HANG LUNG PROPERTIES

Hang Lung Properties Limited

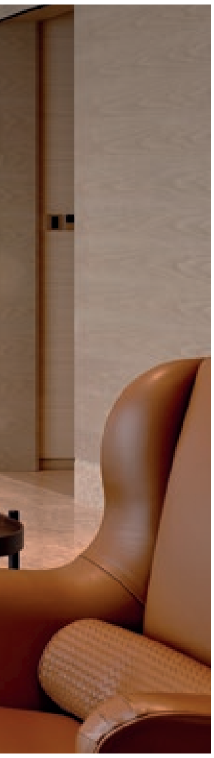
Stock Code: 00101

2024 ANNUAL REPORT

GRAND HYATT KUNMING

HEARTLAND RESIDENCES, WUHAN

PLAZA 66, SHANGHAI



LEADERSHIP IN A CHANGING ERA

In 2024, Hang Lung expanded with new hotel and residential developments that complement our existing malls and office towers, shaping destinations that seamlessly blend retail, work, and hospitality. By steadily raising the bar in design, service, innovation, and sustainability, we continue to reinforce our leadership in a consolidating market with selective, strategic projects that position us for long-term success. The cover of this year's annual report captures this commitment, showcasing the new Grand Hyatt Kunming, which opened in August 2024, as a symbol of our dedication to excellence and our vision for creating world-class, compelling spaces that enrich lives.

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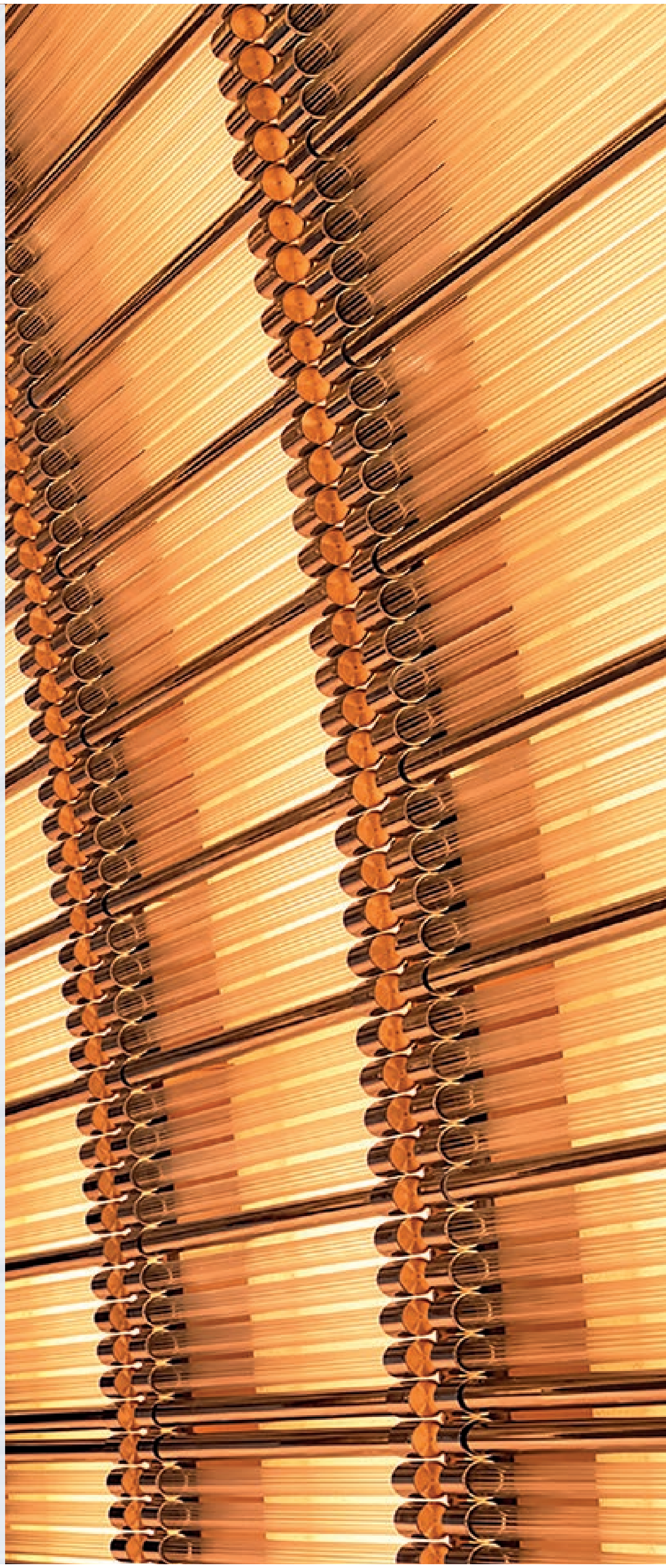


CORPORATE PROFILE

Hang Lung Properties Limited (SEHK stock code: 00101), the property arm of Hang Lung Group Limited (SEHK stock code: 00010), strives to create compelling spaces that enrich people's lives.

We are a well-established, top-tier property developer with customer-centricity at the heart of our operations. Our diversified portfolio comprises numerous properties in Hong Kong and in nine Mainland cities of Shanghai, Shenyang, Jinan, Wuxi, Tianjin, Dalian, Kunming, Wuhan and Hangzhou (listed by opening year). Through its luxury positioning under the "66" brand, our Mainland portfolio has established a leading position as the "Pulse of the City".

We are leading the way in enhancing sustainability initiatives in the real estate industry, all the while driving sustainable growth by connecting customers and communities. Further to our outlined 2030 Sustainability Goals and Targets, we have set out 25 new targets to be achieved by the end of 2025 ("25 x 25 Sustainability Targets" or "25 x 25"), as well as a long-term target to achieve net-zero greenhouse gas emissions across the value chain by 2050, pursuing quantifiable measures that will address significant sustainability challenges. These targets also provide a clear agenda for our long-term ambition to become one of the most sustainable real estate companies in the world.

At Hang Lung Properties, **We Do It Well**.

OUR VISION

We create compelling spaces that enrich lives

OUR MISSION

We pursue sustainable growth by connecting our customers and communities

OUR VALUES

We live up to our brand motto of **We Do It Well** by focusing on:

INTEGRITY

SUSTAINABILITY

EXCELLENCE

OPENNESS

FINANCIAL HIGHLIGHTS

Results

in HK$ Million (unless otherwise stated)

	2024				2023			
	Property Leasing	Property Sales	Hotels	Total	Property Leasing	Property Sales	Hotels	Total
Revenue	9,515	1,538	189	11,242	10,162	–	154	10,316
– Mainland China	6,466	56	189	6,711	6,813	–	154	6,967
– Hong Kong	3,049	1,482	–	4,531	3,349	–	–	3,349
Operating profit/(loss)	6,763	(245)	(63)	6,455	7,440	(52)	1	7,389
– Mainland China	4,385	(197)	(63)	4,125	4,748	(44)	1	4,705
– Hong Kong	2,378	(48)	–	2,330	2,692	(8)	–	2,684
Underlying net profit/(loss) attributable to shareholders	3,422	(264)	(63)	3,095	4,176	(40)	1	4,137
Net decrease in fair value of properties attributable to shareholders	(942)	–	–	(942)	(167)	–	–	(167)
Net profit/(loss) attributable to shareholders	2,480	(264)	(63)	2,153	4,009	(40)	1	3,970

	At December 31, 2024	At December 31, 2023
Shareholders' equity (HK$ Million)	131,587	132,408
Net assets attributable to shareholders per share (HK$)	$27.5	$29.4

Earnings and Dividends (HK$)

	2024	2023
Earnings per share		
– Based on underlying net profit attributable to shareholders	$0.67	$0.92
– Based on net profit attributable to shareholders	$0.46	$0.88
Dividends per share	$0.52	$0.78
– Interim	$0.12	$0.18
– Final	$0.40	$0.60

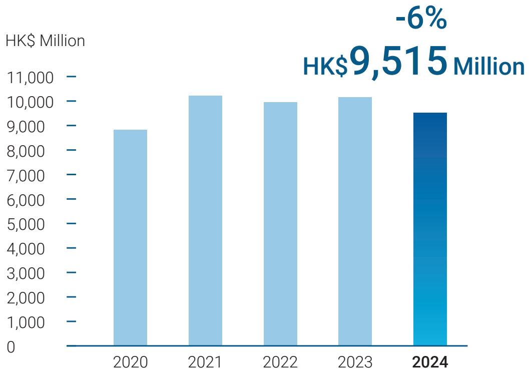
Financial Ratios

	2024	2023
Payout ratio (based on net profit attributable to shareholders)		
– Total	115%	88%
– Property leasing	100%	88%
– Property leasing (after deducting amount of interest capitalized)	149%	107%
Payout ratio (based on underlying net profit attributable to shareholders)		
– Total	80%	85%
– Property leasing	72%	84%
– Property leasing (after deducting amount of interest capitalized)	95%	102%

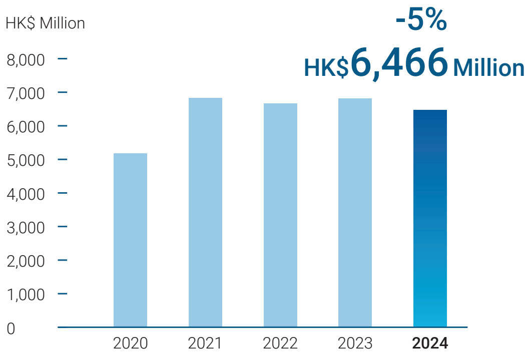
	At December 31, 2024	At December 31, 2023
Net debt to equity ratio	33.4%	31.9%
Debt to equity ratio	40.7%	35.7%

Property Leasing Revenue

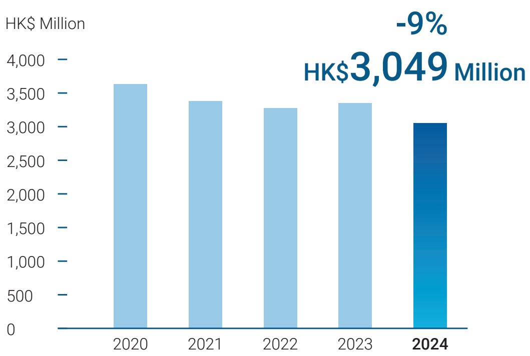
Overall*



Mainland China*

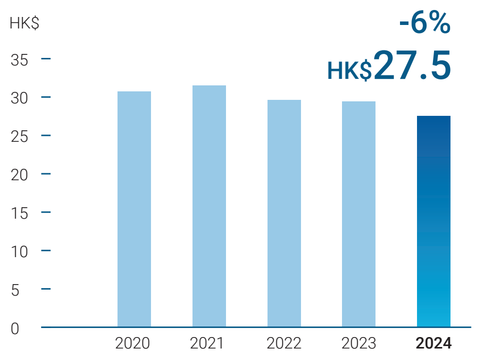


Hong Kong

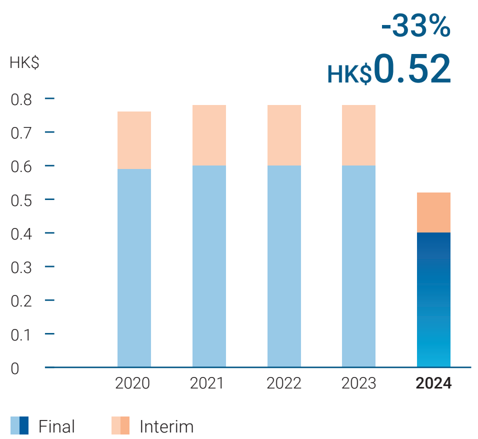


Underlying Net Profit*

Net Assets Attributable to Shareholders per Share



Dividends per Share



* Starting in 2024, revenue from hotel operations is presented separately and no longer be grouped under property leasing. Revenues before 2024 have been reclassified accordingly for comparison purposes.

