for the year	349	400
Dividends paid to NCI for the year	183	183
Cash flows generated from operating activities	254	236
Cash flows (used in)/generated from investing activities	(903)	577
Cash flows used in financing activities	(51)	(52)

20 INTEREST IN ASSOCIATES

	2025 HK\$ million	2024 HK\$ million
Unlisted		
Share of net assets	2,554	2,609
Amounts due from associates	1,155	1,158
Less: Impairment loss	(44)	(44)
	3,665	3,723
Listed in Hong Kong		
Share of net assets, including goodwill on acquisition	47,770	46,841
	51,435	50,564
Market value of listed shares	55,853	49,338

Except for the amounts due from associates of (i) HK\$9 million (2024: HK\$12 million) which are interest-bearing at Hong Kong dollar prime rate minus 3% (2024: Hong Kong dollar prime rate minus 3%) per annum; and (ii) HK\$5 million (2024: HK\$5 million) which are interest-bearing at Hong Kong Interbank Offered Rate ("HIBOR") plus 4% (2024: 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 2025 and 31 December 2024.

20 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 2025 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 329.

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)	
	2025 HK\$ million	2024 HK\$ million
Gross amounts of the associate's:		
Current assets	24,043	24,341
Non-current assets	139,660	134,077
Current liabilities	(38,273)	(36,068)
Non-current liabilities	(53,910)	(53,886)
Equity	71,520	68,464
Revenue	54,326	55,473
Profit from continuing operation	6,715	6,761
Other comprehensive income	3,018	(2,189)
Total comprehensive income	9,733	4,572
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	71,520	68,464
Non-controlling interests	(12,038)	(10,943)
Equity attributable to equity shareholders	59,482	57,521
Group's interest	41.53%	41.53%
Group's share of the associate's equity attributable to equity shareholders	24,703	23,888
Goodwill	17,519	17,519
Carrying amount in the consolidated financial statements	42,222	41,407
Market value of the listed shares	54,318	48,119

Note: The principal activities of The Hong Kong and China Gas Company Limited are the production, distribution and marketing of gas and related products or services, water supply and waste treatment, renewable energy businesses, extended businesses and advanced fuels businesses. Its distinctive business nature forms a supplement to the Group's core businesses of property development and property investment and smoothens the cyclicity of the Group's property development business.

20 INTEREST IN ASSOCIATES (CONTINUED)

Aggregate information of associates that are not individually material:

	2025 HK\$ million	2024 HK\$ million
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	9,213	9,157
Aggregate amounts of the Group's share of those associates:		
Profit from continuing operation	150	42
Other comprehensive income	19	(23)
Total comprehensive income	169	19

21 INTEREST IN JOINT VENTURES

	2025 HK\$ million	2024 HK\$ million
Share of net assets	49,675	50,474
Less: Impairment loss	(2)	(2)
	49,673	50,472
Amounts due from joint ventures	32,957	27,404
	82,630	77,876

Except for the amounts due from joint ventures of (i) HK\$14 million (2024: HK\$2,481 million) which are interest-bearing at interest rates ranging from Hong Kong dollar prime rate minus 3% to Hong Kong dollar prime rate (2024: ranging from Hong Kong dollar prime rate minus 3% to Hong Kong dollar prime rate) per annum; and (ii) HK\$2 million (2024: Nil) which are interest-bearing at HIBOR plus 0.5% per annum (2024: Nil), all of the amounts due from joint ventures 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 2025 and 31 December 2024.

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 2025 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 330.

21 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)	
	2025	2024
	HK\$ million	HK\$ million
Gross amounts of the joint venture's:		
Current assets	644	667
Non-current assets	117,861	118,065
Current liabilities	(1,975)	(1,771)
Non-current liabilities	(18,891)	(18,814)
Equity	97,639	98,147
Included in the above assets and liabilities:		
Cash and cash equivalents	306	302
Non-current financial liabilities (excluding trade and other payables and provisions)	(17,517)	(17,477)
Revenue	5,236	5,123
(Decrease)/increase in fair value of investment properties	(196)	498
Profit from continuing operation	2,132	2,629
Other comprehensive income	(41)	10
Total comprehensive income	2,091	2,639
Dividend received from the joint venture	889	712
Included in the above profit:		
Depreciation and amortisation	(104)	(105)
Interest income	3	7
Interest expense	(639)	(814)
Income tax expense	(462)	(431)
Reconciled to the Group's interest in the joint venture:		
Gross amount of net assets of the joint venture	97,639	98,147
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	33,402	33,576

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.

21 INTEREST IN JOINT VENTURES (CONTINUED)

Aggregate information of joint ventures that are not individually material:

	2025 HK\$ million	2024 HK\$ million
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	49,228	44,300
Aggregate amounts of the Group's share of those joint ventures:		
Loss from continuing operation	(506)	(214)
Other comprehensive income	430	(303)
Total comprehensive income	(76)	(517)

22 DERIVATIVE FINANCIAL INSTRUMENTS

	2025		2024	
	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))	50	755	6	1,422
Interest rate swap contracts (note 4(h)(i))	97	6	264	–
Total cash flow hedges	147	761	270	1,422
Fair value through profit or loss:				
Cross currency interest rate swap contracts (note 4(h)(i))	14	–	–	–
Cross currency swap contracts (note 4(h)(i))	–	20	–	89
Interest rate swap contracts (note 4(h)(i))	193	70	301	162
Foreign exchange forward contracts (note 4(h)(i))	151	6	–	–
	358	96	301	251
	505	857	571	1,673
Representing:				
Non-current portion	271	513	514	996
Current portion (notes 25 and 28)	234	344	57	677
	505	857	571	1,673

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 2025 and 31 December 2024, are set out in note 4(c) to these consolidated financial statements.

23 OTHER FINANCIAL ASSETS

	2025 HK\$ million	2024 HK\$ million
Investments designated as financial assets at FVOCI (non-recycling)		
<i>Investments in equity securities</i>		
Unlisted (note 4(h)(i))	45	38
Listed (note 4(h)(i)):		
– in Hong Kong	104	259
– outside Hong Kong	–	47
	149	344
Investments measured as financial assets at FVPL		
<i>Investments in other securities</i>		
Listed (note 4(h)(i)):		
– in Hong Kong	24	20
	24	20
Financial assets measured at amortised cost		
Corporate bonds	9	13
Instalments receivable	2,492	3,205
Loans receivable	2,304	1,029
	4,805	4,247
	4,978	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 31 December 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 25).