2024 HIGHLIGHTS

Mr. Adriel Chan Becomes Chair

Mr. Adriel Chan became the Chair of Hang Lung Group and Hang Lung Properties on April 26. Since joining the Group in 2010, Adriel has brought a strategic vision focused on fostering sustainable growth. In this role, he provides leadership to the Board, championing effective governance and stakeholder engagement. His guidance will steer the Company toward exploring new opportunities and driving innovations that align with dynamic shifts in the market.

Grand Hyatt Kunming Opens at Spring City 66

Meticulously blending elements of local heritage, natural beauty, and contemporary design with unparalleled hospitality, facilities, and dining options, Grand Hyatt Kunming has set new standards for premier accommodation in Southwest China. Officially opened on August 6, it solidifies Spring City 66's status as the leading luxury hub in the region.

Hang Lung Brings Kimpton Hotels & Restaurants to Grand Gateway 66

Hang Lung partners with InterContinental Hotels Group to revitalize one of the serviced apartment towers at Grand Gateway 66 with the introduction of Kimpton Hotels & Restaurants. The new Kimpton Xujiahui Shanghai will enhance Grand Gateway 66's positioning as the "Gateway to Inspiration" and address the demand for luxury hospitality in Xujiahui business district.

The Aperture in Hong Kong is Complete

The Aperture, our residential project located in Hong Kong's Kowloon East, was completed in the first half of the year. Its clubhouse, designed by the acclaimed CL3 under the leadership of Managing Director William Lim, emphasizes compelling and cozy spaces that blend modern design with classic elegance. Conveniently located just a three-minute walk from the MTR Kowloon Bay Station, The Aperture offers family-and-pet-friendly living environments.

The "HOME TO LUXURY" Gala Sets New Records

Plaza 66 in Shanghai hosted its eighth "HOME TO LUXURY" gala in November, featuring Asian superstar Rain and the music icon Faye. Guests enjoyed access to more than 100 first-release, exclusive, and limited-edition collections, complemented by animations from renowned global brands and a gourmet feast by Michelin-starred chefs. The three-day event set new records in attendance, brand participation, and member sales, reinforcing the luxury retail destination's leadership.

Our Project is the First on the Mainland to Use Nearly 100% Low Carbon Emissions Steel

We are at the forefront of the effort to decarbonize real estate in China by utilizing nearly 100% low carbon emissions steel for our Plaza 66 Pavilion Extension in Shanghai. By achieving a 35% reduction in the embodied carbon of the steel, we have set a new industry standard for transparent and traceable emissions data.

Renewable Energy Now Powers Half of Our Operating Mainland China Properties

We achieved a significant milestone in sustainability this year, with half of our operating properties in mainland China now powered by renewable energy. This accomplishment highlighted our leadership in sustainable real estate practice and exceeded our 2025 sustainability target of 25% renewable energy for our Mainland portfolio.

The Hang Lung Mathematics Awards Celebrates 20 Years

Founded in 2004, the Hang Lung Mathematics Awards has played a pivotal role in inspiring and nurturing talent among students. Over the years, it has attracted about 2,600 students from more than 200 Hong Kong high schools, producing over 460 undergraduate-level research papers. It not only promotes intellectual discovery but also underscores our unwavering commitment to youth development.

Our 2023 Annual Reports received 17 awards for their remarkable content and design.

Our commitment to excellence led to numerous prestigious awards and recognitions in 2024. Selected highlights include:

ESG 50 Most to Watch List in China 2025 – Bloomberg Green

Leading Champion

Best Corporate Governance and ESG Awards 2024 – Hong Kong Institute of Certified Public Accountants

ESG Award (Hang Seng Index)

23rd Hong Kong Occupational Safety & Health Award – Occupational Safety and Health Council

Bronze Award for OSH Report Award

The 14th China Philanthropy Festival

2024 ESG Model Enterprise Award

2024 Green Development Model Award

Muse Creative Awards 2024

Gold Award
(Advent Calendar 2023)

Silver Award
(2024 Calendar)

Best Companies to Work for in Asia 2024 – HR Asia

China region

Hong Kong region

The 10th Investor Relations Awards 2024 – Hong Kong Investor Relations Association

Best IR Company – Mid Cap

Best IRO – Mid Cap

Best IR Team – Mid Cap

Best Investor Presentation Material – Mid Cap

Award for Excellence in Training and Development 2024 – Hong Kong Management Association

Excellence in Leadership Development
Special Award

Asia Best E-Tailing Awards 2024

Best Loyalty Program

Best Mobile APP – Shopping Mall

Best Innovation

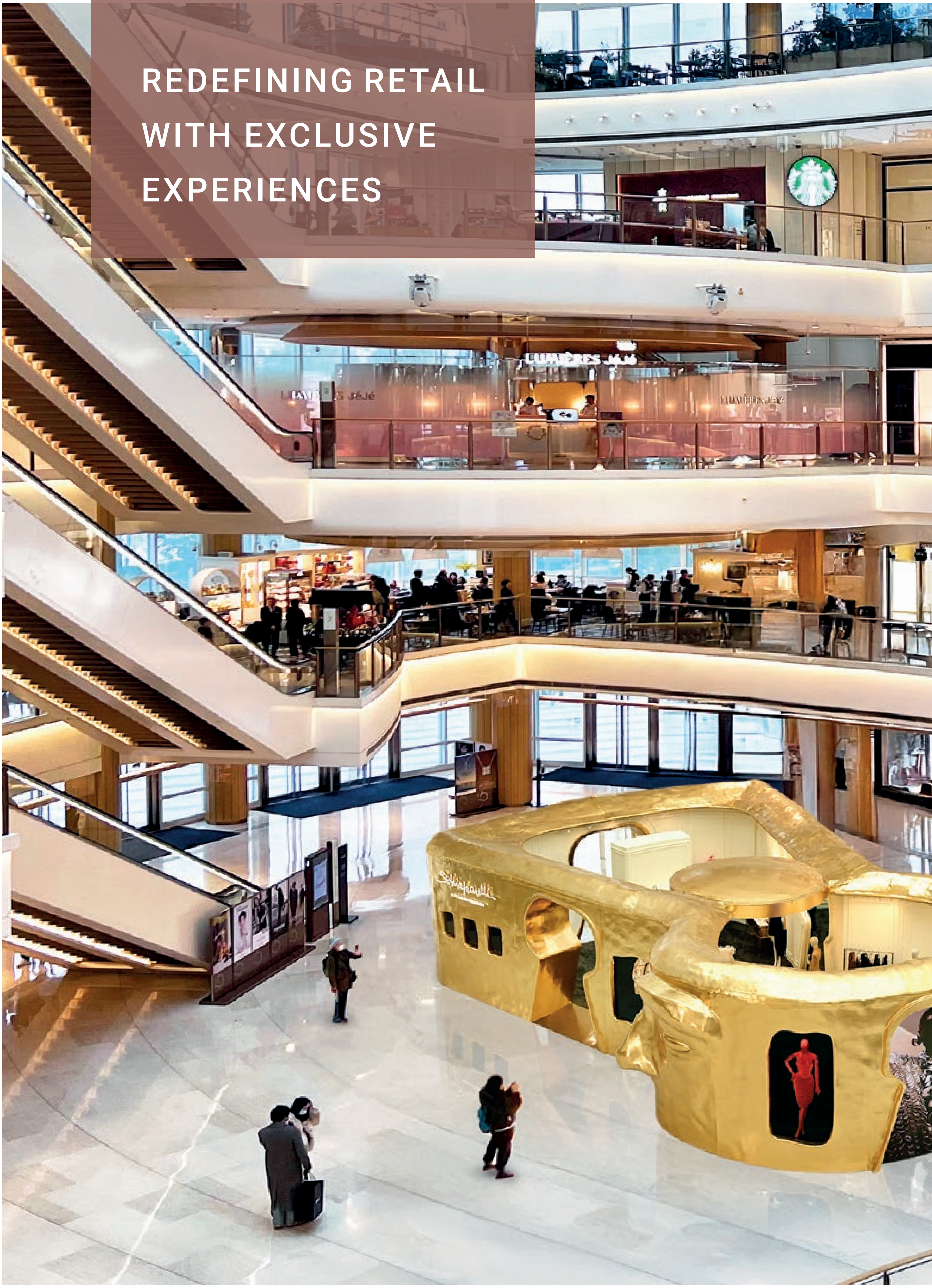
The Hong Kong HR Awards 2023/24 – Jobsdb

Learning & Development Award

Innovative Engagement Strategy Award

2024 China Best Managed Companies – Deloitte

REDEFINING RETAIL WITH EXCLUSIVE EXPERIENCES



PLAZA 66, SHANGHAI

CHAIR'S LETTER TO SHAREHOLDERS

Adriel Chan
Chair

Thank you for joining us for another year on this journey. 2024 was a trying year, and I do not take your continued support for granted. It was the first time in 24 years that our Mainland rental income fell in Renminbi (RMB) terms, as postulated by our Honorary Chair this time last year. Even then, we had foreseen the challenging trading environment that ultimately materialized as predicted.

Results and Dividends

We ended the year with our total revenue up by 9% to HK$11,242 million, partly due to residential property sales that we did not have last year. However, our core business – rentals – declined by 6% to HK$9,515 million. Our mainland China results were exacerbated by a 1.5% depreciation in the RMB against Hong Kong Dollar (HKD) over the year.
In mainland China, rents were down 5%, while Hong Kong rents slipped by 9%. As a result of reduced sales rent and increased interest costs, our underlying leasing profit attributable to shareholders dropped by 18% to HK$3,422 million. It is important to highlight here a net loss we recorded for property sales owing to provisions made for certain unsold inventory – a direct reflection of the weakness in both the Hong Kong and mainland China residential property markets. After revaluations across our portfolio, net profit after tax attributable to shareholders fell by 46% to HK$2,153 million.
Reflecting these challenging numbers, and as a means to bring down the Company's gearing, the Board recommends a final dividend of HK40 cents per share, payable on June 16, 2025, to shareholders of record on May 9, 2025. If approved by shareholders, the total dividends per share for the year ended December 31, 2024 will be HK52 cents.

Business Review

Considering the sizeable drop in the net profit after tax attributable to shareholders, I want to give a brief breakdown here, as this merits some explanation. There were three main reasons for the decrease: Firstly, the straightforward reduction in rents collected, which were primarily tenant sales rents. This was partially offset by increased fixed rents of our malls and is basically a mathematical extrapolation from the total sales revenue of our tenants. By tracking tenant sales, we were more or less able to predict where this would land. Secondly, the increased interest costs associated with the Company's borrowings for the construction of projects and our daily operations. This figure has essentially been known by the Company from the day the borrowings were made and is not a surprise. Often, what takes investors and analysts by surprise is the jump in P&L impact by loans associated with construction projects that transition from "projects under development" to "operating projects". Thirdly, the revaluation of investment properties, as made by our independent third-party valuers. This is based on a combination of metrics, including rentals, market transactions, and market expectations. As markets deteriorate, valuations move in the same direction.

For those keeping track of the luxury brands and high-end retailers, who make up some of our most important tenants, you will know that we are not alone in feeling the pinch. Most of our fall in rentals resulted from reduced sales rents (rentals taken as a percentage of sales), including those of luxury tenants. However, we were able to partially offset this by meaningfully increasing overall occupancies of our malls.

These achievements are no small feat in this market and speak to our strong team and the high quality and resilience of our portfolio. In short, they demonstrate solid execution of our strategy. I will come back to the retail conditions in mainland China later.

Office space has been under pressure in all markets, primarily as a result of decreased demand due to market uncertainty. In Hong Kong, there was also supply-side pressure from Grade A office completions across the city, most notably in Central, the city's central business district. There is little hope for a quick rebound since office demand is less volatile and tends to be a trailing indicator. However, I am happy that, yet again, our mainland China office portfolio has proven to be highly resilient. Since we offer, with the exception of Shanghai, by far the best physical office space in the top locations in each city, putting us in a strong defensive position, we have been able to maintain high occupancy and, to some extent, rents. As our Shanghai offices are facing abundant new supply with an aggressive pricing strategy, both occupancy and rentals have been under more pressure there than elsewhere. However, thanks to the "halo" effect that our successful malls and prime locations granted to us, we are still in an enviable position relative to most of the market.

Almost everyone one speaks to in China – from market observers and investors to the media and business owners – is calling the current market situation one of unprecedented uncertainty. Consumer and business confidence are as low as they have been in recent memory, and there is no clear path to improvement. As a business, we must face this reality and get on with it. I will highlight a few of the main challenges that our business currently faces below, along with some commentary and interpretation. After all, retail leasing accounts for more than 80% of our Mainland leasing revenue (which in turn accounts for over two-thirds of our total leasing revenue). Before delving in, however, it is worth noting that if one were to visit our malls across the country today, one would find the mood and sentiment to be not nearly as negative as they might expect from hearsay. I observed this on my own visits, as have others. I will also touch on this below.

There has been a serious drop in consumer spending on luxury goods, especially in first-tier cities. Our Shanghai malls' (Plaza 66 and Grand Gateway 66) tenant retail sales fell significantly, by about 20%, but our overall luxury mall sales (including at those two malls) declined by a somewhat more moderate 15%. By any standards, a 15% drop in sales is still significant. Household savings outstripped household spending in 2024, which is reflected in our own sales data. In luxury, we have seen this reduced spending in smaller basket sizes, the retreat of entry-level "aspirational" luxury consumers, and an increase in shopping internationally – particularly in Japan. In my mid-year letter, I mentioned that Chinese consumers were making about 60% of their luxury purchases onshore in mainland China and 40% offshore, primarily in Japan. This number seems to have held stable. The year before, in 2023, Chinese consumers made 82% of their luxury

PLAZA 66, SHANGHAI

purchases onshore and only 18% offshore. Assuming that total Chinese customer luxury consumption was similar in 2024 as in 2023 – as reported by several luxury groups – this implies a 22 percentage-point reduction in onshore spending but no reduction in their total spending power. While it would have benefited our shareholders if Chinese shoppers made more purchases onshore, the silver lining is that their total spending on luxury has not decreased.

Another important note on Chinese luxury consumption is that, compared to 2019 (pre-COVID) sales figures, 2024 sales are still up by almost 100%. That is to say, our luxury tenants today are doubling their pre-COVID sales amounts. This is an average across brands but on a like-for-like, same-store-sales basis. If you include new stores, the difference between 2019 and 2024 luxury sales is more than 125%, and if you only take the very top brands, their sales increase is almost 200%. Thus, the main concern is the trajectory and whether or not the market has "found the bottom". Our data, corroborated with our tenants, demonstrates a meaningful narrowing of the decrease in November and December, which we hope will continue into 2025. If it does, there would be reason to believe that 2025 will see improved sales performance. Similarly, the pace of offshoring luxury sales has markedly slowed between the first and second halves of 2024.

During 2024, and for as long as this decline in onshore luxury spending continues, the competition between retailers and malls has been and will be more "zero-sum" than in previous years, when total sales were growing. In particular, those cities where luxury retail distribution was already "at saturation" will see intense competition. In this environment, an increase in one mall's sales has meant a necessary decline in another. Therefore, the tactics and approaches to this type of market must differ from those deployed in the previous decade, in which there was healthy luxury growth. The result has been a grueling competition for the best tenants – competition on pricing, marketing, service, and ancillary offerings. Over the course of the year, there was one notable case of price competition in Wuhan, with one competitor instigating a "price war" by offering what were effectively discounts of about 20% on luxury brands. They did this by providing rebates and vouchers that could be used to purchase other products being sold at their department store, despite several brands' explicit prohibitions on discounting their products. However, given consumer sentiment, the tactic was highly effective. Eventually, the brands caught on, and several insisted that mall operators cease the practice. Although we are thankful that some of the most prestigious brands have stopped that discounting method, the practice continues among some of the less influential (and less successful) brands in our competitor malls. When markets get tough, there is a return to "bare-knuckle" tactics, and we will not be immune from this. Assuming that rents will find parity among the landlords, the main competition will be how we can offer more value to tenants in our malls – primarily by driving more sales and foot traffic. This is what we will be focusing on in 2025.

Prospects

The market consensus on China seems to be one of low sentiment and high uncertainty. There are no obvious catalysts for growth, but at the same time, there are no obvious reasons for the market to worsen. The current sentiment is driven by several factors: Primarily, the negative wealth effect from depressed real estate prices, a flagging economy with increasing unemployment and decreasing wages, an overhang from previous market upheavals (namely in the technology and education sectors and from COVID), and a lackluster stock market. The keen interest of the Chinese to travel abroad is making the domestic retail environment even tougher, with the primary beneficiary being Japan, although brands have also noted a mild uptick of Chinese tourists in Europe. For our prospects to look up, we need improvement on at least a few of these fronts. Among these, perhaps the easiest would be the stock market, with its event-driven reactions, followed by a return to consumption onshore, given the fickle nature of consumption patterns. Unfortunately, I do not see the impetus for real estate values to come back in a way that will provide a meaningful boost to homeowners' sense of wealth in the near future; the impact on Chinese households' net worth was perhaps too significant to recover quickly in the short term, not to mention the complexity of the real estate market and its intertwining with upstream, downstream, and neighboring industries. The hangovers in technology and education sectors seem to be slowly working themselves out as policies start to show noticeable warming to them, but whether or not there is confidence that a similar crackdown will not happen again depends largely on the government's actions, along with broader economic indicators.

Despite these challenges, Chinese consumers are skipping along. I highly recommend that you visit one or more of our malls to get a more nuanced and realistic sense of the state of Chinese consumers and retail. Without seeing the dynamism, continued creativity, and increasing sophistication of consumers and retailers firsthand, it would be easy to fall prey to pessimism, which is not merited at this stage. On weekdays, even if malls look quiet in the afternoons, there are lines outside restaurants during mealtimes. Overall, in 2024, most of our malls saw foot traffic increase, with some by as much as 12%, though a few experienced slight declines, while mall occupancies were also mostly positive.

Considering our 2024 performance in the face of such challenges, I think it would be fair to target single-digit top-line rental growth in 2025, which is the expectation we have set for ourselves. I hope that you will be here mid-year and this time next year to continue this conversation.

As a final point, I wish to recognize the efforts of the incredible Hang Lung team – led by our CEO, Weber Lo – through such a challenging year. Although we did not face the same extraordinary operational complexities as those experienced during COVID, the trading environment has been unrelenting. The challenges were manifold, from finance, leasing, and marketing to legal and government relations. Navigating these markets takes high resilience, constant adjustment, and quick reflexes, not to mention the mental and organizational agility required to stay competitive. Thank you.