Instalments receivable, which are due within one year (see note 25) and after more than one year from the end of the reporting period, included an amount of HK\$2,001 million (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.

23 OTHER FINANCIAL ASSETS (CONTINUED)

(b) Loans receivable

The Group's loans receivable comprised the following amounts:

	2025	2024
	HK\$ million	HK\$ million
Secured loans	549	920
Unsecured loans	1,755	109
	2,304	1,029

At 31 December 2025, the entire balance of the abovementioned secured loans is interest-bearing at fixed interest rate of 5.5% per annum. At 31 December 2024, except for an amount of HK\$536 million which was interest-bearing at HIBOR plus 2.25% per annum, the remaining balance of the abovementioned secured loans in the aggregate amount of HK\$384 million was interest-bearing at fixed interest rate of 5.5% per annum.

At 31 December 2025, except for an amount of HK\$465 million which is interest-bearing at fixed interest rate of 9.0% per annum, the remaining balance of the abovementioned unsecured loans in the aggregate amount of HK\$1,290 million is 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. 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.

These balances are due after more than one year from the end of the reporting period and were not past due at 31 December 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 25). The balances were not past due at 31 December 2025 and 31 December 2024.

24 INVENTORIES

	2025 HK\$ million	2024 HK\$ million
Property development		
Leasehold land held for development for sale	9,530	9,495
Properties held for/under development for sale	35,844	42,281
Completed properties for sale	34,126	33,693
	79,500	85,469
Other operations		
Trading stocks and consumable stores	121	139
	79,621	85,608

The analysis of carrying value of inventories for property development is as follows:

	2025 HK\$ million	2024 HK\$ million
In Hong Kong		
– under long leases	37,671	38,164
– under medium-term leases	32,402	37,551
	70,073	75,715
In Chinese Mainland		
– under long leases	5,801	6,607
– under medium-term leases	3,626	3,147
	9,427	9,754
	79,500	85,469
Including:		
– Properties expected to be completed after more than one year	27,526	33,690

25 TRADE AND OTHER RECEIVABLES

	2025 HK\$ million	2024 HK\$ million
(i) Debtors and current receivables		
Trade receivables	293	310
Instalments receivable (note 23(a))	82	103
Sub-total: Trade debtors	375	413
Other debtors	5,045	5,692
Prepayments and deposits	3,661	4,208
Gross amount due from customers for contract work (note 26) ^(^)	14	15
Amounts due from associates	29	27
Amounts due from joint ventures	36	203
	9,160	10,558
(ii) Other current financial assets		
Loans receivable (note 23(b))	1,273	2,557
Financial assets measured at FVPL (note 4(h)(ii))	922	851
Derivative financial instruments (note 22)	234	57
	2,429	3,465
	11,589	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 (see note 2(p)).

Included in other debtors is an amount receivable of HK\$1,864 million (2024: HK\$1,864 million) which was overdue at 31 December 2025, but which is pledged against certain collaterals provided by the debtor.

Loans receivable, of which HK\$1,163 million (2024: HK\$795 million) are secured and interest-bearing at interest rates of 5.5% and HIBOR plus 2.25% (2024: ranging from 3.8% to 5.5% and HIBOR plus 2.25%) per annum, and HK\$110 million (2024: HK\$1,762 million) are unsecured and interest-bearing at interest rate of 6.0% (2024: interest rates 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 31 December 2025 and 31 December 2024.

25 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 2025 and 31 December 2024, the Group did not have any construction contract and the gross amounts due from customers for contract work at 31 December 2025 and 31 December 2024 mainly related to certain construction contracts for agreed retention periods which amounts were included in contract assets until the end of the retention periods as the Group's entitlement to the final payment was conditional on the Group's construction works satisfactorily passing inspection.

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\$4,177 million (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 31 December 2025 and 31 December 2024 are unsecured, interest-free, have no fixed terms of repayment and were not past due at 31 December 2025 and 31 December 2024.

(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:

	2025 HK\$ million	2024 HK\$ million
Current or up to 1 month	239	252
More than 1 month and up to 3 months	42	66
More than 3 months and up to 6 months	33	33
More than 6 months	61	62
	375	413

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(n)(i)).

The movement in the allowance account during the year is as follows:

	2025 HK\$ million	2024 HK\$ million
At 1 January	69	37
Impairment loss, net (notes 6 and 14(c))	11	36
Uncollectible amounts written off	(14)	(4)
At 31 December	66	69

26 GROSS AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	2025 HK\$ million	2024 HK\$ million
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus profits less losses	136	120
Progress billings	(132)	(110)
Net contract work	4	10
Represented by:		
Gross amount due from customers for contract work recognised as contract assets under "Trade and other receivables" (note 25)	14	15
Gross amount due to customers for contract work recognised as contract liabilities under "Trade and other payables" (note 28)	(10)	(5)
	4	10

27 CASH AND BANK BALANCES AND MOVEMENTS IN THE CARRYING AMOUNTS OF ITEMS RELATING TO FINANCING ACTIVITIES

(a) Cash and cash equivalents comprised:

	2025 HK\$ million	2024 HK\$ million
Deposits with banks and other financial institutions	19,640	15,765
Cash at bank and in hand	2,558	2,154
Cash and bank balances in the consolidated statement of financial position	22,198	17,919
Less:		
Deposits with banks and other financial institutions over three months of maturity at acquisition	(12,000)	(6,912)
Cash restricted for use	(139)	(222)
Cash and cash equivalents in the consolidated cash flow statement	10,059	10,785

At 31 December 2025, cash and bank balances in the consolidated statement of financial position included bank balances in the aggregate amount of HK\$139 million (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 Chinese Mainland.

27 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 29)	Bank loans HK\$ million (note 30)	Guaranteed notes HK\$ million (note 31)	Derivative financial instruments, net HK\$ million (note 22)	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 (Interest and other borrowing costs paid)/ interest received during the year	(300)	-	-	-	-	-	-	(300)
	(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 7(a))	40	2,811	797	(44)	2,874	97	168	6,743
Other borrowing costs (before capitalisation) for the year (note 7(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

27 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 29)	Bank loans HK\$ million (note 30)	Guaranteed notes HK\$ million (note 31)	Derivative financial instruments, net HK\$ million (note 22)	Convertible bonds HK\$ million (note 32)	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 2025	1,019	62,627	19,609	1,102	-	66,215	3,672	5,566	159,810
Changes from financing cash flows:									
Repayment to non-controlling interests, net	-	-	-	-	-	-	-	(438)	(438)
Proceeds from new bank loans/guaranteed notes	-	46,784	687	-	-	-	-	-	47,471
Repayment of bank loans/guaranteed notes	-	(49,331)	(9,619)	-	-	-	-	-	(58,950)
Net proceeds from issue of convertible bonds	-	-	-	-	7,924	-	-	-	7,924
Increase in amount due to a fellow subsidiary	-	-	-	-	-	14,403	-	-	14,403
Decrease in amounts due to related companies	-	-	-	-	-	-	(217)	-	(217)
Payments of principal portion of lease liabilities	(286)	-	-	-	-	-	-	-	(286)
(Interest and other borrowing costs paid)/ interest received during the year	(35)	(2,505)	(616)	21	(10)	(2,112)	(86)	(125)	(5,468)
Total changes from financing cash flows	(321)	(5,052)	(9,548)	21	7,914	12,291	(303)	(563)	4,439
Exchange adjustments	-	883	111	-	-	-	88	-	1,082
Changes in fair value	-	-	-	(750)	-	-	-	-	(750)
Other changes:									
Interest expenses (before capitalisation) for the year (note 7(a))	35	2,365	489	4	102	2,112	86	124	5,317
Other borrowing costs (before capitalisation) for the year (note 7(a))	-	138	1	-	-	-	-	-	139
Increase in lease liabilities from entering into new leases during the year	141	-	-	-	-	-	-	-	141
Issuance of convertible bonds, net of transaction costs (equity component)	-	-	-	-	(887)	-	-	-	(887)
Others	(4)	(5)	136	(25)	(9)	-	-	(303)	(210)
Total other changes	172	2,498	626	(21)	(794)	2,112	86	(179)	4,500
At 31 December 2025	870	60,956	10,798	352	7,120	80,618	3,543	4,824	169,081

(debt component)

27 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) comprised the following:

	2025 HK\$ million	2024 HK\$ million
Within operating cash flows (relating to short-term leases which fall within the "practical expedient" under HKFRS 16 (before capitalisation))	9	17
Within financing cash flows (note 27(b))	321	340
Total cash outflows recognised in the Group's consolidated cash flow statement	330	357

28 TRADE AND OTHER PAYABLES

	2025 HK\$ million	2024 HK\$ million
Creditors and accrued expenses	8,934	8,597
Gross amount due to customers for contract work (note 26) ^(#)	10	5
Rental and other deposits received	2,071	2,007
Forward sales deposits received and other contract liabilities ^(#)	3,943	5,672
Derivative financial instruments (note 22)	344	677
Amounts due to associates	1,548	1,543
Amounts due to joint ventures	7,678	8,310
	24,528	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 (see note 2(p)).

28 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	
	2025 HK\$ million	2024 HK\$ million
At 1 January	5,672	4,899
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	(5,310)	(3,302)
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	3,581	4,075
At 31 December	3,943	5,672

- (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\$1,299 million (2024: HK\$1,253 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:

	2025 HK\$ million	2024 HK\$ million
Due within 1 month or on demand	1,564	1,574
Due after 1 month but within 3 months	892	631
Due after 3 months but within 6 months	327	260
Due after 6 months	2,547	2,719
	5,330	5,184

28 TRADE AND OTHER PAYABLES (CONTINUED)

- (c) The amounts due to associates and joint ventures at 31 December 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\$849 million (2024: HK\$1,082 million) which are unsecured, interest-bearing at interest rates of 2.92% and ranging from RMB Loan Prime Rate minus 0.65% to RMB Loan Prime Rate (2024: ranging from 2.45% to 2.80% and 20% below the RMB Loan Prime Rate) per annum and wholly repayable between 20 January 2026 and 23 October 2026 (2024: between 28 January 2025 and 19 December 2025).

29 LEASE LIABILITIES

	2025 HK\$ million	2024 HK\$ million
At 1 January	1,019	1,252
Additions for the year (notes 16 and 27(b))	141	68
Change in basic rent due to modification of certain lease terms (note 16)	(1)	(1)
Lease payments made during the year (note 27(b))	(321)	(340)
Reclassification of rental deposits paid from trade and other receivables	(3)	–
Finance costs on lease liabilities for the year (notes 7(a) and 27(b))	35	40
At 31 December	870	1,019
	2025 HK\$ million	2024 HK\$ million
Represented by:		
Amount classified under current liabilities		
– contractual maturity within 1 year	277	262
Amounts classified under non-current liabilities		
– contractual maturity after 1 year but within 2 years	249	226
– contractual maturity after 2 years but within 5 years	344	531
	593	757
	870	1,019

The carrying balances of the lease liabilities are amortised to nil on the expiry dates of the Remaining Leases.

30 BANK LOANS

The Group's bank loans are repayable as follows:

	2025 HK\$ million	2024 HK\$ million
Within 1 year and included in current liabilities	6,534	8,001
After 1 year and included in non-current liabilities		
– After 1 year but within 2 years	14,530	17,359
– After 2 years but within 5 years	24,880	19,028
– After 5 years	15,012	18,239
	54,422	54,626
	60,956	62,627

At 31 December 2025 and 31 December 2024, 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 2025 and 31 December 2024, none of the covenants relating to the drawdown facilities had been breached.

31 GUARANTEED NOTES

	2025 HK\$ million	2024 HK\$ million
Guaranteed notes issued pursuant to the Medium Term Note Programme	10,798	19,609
	10,798	19,609

The Group's guaranteed notes are repayable as follows:

	2025 HK\$ million	2024 HK\$ million
Within 1 year and included in current liabilities	2,797	9,585
After 1 year and included in non-current liabilities		
– After 1 year but within 2 years	645	2,722
– After 2 years but within 5 years	4,749	3,796
– After 5 years	2,607	3,506
	8,001	10,024
	10,798	19,609

31 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 three guaranteed notes issued under the MTN Programme during the year ended 31 December 2025 was HK\$690 million, and the guaranteed notes issued under the MTN Programme which remained outstanding at 31 December 2025 comprised HK\$6,452 million, US\$340 million, RMB1,455 million and ¥2,000 million (2024: the carrying amount of a guaranteed note issued under the MTN Programme during the year 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).