Adriel Chan

Chair

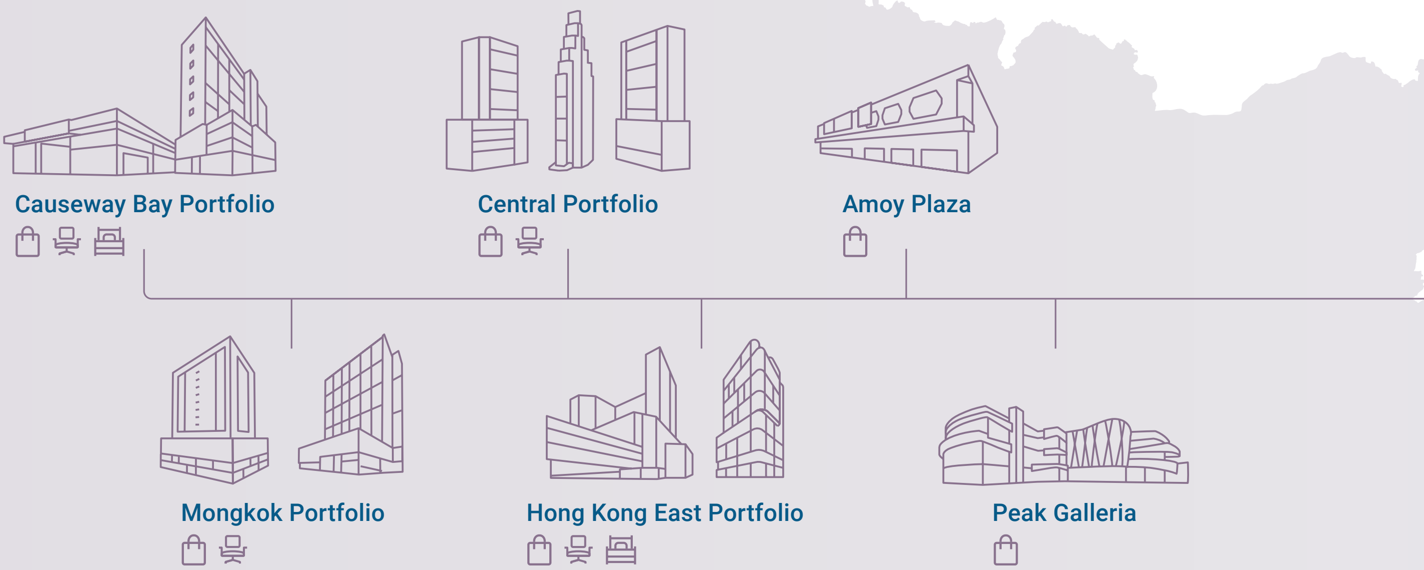
Hong Kong, January 24, 2025

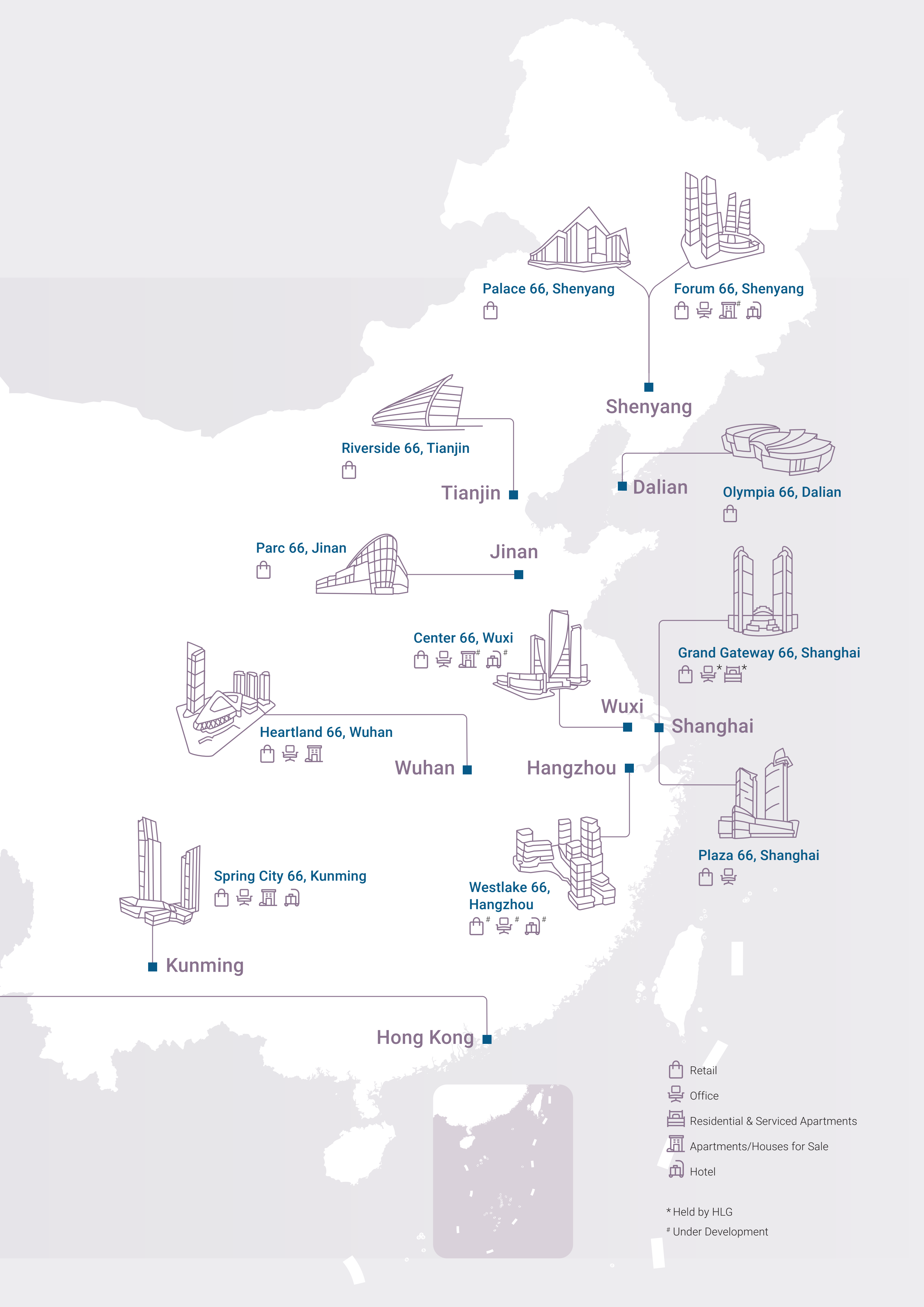
REDEFINING SERVICE WITH DEDICATION

THE LOUNGE AT SPRING CITY 66, KUNMING

REVIEW OF OPERATIONS

OUR ROBUST PROPERTY PORTFOLIO





Palace 66, Shenyang
Forum 66, Shenyang
Shenyang
Riverside 66, Tianjin
Tianjin
Dalian
Olympia 66, Dalian
Parc 66, Jinan
Jinan
Center 66, Wuxi
Grand Gateway 66, Shanghai
Heartland 66, Wuhan
Wuxi
Shanghai
Wuhan
Hangzhou
Plaza 66, Shanghai
Spring City 66, Kunming
Westlake 66, Hangzhou
Kunming
Hong Kong
Retail
Office
Residential & Serviced Apartments
Apartments/Houses for Sale
Hotel
* Held by HLG
# Under Development

PORTFOLIO KEY FACTS – MAINLAND CHINA

Plaza 66, Shanghai

Positioned as the "HOME TO LUXURY", the five-story Plaza 66 mall accommodates more than 100 prestigious international luxury brands and dining outlets. The mall is seeing an expansion, with a new standalone building that will be seamlessly connected to the existing mall by a basement link. This addition will increase the retail space by 13%, enhancing the overall customer experience.

The two Grade A office towers at Plaza 66 combine a prime location with top-notch design and premium facilities, attracting prominent multinational and leading domestic tenants in the fields of financial and professional services, fashion, and accessories.

TOTAL GROSS FLOOR AREA

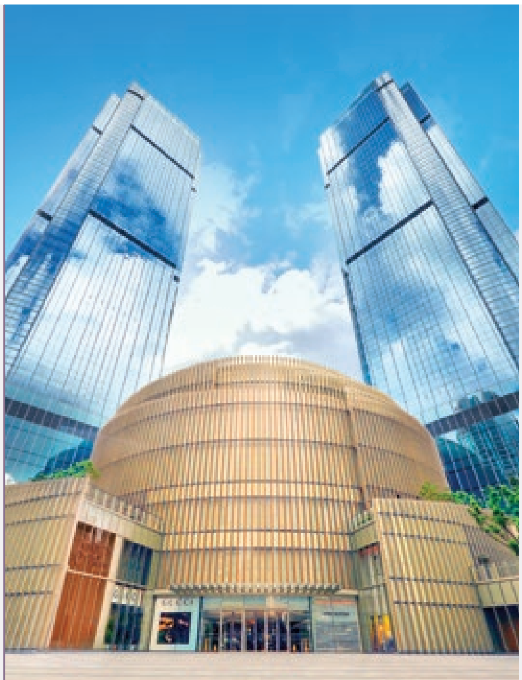
213,255 sq.m.

Retail 25%

Office 75%

NUMBER OF CAR PARKING SPACES

804



Grand Gateway 66, Shanghai

Located atop the major Xujiahui Station, Grand Gateway 66 boasts a spectrum of global luxury brands, along with an extensive portfolio of specialty retailers encompassing fashion, cosmetics, jewelry & watches, sports and fitness, digital home appliances, and children's products. The mall also contains many first-in-China stores, successfully establishing its position as the "Gateway to Inspiration".

The Grade A office tower houses tenants of primary target industries in the fields of high-end manufacturing, professional services as well as fast-moving consumer goods.

The high-end serviced apartments offer more than 500 suites that continue to attract families, executives, and entrepreneurs. Among these is the terraced serviced apartment tower, which will be converted to the Kimpton Xujiahui Shanghai. The new hotel will feature 148 rooms and suites.

TOTAL GROSS FLOOR AREA

273,427 sq.m.

Retail 45%

Office* 25%

Residential & Serviced Apartments* 30%

NUMBER OF CAR PARKING SPACES

752

*Held by HLG

Palace 66, Shenyang

Optimally positioned in Shenyang's commercial hub, Palace 66 showcases over 200 popular brands spanning fashion, leisure and entertainment, beauty and cosmetics, food and beverage, and more, making it a preferred destination for young and trendy consumers.

TOTAL GROSS FLOOR AREA

109,307 sq.m. — Retail 100%

NUMBER OF CAR PARKING SPACES

844

Forum 66, Shenyang

Located in Shenyang's core commercial area, Forum 66 is a mall housing globally acclaimed labels and numerous first-in-Shenyang stores. The mall also offers a boutique supermarket, international cuisine options, and lifestyle services.

The prestigious Grade A office tower is considered as the preferred choice in the market, drawing key multinational corporations and high-quality domestic tenants. The five-star Conrad Shenyang is the first hotel in the Company's Mainland portfolio and occupies the top 19 floors of the office tower with 315 rooms.

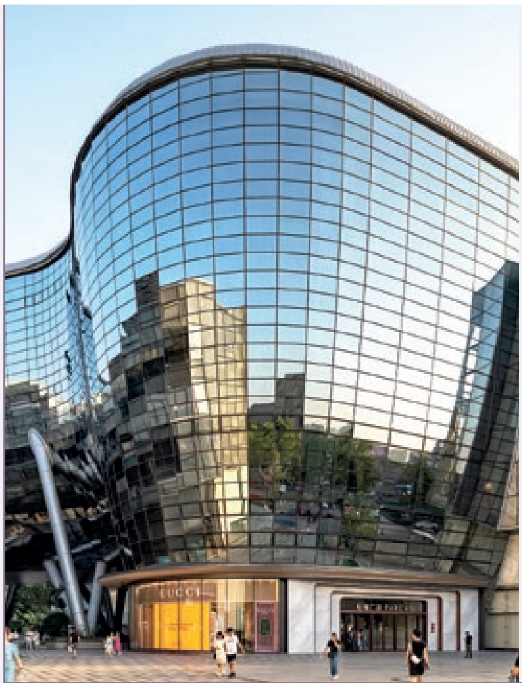
Design works for the remaining phases of Forum 66 are ongoing.

TOTAL GROSS FLOOR AREA

293,905 sq.m. — Retail 35% | Office 45% | Hotel 20%

NUMBER OF CAR PARKING SPACES

2,001



Parc 66, Jinan

Situated in Jinan's commercial center, Parc 66 is one of the city's largest and most prestigious malls. It is an established contemporary lifestyle hub offering 350 stores, including international brands, chic fashion labels, children's education and entertainment services, international gourmet eateries, an upscale cinema, and a boutique supermarket, as well as first-to-market flagship stores. The three-year Asset Enhancement Initiative that is nearing completion will further enhance the mall's positioning and luxury content.

Parc 66 has become 100% powered by renewable energy from January 1, 2023, making it the first commercial property in Jinan and Shandong Province to achieve net-zero carbon emissions in terms of annual electricity consumption for both landlord and tenant operations, and also the second property of the Company to be fully powered by renewable energy.

TOTAL GROSS FLOOR AREA

171,074 sq.m.

Retail 100%

NUMBER OF CAR PARKING SPACES

785

Center 66, Wuxi

Located in the most prosperous commercial district in downtown Wuxi, Center 66 is the "center" of luxury, featuring over 200 quality retail stores with a line-up of international luxury labels.

The two office towers are home to a strong mix of tenants in finance and professional services, including a large number of multinational corporations and leading domestic firms drawn to the towers' impeccable design and premium facilities, as well as our first branded and self-operated multifunctional workspace, HANGOUT.

Center Residences and Xi Zhe Wuxi, Curio Collection by Hilton are currently under development.

TOTAL GROSS FLOOR AREA

259,770 sq.m.

Retail 47%

Office 53%

NUMBER OF CAR PARKING SPACES

1,292

Riverside 66, Tianjin

Strategically located in the heart of Tianjin's Central Business District, Riverside 66 is a trendsetting lifestyle destination with close to 240 international and local brands that offer a full-fledged contemporary consumer experience encompassing shopping, dining, leisure, and entertainment. Riverside 66 has uplifted its positioning from a family lifestyle mall to an international lifestyle and sub-luxury shopping destination by improving its tenant mix and attracting new brands and first-in-town stores.

TOTAL GROSS FLOOR AREA

152,831 sq.m.

Retail 100%

NUMBER OF CAR PARKING SPACES

800

Olympia 66, Dalian

Strategically situated in the commercial hub of Dalian, Olympia 66 is a regional luxury-led mall. It features a rich line-up of international top-tier stores and one-stop shopping options across fashion and accessories, jewelry & watches, beauty and personal care, athleisure and sports, children's wear and products as well as a stunning array of international culinary delights, advanced leisure and entertainment facilities. The mall also contains an ice-skating rink and the city's first Palace Cineplex cinema.

TOTAL GROSS FLOOR AREA

221,900 sq.m.

Retail 100%

NUMBER OF CAR PARKING SPACES

1,214

Spring City 66, Kunming

Designed to "Bring the Best to Kunming; Showcase the Best of Kunming to the World", Spring City 66 is our first development project in Southwest China. It houses a portfolio of prestigious international and local brands, with around 30% of its tenants making their debuts in Kunming and Yunnan Province.

Offering an accessible location and a spectrum of high-quality facilities and services, the Grade A office tower is the preferred choice among leading multinational corporations and domestic firms. Spring City 66 is 100% powered by renewable energy, marking it the first development of the Company to achieve net-zero carbon emissions in terms of annual electricity consumption for both landlord and tenant operations.

The five-star Grand Hyatt Kunming hotel, which opened in 2024, offers 331 rooms and suites. The serviced apartments, known as Grand Hyatt Residences Kunming, features 254 units and three immaculate penthouses.

TOTAL GROSS FLOOR AREA

387,341 sq.m.

Retail 43% | Office 43% | Hotel 14%

NUMBER OF CAR PARKING SPACES

1,959

Heartland 66, Wuhan

Situated in Wuhan's commercial and business heart with high accessibility, Heartland 66 is our first large-scale commercial development in Central China. The mall offers world-class retail, leisure, and entertainment elements including numerous first-in-town flagship or specialty stores.

The 61-story office tower is our seventh office tower on the Mainland and has attracted Fortune 500 companies and leading local companies across the professional service, TMT, insurance and securities industries, as tenants.

Hang Lung Residences' inaugural project, Heartland Residences in Wuhan comprises three uniquely designed towers offering 492 units.

TOTAL GROSS FLOOR AREA

328,612 sq.m.

Retail 54% | Office 46%

NUMBER OF CAR PARKING SPACES

2,265

REVIEW OF OPERATIONS

PORTFOLIO KEY FACTS – HONG KONG

Causeway Bay Portfolio

An elite shopping destination spanning three core areas – Paterson, Food Street, and Kingston – Fashion Walk features numerous internationally renowned fashion, beauty, jewelry & watches and lifestyle brands. It is also home to a diverse array of culinary delights.

Containing a variety of businesses across lifestyle, beauty, and medical, Hang Lung Centre – a key element of Fashion Walk – is a commercial complex strategically situated in the heart of Causeway Bay.

TOTAL GROSS FLOOR AREA

70,487 sq.m.

Retail	Office	Residential & Serviced Apartments
57%	31%	12%

NUMBER OF CAR PARKING SPACES

126

Central Portfolio

Our Central portfolio consists of four office buildings with retail components.

A prestigious Grade A building positioned in the heart of the financial district in Central, the Standard Chartered Bank Building is an ideal office location with superb architectural design that blends the artistic with the practical. It is the headquarters of Hang Lung Group and Hang Lung Properties, as well as Standard Chartered Bank (Hong Kong).

1 Duddell Street, Printing House, and Baskerville House contain influential tenants from the financial and professional services sectors and are also known for their fine-dining establishments. Together with restaurants in the Standard Chartered Bank Building, these four buildings form a thriving fine-dining hub in Central.

TOTAL GROSS FLOOR AREA

50,041 sq.m.

Retail	Office
21%	79%

NUMBER OF CAR PARKING SPACES

16

Peak Galleria

Ideally located atop Hong Kong's most famous attraction, Victoria Peak, Peak Galleria is a major tourist landmark that houses more than 40 popular brands, many of which have made their Hong Kong debuts here, including the world's first Monopoly-themed pavilion, Monopoly Dreams Hong Kong. Peak Galleria is also renowned for being one of the most popular pet-friendly malls in town.

TOTAL GROSS FLOOR AREA

12,446 sq.m.

Retail 100%

NUMBER OF CAR PARKING SPACES

493

Hong Kong East Portfolio

The Hong Kong East Portfolio comprises Kornhill Plaza, Kornhill Apartments, and the newly launched 228 Electric Road.

Conveniently positioned in the east of Hong Kong Island atop the MTR Tai Koo Station, Kornhill Plaza is a community mall offering the largest Japanese department store in Hong Kong, AEON STYLE, and a supermarket that integrates traditional fresh market and modern supermarket elements, FRESH. The mall also houses diverse and updated food and beverage locations, a cinema with MX4D technology, and an all-in-one education hub.

Attached to Kornhill Plaza are an office tower accommodating a variety of education providers and prominent businesses, and Kornhill Apartments, which features 450 units and is one of the largest serviced apartments in the area.

Close to the MTR Fortress Hill Station, the 22-story development at 228 Electric Road provides exquisitely designed offices in the vibrant heart of the North Point business district.

TOTAL GROSS FLOOR AREA

108,687 sq.m.

Retail 50%

Office 18%

Residential & Serviced Apartments 32%

NUMBER OF CAR PARKING SPACES

1,069

Mongkok Portfolio

Optimally located at the junction of Dundas Street and Nathan Road with high footfall, Gala Place houses a diverse array of merchants as well as a car park that offers about 500 car parking spaces. Accommodating the mega lifestyle concept store AEON STYLE, along with a 15,000-square-foot dining floor at the basement level and a 18,000-square-foot dining floor on the eighth floor, Gala Place has positioned itself as a one-stop shopping and dining destination.

Grand Plaza, situated beside the MTR Mong Kok Station on Nathan Road, is home to a stellar line-up of global jewelry & watches brands, concept stores, and fashion, lifestyle, and sports labels. The dedicated dining floor features gourmet dining venues where international cuisines are served in stylish surroundings. The office towers house leading operators in the medical and beauty sectors with semi-retail trades.

TOTAL GROSS FLOOR AREA

89,815 sq.m.

Retail 32%

Office 68%

NUMBER OF CAR PARKING SPACES

518

Amoy Plaza

Located just a few minutes' walk from the MTR Kowloon Bay Station, Amoy Plaza is a one-stop community hub in Kowloon East, comprising extensive casual dining options and business trades like grocery stores, education providers, and entertainment brands. Also containing a number of first-in-Hong Kong concept stores, renowned local delicacies and restaurants, the mall offers a spectrum of lifestyle experiences for residents and office workers in the neighborhood.

TOTAL GROSS FLOOR AREA

49,006 sq.m.

Retail 100%

NUMBER OF CAR PARKING SPACES

620

MAINLAND CHINA PROPERTY LEASING

SPRING CITY 66, KUNMING

Despite a challenging market, the Group's property leasing portfolio has been able to maintain high occupancy rates, supported by tenant optimization and our continued ability to attract new retailers.

Market Landscape

Economic outlook and consumer confidence both continue to fluctuate, which in turn has created a new retail environment reflecting the change in consumption patterns in mainland China, particularly for luxury goods. This has been combined with the inevitable increase in overseas spending as a result of outbound travel resuming.

With the supply of office space and vacancy rates both edging upwards, rental rates have been subjected to increasing pressures. With market confidence on the wane, tenants have been adopting a more prudent approach that includes cost-cutting measures and delaying expansion plans.

On the upside, a fresh wave of government stimulus measures aimed at helping reinvigorate the economy and boost consumer confidence is anticipated. Office developments are viewed as key to "Building Economy", and the Government considers these activities as paramount to promoting employment, generating tax revenue, and establishing urban landmarks.

Business Overview

Over the past year, we have been proactively enhancing the tenant mix of our retail portfolio. We have employed marketing programs aimed at imbuing a sense of freshness, which has led to an increase in footfall at our malls. Our HOUSE 66 CRM program developed several exclusive activities, money-can't-buy experiences and privileges for engagement across member tiers in order to convert shoppers into loyal customers. This year we have been able to support tenant sales, and just as importantly, excelled among our peers, particularly in the luxury segment.

We have also been able to draw a large number of first-to-market brands to our retail properties, reflecting their confidence in our mainland China assets. This confidence also lies in the knowledge that we have long been the preferred choice for top-tier luxury brands looking to either expand or consolidate their mainland China presence.

Our office portfolio's occupancy rates have remained satisfactory, and a reliable revenue source for Hang Lung, in the face of constrained demand and intense competition in the market. This success can be directly attributed to the implementation of effective tenant retention strategies alongside the quality property management services. While retaining existing tenants is crucial, attracting new tenants is also of vital importance. Consequently, we have actively pursued and secured new tenancies, despite the current challenging business environment.

Year-on-Year Change in Rental Revenue on the Mainland (in RMB terms)

Luxury Malls
↓ 4%

Sub-luxury Malls
↑ 4%

Offices
↓ 6%

Gross Floor Area of Our Mainland China Properties (excluding car park area)

Completed Investment Properties and Hotels
2.27 million square meters*

* For a detailed breakdown of gross floor area of our completed investment properties and hotels, please refer to table "C. Major Investment Properties and Hotels" on page 61

Properties under Development
0.80 million square meters#

For a detailed breakdown of gross floor area of our properties under development, please refer to table "A. Major Properties under Development" on page 60

Plaza 66, Shanghai

Mall

Our flagship mall in Shanghai, Plaza 66 has continued to reinforce its competitive position despite a challenging year. Base rent remained stable with positive rental reversion achieved. However, tenant sales and sales rent eased due to the slow local economy and conservative consumer spending.

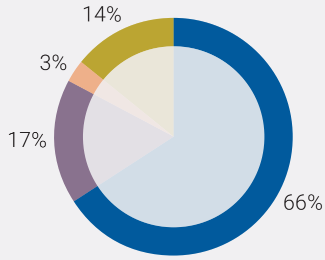
Plaza 66 maintained nearly full occupancy owing to an influx of new tenants and the retention of premium retail tenants. The latter included Hermès, which introduced an expanded flagship store, while Dior and LOEWE both upgraded their retail spaces, Loro Piana also introduced its Loro Piana Lounge, in a global first for the brand. Plaza 66 also welcomed Schiaparelli, which opened its first-in-Asia pop-up store. Further additions include Manolo Blahnik, NIPPON MADE, Eleventy, Teuscher Chocolate, and Noble Panacea which chose Plaza 66 as its first location in China. In 2025 Chanel's largest mainland China store is due to open, with the Chanel & moi – Les Ateliers after-sales space.

In November, the star-studded "HOME TO LUXURY" annual extravaganza returned to Plaza 66, featuring Michelin-starred chefs, VIC dinners co-hosted with Valentino and Louis XIII, shopper entertainment and interactive brand installations. The event helped bolster footfall, tenant sales, and year-on-year member sales.

In the year to come, we expect retail brands to retain a prudent approach towards investments, despite stimulus measures introduced by the government which have been effective in improving market sentiment.

Retail Segment Distribution (by Leased Floor Area)

- Fashion & Accessories
- Food & Beverage
- Leisure & Entertainment (including Lifestyle)
- Others



Occupancy Rate	Retail 99%	Office 87%
Number of mall tenants (at year-end)	128	

Our annual star-studded "HOME TO LUXURY" extravaganza returned to Plaza 66

Office Towers

Plaza 66's Grade A office towers' desirable location in a mixed-use development with a world-class shopping destination, means that they remain favored by top-tier multinationals and local companies in the financial, professional services, and fashion industries.

Shanghai's record high vacancy rates, compounded by new supply in the market, put downward pressure on demand in 2024. While West Nanjing Road maintained high occupancy this year and proved more robust than other locations, we recognize that both towers face increasing competition from neighboring landlords.

Grand Gateway 66, Shanghai

Mall

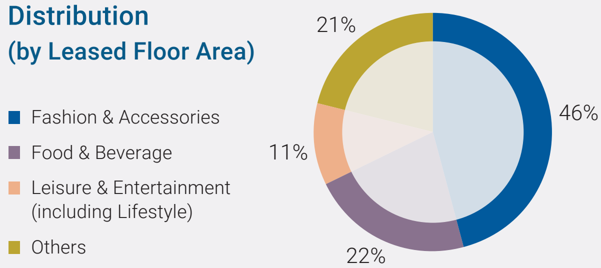
Grand Gateway 66 strengthened its luxury shopping offering with the opening of permanent stores by BVLGARI and Buccellati, and the completed renovation of a duplex store by Max Mara. The mall also welcomed several first-to-market stores, including Marco Bicego, Montbell, BLUEDOG, LOVOT, and Mercadito 166. It also bolstered its outdoor and lifestyle apparel offerings, while a food & beverage overhaul is currently underway. Occupancy remained stable during the year.

On the marketing front, our signature "Love in the Summer" campaign and "Gateway to Inspiration" anniversary celebration featuring Chinese ballet stars, spectacular performances and irresistible offerings drove footfall and tenant sales. Further efforts to engage customers and foster loyalty motivated HOUSE 66 members to increase shopping activities and purchase more high-ticket items.

Grand Gateway 66 is committed to continuously sharpening its competitive edge and will further expand its luxury portfolio and enhance its already diverse tenant mix with renowned brands such as Moncler, Titleist, Wilson, and K-Swiss in 2025.

During the year in review, increasingly prudent consumers and the rise of outbound travel and overseas spending unsurprisingly impacted tenant sales and rental revenue to a degree.

Retail Segment Distribution (by Leased Floor Area)



Occupancy Rate	Retail 99%	Office* 91%	Residential & Serviced Apartments*# 73%
Number of mall tenants (at year-end)	381		

* Held by HLG

\# Exclude the terraced serviced apartment to be revitalized

The annual "Gateway to Inspiration" celebration, featuring Chinese ballet stars, spectacular performances and irresistible offerings drove footfall and tenant sales

Palace 66, Shenyang

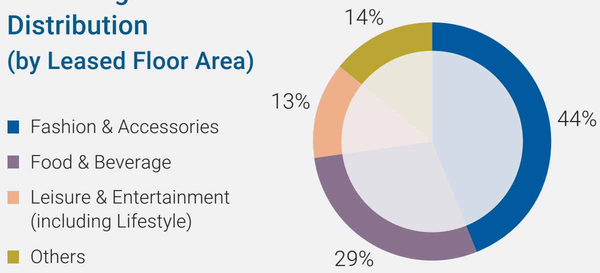
With occupancy rates on the rise and tenant sales stabilizing, the overall outlook for Palace 66 is improving. Rental revenues also improved due to a bolstered athleisure cluster, with established brands such as Lululemon, Descente and The North Face driving increased tenant sales, and newcomers Salomon and HOKA establishing stores on the premises.