The guaranteed notes which remained outstanding at 31 December 2025 under the MTN Programme were issued by a wholly-owned subsidiary of the Company during the period between 20 October 2011 and 10 September 2025 (2024: between 20 October 2011 and 21 March 2024), and bear coupon rates ranging from 0.80% to 5.36% per annum (2024: 0.80% to 5.61% per annum) payable quarterly, semi-annually or annually in arrears, and have maturity dates between 16 January 2026 (which had already been repaid by the Group on the maturity date) and 9 March 2035 (2024: between 22 January 2025 (which had already been repaid by the Group on the maturity date) and 9 March 2035).

32 CONVERTIBLE BONDS

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”). The net proceeds to the Group from the issue of the Bonds (net of expenses) amounted to HK\$7,924 million (note 27(b)).

The Bonds are denominated in Hong Kong dollars, have a coupon rate of 0.5% per annum and a maturity date of 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 Bonds 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 (“Bondholders”), and the conversion price of the conversion of the Bonds into Shares in the Company is currently adjusted to HK\$35.35 (the “Adjusted Conversion Price”) while being subject to further adjustments. Assuming full conversion of the Bonds at the Adjusted Conversion Price, an aggregate of 226,308,345 Conversion Shares would be issued by the Company.

Bondholders also have the option to require the Issuer to redeem all or some of the Bonds held by them on 16 July 2028, at the principal amount together with interest accrued but unpaid up to but excluding that date.

Subsequent to 16 July 2025 and up to and including 31 December 2025, no Bondholder had exercised the option to convert the Bonds into Conversion Shares.

32 CONVERTIBLE BONDS (CONTINUED)

The Bonds comprise two components, being a debt component and an equity component. Upon initial recognition on 16 July 2025, the debt component was measured at fair value less attributable transaction costs. At the end of the reporting period, the debt component was accounted for as a liability and subsequently stated at amortised cost.

The movements of the Bonds for the year ended 31 December 2025 were as follows:

	Debt component HK\$ million	Equity component HK\$ million
At 1 January 2025	–	–
Initial recognition on 16 July 2025	7,037	887
Interest expense at effective interest rate (notes 7(a) and 27(b))	102	–
Interest paid (note 27(b))	(10)	–
Interest payable (note 27(b))	(9)	–
At 31 December 2025	7,120	887

The analysis of the Company's share price at which it would be equally financially advantageous for the Bondholders to convert or redeem the Bonds based on their implied rate of return (and therefore the Bondholders would be indifferent as to whether the Bonds are converted or redeemed) is when the Company's share price approximates to the conversion price (which may be adjusted from time to time during the tenure of the Bonds) in the future.

33 AMOUNT DUE TO A FELLOW SUBSIDIARY

At 31 December 2025 and 31 December 2024, 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.

34 AMOUNTS DUE TO RELATED COMPANIES

At 31 December 2025 and 31 December 2024, all of the amounts due to related companies were unsecured, interest-bearing and repayable as follows:

	2025 HK\$ million	2024 HK\$ million
Within 1 year and included in current liabilities	2,023	97
After 1 year and included in non-current liabilities		
– After 1 year but within 2 years	1,375	1,900
– After 2 years but within 5 years	145	1,675
	1,520	3,575
	3,543	3,672

35 NON-CONTROLLING INTERESTS

Included in the Group's non-controlling interests of HK\$18,422 million at 31 December 2025 (2024: HK\$18,430 million) are (i) an amount of HK\$12,784 million related to Miramar's consolidated net assets attributable to the non-controlling interests at 31 December 2025 (2024: HK\$12,648 million); and (ii) an amount of HK\$199 million related to the non-controlling interests in Miramar's subsidiaries at 31 December 2025 (2024: HK\$217 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 43(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 comprise (i) the statutory reserve set up for enterprises established in Chinese Mainland, whereby 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; and (ii) the conversion option equity reserve which represents the equity component relating to the conversion rights attached to the Bonds (see note 32) issued by the Group. The amount is stated after deducting attributable transaction costs and will not be reclassified subsequently to profit or loss.

37 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 2025, the Group's strategy, which was unchanged from that for the corresponding year ended 31 December 2024, 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 Chinese Mainland 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 2025 and 31 December 2024 were as follows:

	2025 HK\$ million	2024 HK\$ million
Bank and other borrowings (including guaranteed notes and the debt component of the Bonds) repayable:		
– Within 1 year	9,331	17,586
– After 1 year but within 2 years	15,175	20,081
– After 2 years but within 5 years	36,749	22,824
– After 5 years	17,619	21,745
Amounts due to related companies (note 34)	3,543	3,672
Total debt	82,417	85,908
Less: Cash and bank balances	(22,198)	(17,919)
Net debt	60,219	67,989
Shareholders' funds	322,464	322,147
Gearing ratio (%)	18.7%	21.1%

Neither the Company nor any of its subsidiaries was subject to externally imposed capital requirements during the year ended 31 December 2025 (2024: None) and at 31 December 2025 and 31 December 2024.

38 ACQUISITIONS AND TRANSFERS OF SUBSIDIARIES

(a) Acquisitions of subsidiaries

During the year ended 31 December 2025, there was no acquisition of subsidiary. During the corresponding year ended 31 December 2024, the Group acquired certain subsidiaries which are engaged in property development and property investment in Hong Kong.

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
Investment properties (note 15(a))	299
Inventories	84
Trade and other receivables	4
Trade and other payables	(31)
Tax payable	(18)
Fair value of identifiable net assets	338
Represented by:	
Cash consideration paid	338
Net cash outflow in respect of the acquisitions:	
Cash consideration paid	(338)

(b) Transfers of subsidiaries

During the year ended 31 December 2025, the Group (i) transferred to two joint ventures its 100% equity interests in two wholly-owned subsidiaries which are engaged in property development and the ownership of leasehold land held for development for sale in Hong Kong respectively and which transactions constituted related party transactions of the Group; and (ii) transferred to an independent third party its entire interest in and shareholder's loan to a subsidiary whose sole assets comprise two property units held as investment properties at Tower 1, The Legacy (天御) Phase 2, No. 8 Castle Road, Hong Kong.

During the corresponding year ended 31 December 2024, the Group transferred to an independent third party its 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).