Among other highlights of the year include the upgrading of the Palace 66 fashion portfolio via the opening of new-to-market brands by Meilleur Moment and Guvet, making their debut in Northeast China. In addition, adidas FOS and ECCO further enhanced our tenant mix alongside ladies' fashion brands PEACEBIRD, FISHFIY, and YESCCI. Responding to the developing dining needs of our visitors, Palace 66 added CHAO and LAGOUGO to its gastronomic offering.

Capitalizing on the success of the impressive Labor Day parade in May, which replicated moments from the Wuzhen Theater Festival, a campaign was initiated to promote west Zhongjie as a shopping and tourist destination. Working with tenants and corporate partners, the campaign was able to attract new members and raise sales for HOUSE 66.

Palace 66 will continue to focus on attracting leading fashion and apparel brands, particularly from the athleisure segment, especially those seeking to make their first-to-market debuts. This will reinforce its competitiveness against emerging rivals from new projects in the Wulihe and Zhongjie business districts. Palace 66 will also leverage district government upgrades to the east of the mall to elevate its shopping experience while enhancing value and appeal for prospective tenants.

Retail Segment Distribution (by Leased Floor Area)



Occupancy Rate

Retail 94%

Number of mall tenants (at year-end)

231

The mall held a dazzling Labor Day parade in May and launched a campaign across the Labor Day holiday to promote west Zhongjie as a shopping and tourist destination

Forum 66, Shenyang

Mall

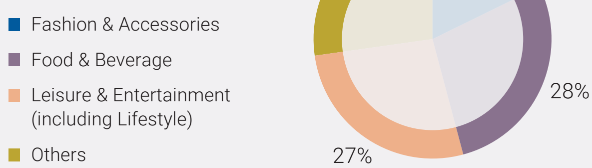
Forum 66 has maintained stable occupancy rates, supported by newcomers Huawei as well as popular food & beverage partners. As changes were made to the tenant mix to further enhance the appeal of the mall, rental revenue experienced a modest dip over the course of the year.

The arrival of LAGOUGO, CHAGEE, and M-Tea attracted food enthusiasts to the mall as well as those looking for a lifestyle destination, leading to greater footfall. The introduction of various brands, alongside new developments by existing tenants, has further energized the mall and enhanced the customer experience. For example, D-House Gym expanded its footprint and upgraded its facilities to create a fresh ambience, while Chow Tai Fook also expanded its stores to develop more spacious environments. The introduction of Blancpain watches, with its unique product design, demonstrates our commitment to diverse market demands, further enriching the jewelry and watches sector while driving up tenant sales.

Other developments made over the past year include cooperation between Palace 66 and Forum 66 in coordinating resources and improving cost efficiencies through joint promotions and advertising initiatives. The mall hosted a Christmas tree lighting event and set up a winter market in partnership with the Conrad Shenyang hotel, which contributed to significantly increased tenant sales. Additionally, the event represented our efforts to contribute to the local community through charity initiatives. Moreover, HOUSE 66 saw a rise in young customers, which led to an uptick in transaction volumes.

In 2025, Forum 66 will enhance its appeal and further stand out from peers by expanding its contemporary lifestyle and food & beverage offerings. It will also introduce versatile event venues to attract cultural and wellness activities and hold more placemaking events, further engaging with the wider community.

Retail Segment Distribution (by Leased Floor Area)



Occupancy Rate	Retail 87%	Office 90%
Number of mall tenants (at year-end)	132	

During the Chinese New Year, the mall hosted a charming panda-themed event to celebrate the festive occasion with customers

Office Tower

Despite soft demand for prime office space, ongoing new supply, and aggressive competitor terms, Forum 66 recruited major tenants China Resources New Energy, Swatch Group, and AVIVA-COFCO Insurance in 2024.

Forum 66 will seek to capture new demand from diverse industries and consolidate lettable areas to improve space efficiency. Collaborations with the Conrad Shenyang and the mall will enhance convenience for office tenants and business travelers.

Hotel

Voted one of the top 10 hotels in China by *Condé Nast Travel*, the Conrad Shenyang leads the market based on revenue per available room (RPAR), according to Smith Travel Research. In 2025, the continuing return of business and international visitors is expected to further increase demand.

Parc 66, Jinan

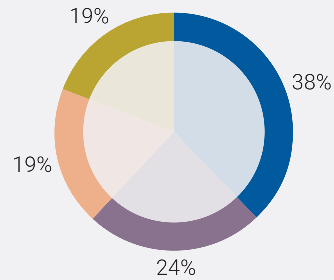
With the Parc 66 large-scale asset enhancement initiative nearing completion, an array of new shops and facilities, including an enhanced connection between the two wings of the mall, have strengthened the shopping experience for visitors. Complemented by collaborations with tenants to capitalize on festivals and holidays, higher customer traffic was recorded during the year.

In 2024, several new leases increased the occupancy rate and rental revenues of Parc 66. The mall also welcomed a pop-up boutique by Valentino. The addition of more than 10 new tenants have led to a reinvigoration of the Parc 66 high-end beauty zone, rise in athleisure performance, and increase in food & beverage options. Beauty newcomers included new-to-market brands Valentino Beauty, Prada, 3CE, Santa Maria and Parfums de Marly. In addition, coffee aficionados welcomed the first % Arabica store in the city, adding to an already impressive line-up which includes M Stand, Luckin Coffee, and a new Starbucks location.

Throughout the year, we organized notable marketing initiatives that received positive feedback from customers. Festive displays and themed bazaar events, such as “First Snow in Jinan” and the “Michelin Festival”, were staged at the “CHIC Street”, situated between the two wings of the mall following its refurbishment. To celebrate the anniversary of Parc 66, a spectacular “Let’s Party” event was organized, at which the Platinum Symphony Orchestra performed orchestral versions of popular anime music for shoppers and tenants. During the year HOUSE 66 recorded a surge in new members and a corresponding uptick in member sales, including members returning for repeat purchases.

To maximize footfall and promote word-of-mouth marketing, Parc 66 is planning to introduce more fashion and accessories, athleisure, and affordable luxury options. It will also be welcoming more new-to-market lifestyle and food & beverage tenants.

Retail Segment Distribution (by Leased Floor Area)



Occupancy Rate

Retail
93%

Number of mall tenants (at year-end)

348

Following the refurbishment of “CHIC Street”, situated between the two wings of Parc 66, the mall launched dynamic marketing initiatives that captured customer attention

Center 66, Wuxi

Mall

Center 66 has recorded encouraging performance, reflecting the ongoing efforts to improve its tenant mix and successful retention of quality customers.

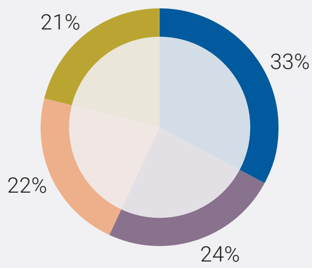
The mall has expanded its luxury portfolio: Following the opening of duplex boutiques by Louis Vuitton and Gucci, Hermès returned to the city after a 10-year hiatus with a duplex boutique. Moncler, Burberry and Valentino also expanded their footprints from L1 to L2. An exciting selection of nearly 30 first-to-market brands also opened their doors at Center 66 to bolster the mall's exclusive selection of fashion, beauty and lifestyle brands. More than 90 new shops opened their doors during 2024.

L3 now has an elevated offering featuring new-to-market and international fashion brands such as Self-Portrait, TUMI, Sam Edelman, Polo Ralph Lauren, Diesel, and Weekend Max Mara. L4 features exclusive sports brands including Undefeated, On, Montbell and the flagship store for ASICS. The tenant mix on these upper levels is comparable to that of top-tier malls in first-tier cities.

To usher in its 11th anniversary, Center 66 took shoppers on a "Take Center Stage" sensory journey in partnership with its tenants. The multi-day event resulted in record-breaking tenant sales and a surge in foot traffic. Throughout 2024, HOUSE 66 recruited a substantial number of new high-tier members, with member sales also increasing.

Center 66 will continue to welcome more first-to-market brands to Wuxi. This will be supported by ongoing shopper engagement efforts that offer customers "money-can't-buy" experiences.

Retail Segment Distribution (by Leased Floor Area)



Occupancy Rate

Retail 99%

Office 88%

Number of mall tenants (at year-end)

259

The mall collaborated with an original art IP to create a range of game installations, offering immersive experiences for customers to share and enjoy while shopping

Office Towers

Occupancy and rental revenue have grown steadily at both Grade A office towers, which have been well received by local and international newcomers such as HSBC and Apple.

Despite low demand for large office space and aggressive competitor rent cuts, the towers stand to benefit from a lack of new supply in the area. Self-operated multifunctional workspace HANGOUT continues to gain traction among small and medium-sized enterprises.

Riverside 66, Tianjin

During 2024, Riverside 66 performed promisingly, reflected by the securing of new leases which brought occupancy close to capacity and drove rental revenue upwards. The mall also leveraged the rise in tenants, interactive events, and targeted promotions to lift footfall and tenant sales.

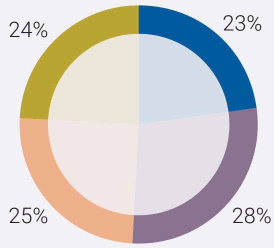
The introduction of international brands such as Samsonite, Calvin Klein and Hush Puppies enabled Riverside 66 to establish a substantial fashion cluster. Other newcomers included more than 10 first-to-market brands, such as XEXYMIX, Better Target, Dong Tian Kitchen and Bar, and N. Store. The mall also expanded its food & beverage offerings, which in turn helped enhance traffic across all parts of the mall.

In partnership with Tianjin Zoo, Riverside 66's "Happy Zoo" event series entertained shoppers with novel experiences during the Dragon Boat Festival holiday. The combination of exciting animal installations, zoo-themed flash sales, shopper entertainment, and unique VIP privileges resulted in greater footfall and tenant sales.

Riverside 66 will further optimize its portfolio, spanning jewelry and watches, to fashion and accessories, and food & beverage, to attract visitors and enhance its competitiveness. Compellingly themed promotions and activities leveraging the connected century-old Zhejiang Xingye Bank heritage building, will also be introduced to reinforce the mall's stature as a core corporate member of the community.

Retail Segment Distribution (by Leased Floor Area)

- Fashion & Accessories
- Food & Beverage
- Leisure & Entertainment (including Lifestyle)
- Others



Occupancy Rate

Retail
95%

Number of mall tenants
(at year-end)

275

The mall rolled out captivating promotions and activities, many incorporating the adjoined century-old Zhejiang Xingye Bank heritage building

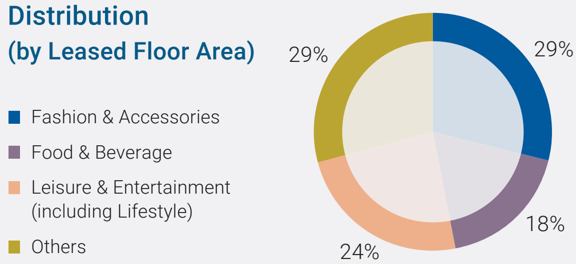
Olympia 66, Dalian

Olympia 66 welcomed more than 40 new-to-market brands during the year, including Tom Ford, Vivienne Westwood, Mardi Mercredi, Salomon, Jo Malone, and Moose Knuckles, some of which made their official debuts in the region. The introduction of new beauty and athleisure brands, such as Helena Rubinstein, Lancôme, La Mer, Dior Beauty, Giorgio Armani, YSL, Lululemon, The North Face and Kolon Sport, contributed to an increase in the mall's occupancy rate and tenant sales throughout the year. Additionally, revenue was boosted by higher rental reversion from new brands. The new entrants and ongoing improvements to the trade mix have led to the upgrade of various zones and the diversification of shopping options. Moreover, the reallocation of food & beverage spaces on the upper floors has continued to expand customers' options.

Olympia 66 set a record for tenant sales at its signature event "Shining Olympia". More than 260 tenants joined forces to create a spectacular event that entertained shoppers with celebrities, engaging installations, performances and parades, promotions, exclusive offers, and new member incentives. During the event, HOUSE 66 successfully increased memberships and repeat visits through ongoing customer engagement and VIP incentives.

Despite an abundance of available commercial space in the market, Olympia 66 has become the leading shopping destination in the region, buoyed by its unrivaled retail mix.

Retail Segment Distribution (by Leased Floor Area)



Occupancy Rate
Retail
94%

Number of mall tenants
(at year-end)
398

The mall's signature event, "Shining Olympia", set a new record for tenant sales and featured a vibrant mix of interactive installations, performances, and parades

Spring City 66, Kunming

Mall

Spring City 66 maintained its leading occupancy rate and continued to diversify its trade mix with renowned brands such as Thom Browne, Max Mara, Vivienne Westwood, Salomon, HOKA, and MUJI. The adjoining office tower at Spring City 66 also stabilized its weekday footfall. Despite economic uncertainties and changes in tourist travel behavior, tenant sales and rental revenue were only moderately impacted during the year.

Visitors to Spring City 66 were treated to events such as the popular "520" love festival in China, and the "Spring into Life" anniversary celebration featuring celebrity appearances and tenant collaborations, which boosted footfall and tenant sales. Spring City 66 also launched its e-shopping card and VIC lounge to enhance customer engagement and deliver more personalized services for HOUSE 66 members.

The luxury expansion efforts underway and reimagined food & beverage offerings will stand the mall in good stead for the future. The successful opening of Grand Hyatt Kunming in August and the completion of Grand Hyatt Residences Kunming, further bolster Spring City 66's performance.

Office Tower

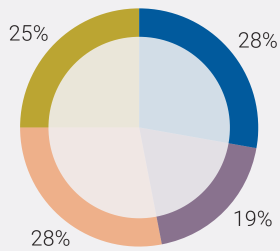
Despite soft demand for prime office space, newcomers including the Tourism Authority of Thailand, CGN, Sony, and COSCO cemented our Kunming office tower's market leadership. The new Grand Hyatt Kunming will also generate considerable value for new and existing tenants.

Hotel

Grand Hyatt Kunming offers 331 rooms and suites, first-class amenities, and restaurants serving the best of Yunnan. Its design, reputation, and exceptional service meant that the hotel attained the leading room rates in the city shortly following its launch.

Retail Segment Distribution (by Leased Floor Area)

- Fashion & Accessories
- Food & Beverage
- Leisure & Entertainment (including Lifestyle)
- Others



Occupancy Rate
Retail 98%
Office 86%

Number of mall tenants (at year-end)
308

Visitors were treated to exciting events that boosted footfall and tenant sales, such as the "520" love festival in China, which created a romantic atmosphere with a balloon waterfall

Room demand continues to grow despite the challenging market. The hotel is also poised to emerge as a leading wedding and MICE destination as corporate travel fully returns to the city.

Heartland 66, Wuhan

Mall

During 2024, Heartland 66 was successful in securing several new tenants, further diversifying the tenant mix and providing more options for shoppers. New arrivals and new-to-market brands included DSquared2, GCDS, and Sam Edelman. Occupancy also increased, driven by the addition of new anchor and food & beverage tenants, while tenant sales and rental revenue adjusted in line with market trends, reflecting the evolving preferences of increasingly price-sensitive consumers and a highly competitive market.

Consistent with our commitment to providing consumers with unique, experiential shopping experiences, several initiatives were launched during the year. In May, Heartland 66 launched an exclusive VIC lounge to provide members with a unique experience. An opening ceremony featuring a special performance by the popular singer MIKA was also held. To celebrate its third anniversary, the mall partnered with tenants to host a vibrant carnival featuring immersive experiences and incentives for shoppers. Additionally, Heartland 66 presented a classical opera performance of “Carmen”, and the first-ever aerial ballet show in Wuhan as part of an impetus to provide constantly refreshed forms of entertainment for customers.

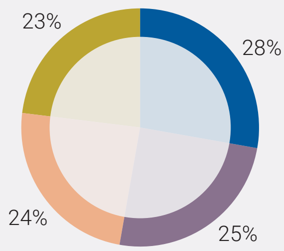
Heartland 66 will continue to enhance its offerings with reimagined entertainment options, food & beverage selections and happenings to create even more entertainment for its customers.

Office Tower

The office tower at Heartland 66 welcomed new tenants including Schindler, Dentsu, and CICC Wealth Management. Innomotics, SAP, and Philips also joined self-operated multifunctional workspace HANGOUT.

The office tower will leverage its considerable amenities to retain existing tenants and attract new ones, while synergies with the mall and serviced apartments at Heartland 66 will also continue to benefit the development in 2025.

Retail Segment Distribution (by Leased Floor Area)



- Fashion & Accessories
- Food & Beverage
- Leisure & Entertainment (including Lifestyle)
- Others

Occupancy Rate

Retail **85%**

Office **66%**

Number of mall tenants (at year-end) **254**

The mall significantly boosted tenant sales by hosting diverse experiential events that integrated art with high-end retail

Projects Under Development

Xi Zhe Wuxi, Curio Collection by Hilton

Center 66 will add a Curio Collection by Hilton hotel, a hand-picked selection of global luxury hotels to its existing two Grade A office towers and luxury mall. Fusing old with new to enrich the customer experience, the design-led hotel will occupy a seven-story tower and three-story heritage building to offer 105 rooms, recreational facilities, and two restaurants.

Location
Jiankang Lu, Liangxi District, Wuxi

Total gross floor area
7,165 square meters

Expected year of completion
2025

Westlake 66, Hangzhou

Located in the center of Hangzhou, Westlake 66 is a high-end commercial complex comprising five Grade A office towers, a luxury mall, and a prestigious Mandarin Oriental hotel.

The Mandarin Oriental Hangzhou is expected to open in the second half of 2026, offering 194 premium guestrooms and suites, a dedicated events and bar space, a spa, and two restaurants.

Westlake 66 exemplifies carbon and environmental data collection in keeping with the Company's commitment to sustainability practices. Alongside a construction waste recycling pilot program, the project is applying low-carbon concrete bricks and low carbon emissions steel in select areas, while advancing with a net zero-carbon design proposal for the historical building.

Location
Bai Jing Fang, Gongshu District, Hangzhou

Total gross floor area
194,100 square meters*

Main usage
Retail, office, hotel

Expected year of completion
2025 onwards

* This includes the above-ground area only.

Plaza 66, Shanghai (Pavilion Extension)

To enhance the retail and dining experience for customers, Plaza 66 will expand by constructing a low-rise standalone building, the basement of which adjacent to Office Tower Two will be connected to the mall, resulting in a 13% addition in retail space. The project is scheduled for completion in 2026.

Location
West Nanjing Road, Jing'an District, Shanghai

Total gross floor area
3,080 square meters*

Main usage
Retail

Expected year of completion
2026

* This includes the above-ground area only.

Forum 66, Shenyang

Design works for the remaining mixed-use development of Forum 66 in Shenyang are ongoing. The new developments add to an existing luxury mall, Grade A office tower, and the market-leading Conrad Shenyang hotel.

Location
Qingnian Da Jie, Shenhe District, Shenyang

Total gross floor area
502,660 square meters

Main usage
Retail, office, apartments for sale

Expected year of completion
2028 onwards

REVIEW OF OPERATIONS

HONG KONG PROPERTY LEASING

The Hong Kong portfolio maintained stable occupancy during the year, supported by strategic tenant mix enhancements and attractive customer engagement programs, demonstrating resilience in a challenging market environment.

Market Landscape

Retail sales across the market reflect the changing consumption habits and increasing outbound travel of high-spending residents.

Local consumers are spending more cautiously against the backdrop of slow economic recovery. An increase in outbound travel has also led to reduced spending in Hong Kong, as shoppers seek alternative shopping experiences across the border and overseas. Mainland China tourists, meanwhile, have shown a growing preference for travel experiences that go beyond shopping.

The underlying environment has also curbed retailers' and restaurant operators' enthusiasm for expanding operations and their receptiveness to competitive lease offers. Due to an abundant supply of commercial space, the demand for new office leases has also remained sluggish.

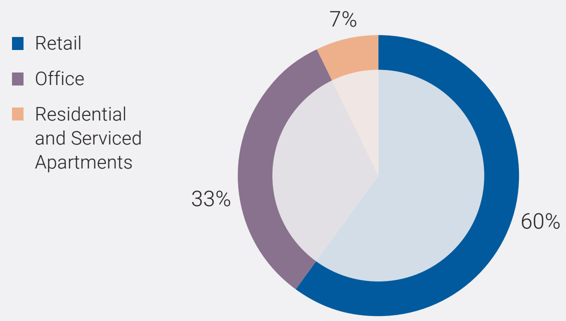
Looking ahead, several new government policies are poised to invigorate Hong Kong's tourism and retail sectors. These include the rollout of unique, high-value activities and events designed to attract tourists, and the resumption and expansion of the multiple-entry Individual Visit Scheme (IVS) for Shenzhen residents.

Business Overview

Ongoing efforts were made over the course of the year to introduce new tenants and diversify the retail mix, which contributed to high occupancy rates despite a fiercely competitive market, and the ability of our malls to better cater to the needs of both local residents and tourists. Marketing collaborations and customer outreach programs available through the "hello Hang Lung Malls Rewards Program" also strengthened footfall, engaging new and returning members.

Occupancy at office towers across the portfolio has remained stable. This reaffirms to the Group the effectiveness of its tenant retention strategies, even in light of the complex environment for office leases, faced with a combination of oversupply, high interest rates and global economic uncertainties.

Distribution of Revenue of Our Hong Kong Property Leasing Portfolio in 2024



Tenant Sales

↓4%
Year-on-year

Retail

Occupancy Rate#
95%

Office

Occupancy Rate#
88%

All occupancy rates stated therein were as of December 31, 2024

Causeway Bay Portfolio

Occupancy across the Causeway Bay portfolio remained stable as a result of flexible terms and proactive marketing in a pressured environment.

Fashion Walk reported a lift in footfall and rental revenue, while tenant sales followed the market-wide decrease in retail turnover. The mall continued to enhance its watch and jewelry and beauty offerings in the main block during the year, while specialty fashion, athleisure, and food & beverage selections remained the focus on the street side. The mall also welcomed new-to-market stores for the performance footwear and apparel brand HOKA, and the Japanese pet accessories chain PET PARADISE. Other newcomers included LONGINES, Ginza Diamond Shiraishi, La Maison VALMONT, Miss Sixty, HER, and a BYREDO pop-up store.

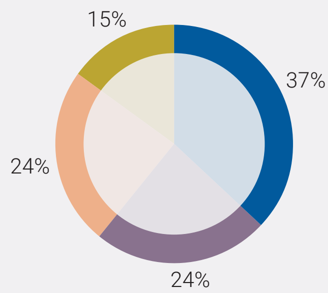
As part of an effort to reinforce footfall, Fashion Walk expanded its food & beverage options with The Black Dog, AKA Japanese Restaurant, and Green Wood Golden Court Restaurant.

Hang Lung Centre maintained occupancy and rental revenue despite facing stiff competition and downward pressure on office rents. The retail portion recorded a decline in rental revenue and tenant sales, consistent with overall market trends.

The Causeway Bay portfolio will continue to refine its watch and jewelry, beauty, specialty fashion, athleisure, and food & beverage trade mix against the continuing backdrop of a soft retail market and strong competition.