38 ACQUISITIONS AND TRANSFERS OF SUBSIDIARIES (CONTINUED)

(b) Transfers of subsidiaries (continued)

The transfers had the following effects on the Group's assets and liabilities:

	2025 HK\$ million	2024 HK\$ million
Investment properties	(note 15(a)) 613	2,208
Inventories	92	–
Trade receivables	–	5
Prepayments and deposits	1	2
Creditors and accrued expenses	–	(5)
Rental and other deposits received	(1)	(11)
Net assets	705	2,199
Interest in joint ventures	(59)	–
Selling expenses and professional charges	81	24
Net gain/(loss) on transfer of a subsidiary regarding investment properties (note 6)	381	(2)
Net gain on transfers of subsidiaries regarding leasehold land held for development for sale and properties held for development for sale (note 6)	203	–
Total consideration	1,311	2,221
Net cash inflow in respect of the transfers:		
Total consideration	1,311	2,221
Consideration receivable	(236)	–
	1,075	2,221

39 CAPITAL COMMITMENTS

At 31 December 2025 and 31 December 2024, the Group had capital commitments not provided for in these financial statements as follows:

	2025 HK\$ million	2024 HK\$ million
(a) Contracted for the acquisition of property and future development expenditure and the related costs of internal fixtures and fittings	7,248	10,062
Future development expenditure and the related costs of internal fixtures and fittings approved by the Directors but not contracted for	6,571	8,968
	13,819	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	2,112	3,288
Future development expenditure and the related costs of internal fixtures and fittings approved by the Directors but not contracted for	1,132	2,378
	3,244	5,666

40 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 15.

The total future minimum lease payments under non-cancellable leases are receivable as follows:

	2025 HK\$ million	2024 HK\$ million
Within 1 year	4,906	4,966
After 1 year but within 2 years	3,473	3,311
After 2 years but within 3 years	2,090	1,996
After 3 years but within 4 years	1,086	1,202
After 4 years but within 5 years	617	754
After 5 years	591	1,047
	12,763	13,276

40 SIGNIFICANT LEASING ARRANGEMENTS (CONTINUED)

(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.

41 CONTINGENT LIABILITIES

At 31 December 2025 and 31 December 2024, contingent liabilities of the Group were as follows:

- (a) an amount of HK\$11 million (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\$242 million (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\$946 million (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 Chinese Mainland in relation to which the related Building Ownership Certificate (房產證) had not yet been issued at 31 December 2025 (and such guarantees will be released upon the issuance of the Building Ownership Certificate), and the decrease of which is mainly attributable to the release of guarantees following the issuance of the Building Ownership Certificates of the Group's projects in Yixing and Shijiazhuang during the year ended 31 December 2025;
- (d) an amount of HK\$430 million (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);

41 CONTINGENT LIABILITIES (CONTINUED)

At 31 December 2025 and 31 December 2024, contingent liabilities of the Group were as follows: (continued)

- (e) amounts of Nil (2024: HK\$1,670 million), Nil (2024: HK\$2,100 million), Nil (2024: HK\$1,314 million) and Nil (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 between such lending banks and the four joint ventures on 8 July 2019, 4 December 2019, 1 June 2020 and 30 October 2020 respectively and which had expired on 28 February 2025, 26 November 2025, 1 December 2025 and 26 September 2025 respectively, following the full repayment of the loans by the shareholders of the joint ventures (including the Group);
- (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 "First Developer") under the Development Agreement dated 12 October 2021 between URA and the First 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 First 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 First 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 First Developer as a joint venture;
- (g) as a consequence of a loan facility of up to HK\$6,556 million entered into between two lending banks and the First 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 First 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 2025 (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 First Developer on such loan facility, and which is attributable and proportional to the Group's 50% equity interest in the First Developer as a joint venture; and
- (h) an amount of up to HK\$1,150 million (2024: Nil) 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 a site at Nos. 983-987A King's Road and Nos. 16-94 Pan Hoi Street, Quarry Bay, Hong Kong and in which the Group has 50% equity interest (the "Second Developer")) of contingent liabilities in respect of an irrevocable, unconditional and several guarantee given by the Group to a lending bank in relation to 50% of the maximum amount which may be drawn down by the Second Developer on a loan facility of up to HK\$2,300 million which was entered into on 17 December 2025 between the lending bank and the Second Developer (and such proceeds refinanced the previous shareholders' loans advanced to the Second Developer for the purpose of acquiring the land site for development).

42 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:

	2025 HK\$ million	2024 HK\$ million
Donation income (<i>note (iii)</i>)	10	5
Rental income (<i>note (iii)</i>)	19	6
Other interest expense and borrowing costs (<i>note (i)</i>)	2,113 [#]	2,877 [#]
Administration fee income (<i>note (ii)</i>)	11	11
Consideration paid for the acquisition of properties through acquisition of subsidiaries (<i>note (iii)</i>)	–	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:

	2025 HK\$ million	2024 HK\$ million
Construction income (<i>note (iii)</i>)	5	1,175
Rental income (<i>note (iii)</i>)	22	15
Cash rental paid (<i>notes (iii) and (v)</i>)	175	176
Management fee income (<i>note (iii)</i>)	–	8
Security guard service fee income (<i>notes (iii) and (vii)</i>)	34	32
Other interest income (<i>note (i)</i>)	66	119
Other interest expenses (<i>note (i)</i>)	28	54
Rental commission income (<i>note (iii)</i>)	8	9
Telecommunication network installation expenses (<i>note (iii)</i>)	21	15
Property and leasing management service fee income and other ancillary property service fee income (<i>note (vi)</i>)	47 [#]	48 [#]
Asset management service fee income (<i>note (vi)</i>)	87 [#]	89 [#]

42 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 the late Dr Lee Shau Kee are as follows:

	2025 HK\$ million	2024 HK\$ million
Rental income (<i>note (iii)</i>)	75 [#]	78 [#]

- (ii) During the year ended 31 December 2025, 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\$86 million (2024: HK\$97 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 2025 and 31 December 2024 are referred to in the Group's consolidated statements of financial position at 31 December 2025 and 31 December 2024, 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 2025 and 31 December 2024 are set out in notes 20, 21, 25 and 28.
- (v) The amount of HK\$175 million for the year ended 31 December 2025 included the cash rental paid to Sunlight REIT in the amount of HK\$10 million for the year (2024: the amount of HK\$176 million for the corresponding year ended 31 December 2024 included the cash rental paid to Sunlight REIT in the amount of HK\$11 million for the corresponding year ended 31 December 2024). 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 related to fee incomes from Sunlight REIT for the years ended 31 December 2025 and 31 December 2024. 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\$34 million for the year ended 31 December 2025 included the security guard service fee income from Sunlight REIT in the amount of HK\$1 million for the year (2024: the amount of HK\$32 million for the corresponding 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 corresponding year ended 31 December 2024). Such transaction was conducted in accordance with the terms of the respective agreements/deeds entered into between the Group and Sunlight REIT.

42 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Transactions with Sunlight REIT (as a connected person of the Company)

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 year between the Group and Sunlight REIT have been disclosed in note 42(b) above.

(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 2025 (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 Chinese Mainland. 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 Chinese Mainland. 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 2025, the outstanding balance of the advance by the entity to the abovementioned associate amounted to HK\$80 million (2024: 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 8.

These related party transactions (and, included in the rental income of HK\$75 million (2024: HK\$78 million) from related companies during the year ended 31 December 2025 as referred to in note (c) above, an amount of HK\$39 million (2024: 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 2025 and 31 December 2024.

43 STATEMENT OF FINANCIAL POSITION AND CHANGES IN EQUITY OF THE COMPANY

(a) Statement of financial position

	Note	At 31 December 2025 HK\$ million	At 31 December 2024 HK\$ million
Non-current assets			
Investment properties		14	14
Interest in subsidiaries	19	130,031	131,446
Interest in associates		103	97
Interest in joint ventures		1,569	1,328
		131,717	132,885
Current assets			
Trade and other receivables		65	65
Cash and bank balances		2	5
		67	70
Current liability			
Trade and other payables		38	38
		38	38
Net current assets			
		29	32
Total assets less current liability			
		131,746	132,917
Non-current liabilities			
Amounts due to subsidiaries		21,574	20,079
Amounts due to associates		–	2
Amounts due to joint ventures		97	85
		21,671	20,166
NET ASSETS			
		110,075	112,751
CAPITAL AND RESERVE			
Share capital	43(b)	52,345	52,345
Retained profits	43(c)	57,730	60,406
TOTAL EQUITY			
		110,075	112,751

Approved and authorised for issue by the Board of Directors on 23 March 2026.

Dr Lee Ka Kit
Dr Lee Ka Shing

Directors

43 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 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	11(b)	–	(6,294)	(6,294)
Dividend declared and paid in respect of the current year	11(a)	–	(2,421)	(2,421)
Balances at 31 December 2024 and 1 January 2025		52,345	60,406	112,751
Changes in equity for 2025:				
Profit and total comprehensive income for the year		–	6,039	6,039
Dividend approved and paid in respect of the previous financial year	11(b)	–	(6,294)	(6,294)
Dividend declared and paid in respect of the current year	11(a)	–	(2,421)	(2,421)
Balance at 31 December 2025		52,345	57,730	110,075

43 STATEMENT OF FINANCIAL POSITION AND CHANGES IN EQUITY OF THE COMPANY (CONTINUED)

(c) Share capital

	The Group and the Company			
	Number of shares		Amount	
	2025 million	2024 million	2025 HK\$ million	2024 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.

(d) Distributability of reserves

At 31 December 2025, 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\$57,730 million (2024: HK\$60,406 million). As stated in note 11(a), after the end of the reporting period, the Directors proposed a final dividend of HK\$0.76 (2024: HK\$1.30) per ordinary share, amounting to HK\$3,679 million (2024: HK\$6,294 million). This dividend has not been recognised as a liability at the end of the reporting period.

44 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

After the end of the reporting period, the Directors proposed a final dividend. Further details are disclosed in note 11.

45 IMMEDIATE PARENT AND ULTIMATE CONTROLLING PARTY

At 31 December 2025, 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.

Principal Subsidiaries

at 31 December 2025

Details of the principal subsidiaries are as follows:

	<i>Note</i>	Particulars of issued shares HK\$ (unless otherwise stated)	% of shares held by	
			The Company	Subsidiaries
(A) PROPERTY DEVELOPMENT				
(i) Incorporated and operates in Hong Kong				
Asia Charming Limited	<i>(i)</i>	1	–	100
Asia Harbour Investment Limited		1	–	100
Asia Turbo Development Limited	<i>(i)</i>	1	–	100
Avion Investment Limited	<i>(i)</i>	3,000,000	100	–
Best Galaxy Limited		2	–	100
Charmwide Investment Limited	<i>(i)</i>	1	–	100
City Fair Development Limited		1	–	100
Denco Properties Limited	<i>(i)</i>	1	–	100
Ever Great Development Limited		1	–	100
Fairbo Investment Limited	<i>(i)</i>	1	–	100
First Mate Development Limited	<i>(i)</i>	1	–	100
Fortress Star Limited	<i>(i)</i>	1	–	100
Hongkong Island Construction Properties Co., Limited	<i>(i)</i>	500,000	–	100
Oriental Moon Limited	<i>(i)</i>	1	–	100
Sino Noble Enterprises Limited		1	–	100
Sky Rainbow Development Limited		10,000	–	100
South Crown Development Limited		1	–	100
Star Hero Investment Limited		1	–	100
Sun Crystal Limited	<i>(i)</i>	1	–	100
Sunny Perfect Limited		1,000	–	100
Team Glory Development Limited	<i>(i)</i>	1,000	–	90.10
Winjoy Development Limited	<i>(i)</i>	2	100	–
		Issued/ contributed registered capital	% of equity interest held by The Company	% of profit sharing by subsidiaries
(ii) Established and operates in Chinese Mainland				
Limited Liability Company				
北京恒榆房地產開發有限公司		RMB1,689,338,000	–	100
				100

	<i>Note</i>	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>(i)</i>	10,000	–	100
Century Base Development Limited	<i>(i)</i>	1	–	100
Deland Investment Limited	<i>(i)</i>	200	–	100
Easewin Development Limited	<i>(i)</i>	100,000	–	100
Evercot Enterprise Company, Limited	<i>(i)</i>			
– A Shares		14,990,000	100	–
– B Shares		200	–	–
Join Fortune Development Limited	<i>(i)</i>			
– A Shares		100	100	–
– B Shares		2	–	–
Millap Limited	<i>(i)</i>	2	100	–
Pacific Gate Development Limited	<i>(i)</i>	1	–	100
Shahdan Limited	<i>(i)</i>	200,000	–	100
Shung King Development Company Limited	<i>(i)</i>			
– Ordinary A Shares		100	100	–
– Non-voting Deferred A Shares		2,000,000	100	–
– B Shares		2	–	–
Smart Bright Development Limited	<i>(i)</i>	100,100	–	100
Union Fortune Development Limited	<i>(i)</i>	10,000	–	100

Principal Subsidiaries
at 31 December 2025

	Issued/ contributed registered capital HK\$ (unless otherwise stated)	%	% of equity interest held by The Company	Subsidiaries	% of profit sharing by subsidiaries
(B) PROPERTY INVESTMENT (CONTINUED)					
(ii) Established and operates in Chinese Mainland					
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	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

	<i>Note</i>	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>(i)</i>	10,000	–	100
Henland Finance Limited	<i>(i)</i>	1,000,000	–	100
Rich Chase Development Limited	<i>(i)</i>	2	–	100
Smart Time International Limited		1	–	100
Success Crown Development Limited		2	–	100
(ii) Incorporated and operates in the British Virgin Islands				
Happy Ever Holdings Limited		US\$1	–	100
Henderson Land Finance Limited		US\$1	100	–
Henderson Land MTN Limited	<i>(i)</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>(i)</i>	38,800,000	–	100
Henderson Sunlight Property Management Limited	<i>(i)</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	–

Principal Subsidiaries
at 31 December 2025

	<i>Note</i>	Particulars of issued shares HK\$ (unless otherwise stated)	% of shares held by The Company	Subsidiaries
(F) INVESTMENT HOLDING				
(i) Incorporated and operates in Hong Kong				
Banshing Investment Limited		2	–	100
Channel Best Limited	<i>(i)</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>(i)</i>	2	–	100
Henderson (China) Investment Company Limited	<i>(i)</i>			
– Ordinary Shares		2	–	100
– Non-voting Deferred Shares		2	–	100
Henderson China Properties Limited	<i>(i)</i>	3,000,000,000	–	100
Henderson Investment Limited		612,926,901	–	69.27
Macrostar Investment Limited		2	–	100
Main Champion Development Limited	<i>(i)</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>(i)</i>	2,227,023,217	–	50.075
Mount Sherpa Limited	<i>(i)</i>	2	–	100
Paillard Investment Limited	<i>(i)</i>	2	–	100
Wellfine Development Limited		55	100	–
Wiselin Investment Limited	<i>(i)</i>	2	–	100
(ii) Incorporated in Hong Kong and operates in Chinese Mainland				
Hang Seng Quarry Company Limited	<i>(i)</i>	10,000	64	–

	<i>Note</i>	Particulars of issued shares HK\$ (unless otherwise stated)	% of shares held by The Company	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>(i)</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>(i)</i>	200,000	–	100
Far Union Investment Limited		100,000	–	100
Intelligent House Limited	<i>(i)</i>	10,000	–	100
Mira Moon Limited	<i>(i)</i>	1	–	100
Miramar Hotel Management Company Limited	<i>(i)</i>	10,000	–	100
(I) FOOD AND BEVERAGE OPERATION				
Incorporated and operates in Hong Kong				
Tsui Hang Village Restaurant Limited	<i>(i)</i>	500,000	–	100
(J) TRAVEL OPERATION				
Incorporated and operates in Hong Kong				
Miramar Travel Limited	<i>(i)</i>	13,000,000	–	53.85
YMT Travel Limited	<i>(i)</i>	3,500,000	–	100

Principal Subsidiaries
at 31 December 2025

	<i>Note</i>	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>(i)</i>	2	–	100
Henderson Leasing Agency Limited	<i>(i)</i>	1	–	100
Henderson Property Agency Limited		200,000	–	100
Henderson Real Estate Agency Limited	<i>(i)</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>(i)</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 2025

Details of the principal associates, which are incorporated and operate in Hong Kong, are as follows:

	% of equity interest held by		Principal activities
	The Company	Subsidiaries	
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	–	23.46	Property investment
The Hong Kong and China Gas Company Limited	–	41.53	Production, distribution and marketing of gas and related products or services, water supply and waste treatment, renewable energy businesses, extended businesses and advanced fuels 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 2025

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		Principal activities
	The Company	Subsidiaries	
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 Chinese Mainland)	–	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 Chinese Mainland)	–	50	Property development
Surbana-Henderson II (Xian) Property Development Co., Ltd. (established and operates in Chinese Mainland)	–	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 Chinese Mainland)	–	51	Property development
廣州奧昇置業有限公司 (established and operates in Chinese Mainland)	–	50	Property development
北京恒合天基房地產開發有限公司 (established and operates in Chinese Mainland)	–	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.

CORPORATE INFORMATION

Board of Directors

Executive Directors

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
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 Poon Chung Kwong
Au Siu Kee, Alexander

Audit Committee

Kwong Che Keung, Gordon*
Professor Ko Ping Keung
Wu King Cheong
Au Siu Kee, Alexander

Remuneration Committee

Wu King Cheong*
Dr Lee Ka Kit
Dr Lee Ka Shing
Dr Lam Ko Yin, Colin
Kwong Che Keung, Gordon
Professor Ko Ping Keung
Au Siu Kee, Alexander

Nomination Committee

Wu King Cheong*
Dr Lee Ka Kit
Dr Lee Ka Shing
Fung Lee Woon King
Kwong Che Keung, Gordon
Professor Ko Ping Keung
Au Siu Kee, Alexander

Corporate Governance Committee

Kwong Che Keung, Gordon*
Professor Poon Chung Kwong
Au Siu Kee, Alexander

* *Committee Chairman*

Whistleblowing Committee

Dr Lam Ko Yin, Colin*
Professor Ko Ping Keung
Wu King Cheong

Company Secretary

Liu Cheung Yuen, Timon

Registered Office

72-76/F., Two International Finance Centre
8 Finance Street, Central
Hong Kong

Telephone : (852) 2908 8888
Facsimile : (852) 2908 8838
Website : www.hld.com
E-Mail : henderson@hld.com

Share Registrar

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Share Listing

The Stock Exchange of Hong Kong Limited (Stock Code: 12)

Shares are also traded in the United States through an American Depositary Receipt Level 1 Programme (Ticker Symbol: HLDCY CUSIP Reference Number: 425166303)

Authorised Representatives

Dr Lam Ko Yin, Colin
Liu Cheung Yuen, Timon

Auditor

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

Solicitors

Woo Kwan Lee & Lo
Lo & Lo

Principal Bankers

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
DBS Bank Ltd., Hong Kong Branch
Oversea-Chinese Banking Corporation Limited
Industrial Bank Co., Ltd., Hong Kong Branch
MUFG Bank, Ltd.

Group Executives

Dr Lee Ka Kit
GBM, GBS, JP, DBA (Hon)
General Manager

Dr Lee Ka Shing
GBS, JP, DSSc (Hon)
General Manager

Dr Lam Ko Yin, Colin
GBS, SBS, FCILT, FHKIoD, DB (Hon), DBA (Hon), DSocSc (Hon)
Deputy General Manager

Yip Ying Chee, John
LLB, FCG, FCA
Assistant General Manager

Departmental Executives

Group Business Development Department

Yip Ying Chee, John
LLB, FCG, FCA
Executive Director

Project Management (1) Department

Yu Wai Wai
JP, BA (AS), B Arch, FHKIA, HonFHKIPM,
Authorised Person (Architect), Registered Architect (HK)
General Manager

Project Management (2) Department

Kwok Man Cheung, Victor
BA (AS), B Arch (Dist), MSc (Con P Mgt),
EMBA, FHKIA, MAPM, RIBA,
Authorised Person (Architect), Registered Architect (HK)
General Manager

Property Development Department

Wong Ho Ming, Augustine
JP, MSc, MEcon, FHKIS, MRICS, MCI Arb, RPS (GP)
Executive Director

Yu Hon Kwan, Randy
BSc (Hon), MRICS, MH, JP
General Manager

Leung Shu Ki, Shuki
BA (Hons), MHKIP, MRTPI,
MCIP, RPP (HK), MCILT
Senior Deputy General Manager

Property Planning Department

Leung Kam Leung
MSc, PGDMS, FHKIS, RPS (GP)
General Manager

Construction Department

Wong Wing Hoo, Billy
BBS, JP, BSc, FICE, FHKIE, FIHT, FHKIHT, RPE
General Manager

Yiu Chi Kin, Simon
BSc (Bldg), MSc, MCIOB, MRICS, MASI, FHKICM, FHKIE
Deputy General Manager

Engineering Department

Chan Chu Fai, Edmond
MBA, MSc (Eng), BSc (Eng), FHKIE, CEng, MStructE, MICE,
RPE (Civil, Structural), RSE, RI (E)
General Manager

Sales Department

Dr Wong Man Wa, Raymond
DFinTech, MSc (Real Estate), LLB, PCLL, Solicitor
Senior General Manager

Sales (1) Department

Lam Tat Man, Thomas
MEM (UTS), DMS, MHIREA
General Manager

Sales (2) Department

Hahn Ka Fai, Mark
BSc, MRICS, MHKIS, RPS (GP)
General Manager

Portfolio Leasing Department

Lee Pui Man, Margaret
BHum (Hons)
Senior General Manager

Portfolio Leasing (1) Department

Li Keng Yan, Kristine
BA, MSc (Real Estate)
General Manager

Portfolio Leasing (2) Department

Chan Tak Ming, Terence
MBA (Dist), MHousMan, BSc (Surv),
FHKIS, RPS (BS), RPS (PD), RPHM
General Manager

Property Management Department

Suen Kwok Lam
SBS, BBS, MH, JP, FHIREA
Executive Director

Retail and Hotel Management Department

Li Ning
BSc, MBA
General Manager

Comm. & Ind. Properties Department

Dr Wong Kim Wing, Ball
BA (AS), B Arch, PhD (Finance), FHKIA,
Registered Architect (HK), Authorised Person (List 1, HK)
General Manager

General Manager Department

Ngai Tung Hai, Karsky
FRICS, MHKIS, AACI
Manager

Dr Wong Kim Wing, Ball
BA (AS), B Arch, PhD (Finance), FHKIA,
Registered Architect (HK), Authorised Person (List 1, HK)
Group Consultant

Yu Ching Yan, Johnny
BSc, MBA, ACA, CFA, MRICS
Advisor to Chairman

Finance Department

Professor Fung Hau Chung, Andrew
SBS, BBS, JP, BA, CMA (Australia), FIPA (Australia)
Executive Director/Chief Financial Officer

Kwok Ping Ho
BSc, MSc, Post-Graduate Diploma in Surveying, FRICS,
ACIB
Executive Director

Cashier Department

Fung Lee Woon King
Chief Treasurer

Sustainability Department

Yu Ching Yan, Johnny
BSc, MBA, ACA, CFA, MRICS
Head

Human Resources Department

Dr Lam Ko Yin, Colin
GBS, SBS, FCILT, FHKIoD, DB (Hon), DBA (Hon),
DSocSc (Hon)
Executive Director

Leung Sze Man, Michelle
MBA, BBA, GPHR, PCTC, Certified ESG Planner CEP®
General Manager

Company Secretarial Department

Liu Cheung Yuen, Timon
BEc, FCPA, CA ANZ, FCG, HKFCG
General Manager

Accounts Department

Wong Wing Kee, Christopher
BSc (Econ), FCA
General Manager

Audit Department

Choi Kam Fai, Thomas
B Comm, CPA (Canada), CMA
General Manager

Information Technology Department

Kum Tak Cheung, Bassanio
BSCCN
General Manager

Corporate Communications Department

Leung Mei Po, Cynthia
BA, MA
General Manager

FINANCIAL CALENDAR

Interim Results	Announced on Wednesday, 20 August 2025
Final Results	Announced on Monday, 23 March 2026
Annual Report	Posted to Shareholders on Saturday, 25 April 2026
Closure of Register of Members	(1) To be closed from Thursday, 28 May 2026 to Tuesday, 2 June 2026 for the purpose of determining Shareholders who are entitled to attend and vote at the Annual General Meeting (2) To be closed from Monday, 8 June 2026 to Wednesday, 10 June 2026 for the purpose of determining Shareholders who qualify for the proposed final dividend
Annual General Meeting	To be held on Tuesday, 2 June 2026
Dividends – Interim	HK\$0.50 per share (with no scrip option) — paid on Wednesday, 17 September 2025
– Final (Proposed)	HK\$0.76 per share (with no scrip option) — payable on Tuesday, 23 June 2026