Retail Segment Distribution (by Leased Floor Area)

- Fashion & Accessories
- Food & Beverage
- Leisure & Entertainment (including Lifestyle)
- Others



	Retail	Office	Residential & Serviced Apartments
Occupancy Rate	98%	95%	96%

Number of mall tenants (at year-end): 97

Fashion Walk welcomed the first-to-market store for the performance footwear and apparel brand HOKA

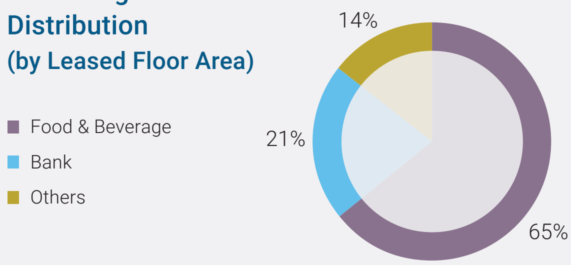
Central Portfolio

The Central portfolio comprises the Standard Chartered Bank Building, 1 Duddell Street, Printing House, and Baskerville House.

The portfolio's retail portion saw an increase in occupancy and rental rates, supported by the addition of market-leading education toy retailer Wise-Kids Educational Toys. Dining offers in collaboration with food & beverage tenants, including a summer celebration and seasonal menus, attracted customers throughout the year.

The office portfolio maintained occupancy and rental revenue amid a challenging market with high vacancy rates, new office developments, and cost-conscious tenants. Flexible renewal and commercial packages are expected to optimize retention and leasing momentum in 2025, particularly for small- and medium-sized premises.

Retail Segment Distribution (by Leased Floor Area)



Occupancy Rate

Retail 97% | Office 86%

Number of mall tenants (at year-end)

12

Our Central Portfolio introduced a variety of popular dining spots and eateries, offering a diverse range of delightful culinary choices

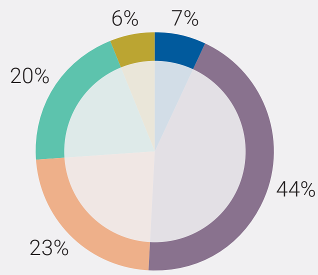
Peak Galleria

Inbound tourism positively impacted footfall and tenant sales at Peak Galleria. In addition, the mall welcomed COACH, FALCONE, Butter, Messina, and a pop-up store for Blue Bottle Coffee, as well as several new dining options. These developments all contributed to stable occupancy at this landmark property.

Peak Galleria will continue to broaden its food & beverage options to capitalize on the ongoing recovery in the tourism sector, driven by mainland Chinese visitors under the new Individual Visit Scheme.

Retail Segment Distribution (by Leased Floor Area)

- Fashion & Accessories
- Food & Beverage
- Leisure & Entertainment (including Lifestyle)
- Department Store
- Others



Occupancy Rate

Retail
76%

Number of mall tenants
(at year-end)

41

Peak Galleria unveiled several new dining options for customers during the year, including a pop-up store for Blue Bottle Coffee

Hong Kong East Portfolio

The Hong Kong East portfolio includes Kornhill Plaza, Kornhill Apartments, and 228 Electric Road. Ongoing efforts to enhance fashion zones and food & beverage hubs at Kornhill Plaza supported foot traffic. The addition of the bedding brand Royal Family, along with several female-focused fashion retailers broadened the offerings available to customers. Introducing new food & beverage tenants such as White Curry Co., Red Bean Café, Tommy Yummy Thai Café, On Kim Pot Rice, and Gatten Sushi strengthened our culinary options and drove impressive tenant sales. This helped offset some of the impacts on rental revenue caused by heightened competition within a soft retail market.

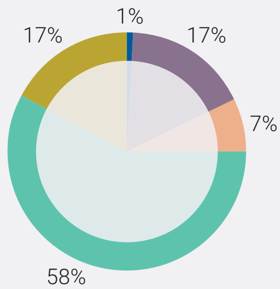
The office spaces at Kornhill Plaza primarily focus on the education, beauty, and medical sectors. Customers continued to take a cautious approach to spending, creating a challenging market for tenants. We maintained a strong occupancy rate by offering flexible rental terms to tenants, even though rental revenue was affected by a negative rental reversion.

Since its launch in 2023, occupancy at 228 Electric Road has made significant strides as new tenants continue to move in and build momentum. Notable highlights include the addition of the renowned global medical aesthetics brand Ingrid Millet. The office tower will offer personalized solutions and bespoke furnishings for new leases, catering to the dynamic needs of potential tenants.

Kornhill Apartments implemented a proactive leasing strategy to connect with potential customers through exhibitions and various partnerships. Due to a surge in demand from mainland Chinese students and professionals, along with our promotional efforts, we observed a rise in occupancy rates and stable rental revenue despite facing keen competition.

Retail Segment Distribution* (by Leased Floor Area)

- Fashion & Accessories
- Food & Beverage
- Leisure & Entertainment (including Lifestyle)
- Department Store
- Others



Occupancy Rate	Retail* 92%	Office* 93%	Residential & Serviced Apartments 83%
Number of mall tenants* (at year-end)	116		

*Include Kornhill Plaza only

As one of our resilient community malls, Kornhill Plaza delivered a broad range of shopping and dining options to customers, helping the mall maintain a high level of occupancy

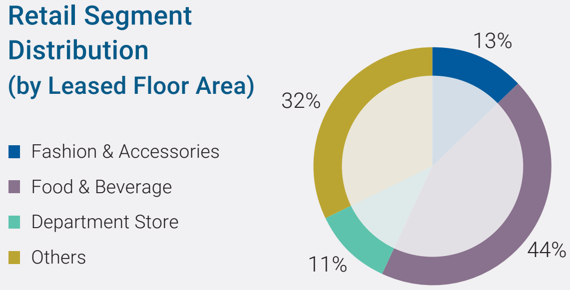
Mongkok Portfolio

The Mongkok portfolio, encompassing Gala Place and Grand Plaza, reported stable performance in 2024. The portfolio benefited from a recovery in tourism and increased social spending among local young adults. Footfall remained consistent due to a steady flow of inbound visitors, offsetting the effects of a rising number of outbound shoppers.

The malls maintained full occupancy, owing to their prime locations within one of Hong Kong's most popular shopping districts. Grand Plaza welcomed newcomers Beijing Tong Ren Tang and AUSupreme, leveraging the city's growing health and personal care market and creating synergies with existing health and beauty tenants. The malls will continue to introduce new brands to their portfolios, anticipating a steady recovery in 2025.

Office space reported stable rental revenue and occupancy. New tenants from wellness trades, such as rehabilitation, fitness, and beauty centers, took up leasing spaces freed up by relocating tenants.
The recently revamped office tower lobby at Gala Place is expected to attract tenants demanding a high-quality work environment, bolstering its position in the market.

Retail Segment Distribution (by Leased Floor Area)



Occupancy Rate

Retail 100%

Office 94%

Number of mall tenants (at year-end)

31

The recently revamped office tower lobby at Gala Place is expected to attract new tenants seeking a high-quality work environment

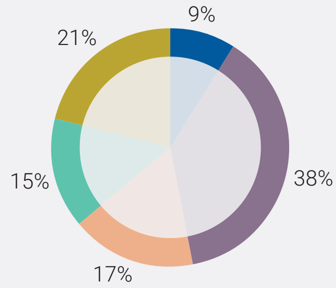
Amoy Plaza

Nearly 50 new tenants at Amoy Plaza rejuvenated the mall's tenant and trade mix during the course of the year. Footfall remained stable while the retail market continued to grapple with escalating outbound tourism and overwhelmingly stagnant consumer sentiment.

Amoy Plaza enhanced its dining options with the addition of 15 new tenants, offering a diverse range of cuisine choices. Among notable newcomers are The Aquatic Market's debut Hong Kong restaurant, which spans 14,000 square feet, while the new Service Point at the Kwun Tong District Health Centre Express has strengthened the mall's wellbeing mix.

With significant tenant upgrades, including the addition of sports brand Puma and a new cluster of outlets targeting younger crowds, Amoy Plaza is set to establish itself as a holistic community mall. The upcoming East Kowloon Cultural Centre – which has a footbridge connecting to Amoy Plaza – and new residential developments in the area are also expected to bring new business opportunities.

Retail Segment Distribution (by Leased Floor Area)



- Fashion & Accessories
- Food & Beverage
- Leisure & Entertainment (including Lifestyle)
- Department Store
- Others

Occupancy Rate

Retail
95%

Number of mall tenants
(at year-end)

241

Nearly 50 new tenants joined Amoy Plaza during the year, rejuvenating the mall's occupancy and trade mix

MAINLAND CHINA PROPERTY SALES AND DEVELOPMENT

Market Landscape

Residential sales in the Mainland have remained challenging. The government announced numerous policies during the year to stabilize the residential market, signaling its commitment to supporting the sector's recovery. On average, first-hand transacted areas and second-hand residential prices recorded a drop in most cities.

Business Overview

Despite economic uncertainties, discerning buyers are increasingly seeking properties that provide quality and convenience. Hang Lung Residences are part of a world-class mixed-use development, offering buyers seamless living experiences with easy access to the adjacent retail and office facilities, first-rate amenities and services, and urban comforts. Situated in prime downtown locations and backed by Hang Lung's strong reputation and solid financial track record, the serviced residences demonstrate our commitment to establishing investment properties that maximize shareholder value.

Heartland Residences has already been launched in Wuhan's central business district, and units have been progressively handed over to buyers throughout the year. Grand Hyatt Residences Kunming also made its debut from the high zone of the pristine new 250-meter-tall building at Spring City 66 in the heart of Kunming.

Properties Completed for Sale

Heartland Residences, Wuhan

Comprising 492 premium units and a luxurious clubhouse, Heartland Residences' prime location in the central business district of Wuhan offers easy access to the top commercial and medical facilities at Central China, Zhongshan Park, and metro Line One and Two.

Set across three towers, the serviced residences seamlessly connect with the Heartland 66 luxury mall and Grade A office tower.

Heartland Residences received an occupation permit in January, and handover commenced in March.

Location
Jinghan Avenue, Qiaokou District, Wuhan

Total gross floor area
131,493 square meters

Grand Hyatt Residences Kunming

Hang Lung's first hotel-branded residence development is an integral part of Spring City 66, a mixed-use development which comprises a luxury mall, Grade A offices, and the brand-new Grand Hyatt Kunming hotel.

Occupying the top zone of the pristine 250-meter-tall building, Grand Hyatt Residences Kunming includes 251 units with panoramic views and three penthouses. The development epitomizes international living in one of mainland China's most livable cities.

Grand Hyatt Residences Kunming received an occupation permit in April. A phased handover commenced in December.

Location
Dongfeng Dong Lu/Beijing Lu, Panlong District, Kunming

Total gross floor area
49,775 square meters

Project Under Development

Center Residences, Wuxi

Located in the heart of historic Wuxi's central business district, Center Residences comprises 573 premium units and luxurious clubhouses, complementing the luxury mall and Grade A office towers at Center 66. Upon completion, the complex is set to transform the city center into a work-life hub.

The interior fit-out of the two towers commenced in December 2024, with sales and marketing activities set to launch in 2025. Handover is scheduled to commence in 2026.

Location
Jiankang Lu, Liangxi District, Wuxi

Total gross floor area
99,953 square meters

Expected year of completion
2025 onwards

HONG KONG PROPERTY SALES AND DEVELOPMENT

Our exclusive collection of private residential developments in some of Hong Kong's most desirable neighborhoods is ideally placed to take advantage of the resilient ultra-luxury property market.

Market Landscape

Interest rate cuts and the withdrawal of property cooling measures reinvigorated Hong Kong's residential property market in 2024. Residential transactions increased significantly following the removal of demand-side stamp duties in late February and then moderated amid a high-interest rate environment and economic uncertainties. Latent demand was again stimulated when the U.S. Federal Reserve lowered interest rates in September, marking the first rate cut in more than four years. The ultra-luxury residential market also saw a positive shift, with high net worth buyers returning for exclusive addresses driven by improved market sentiment and favorable property market measures during the fourth quarter of 2024.

Despite the short-term improvement, the future direction of Hong Kong's residential property market will continue to hinge on several factors, including the pace of interest rate cuts, the economic revival of Hong Kong and mainland China, the scale of the housing supply glut, and the impact of geopolitical risks.

Demand and pricing levels in Hong Kong's luxury residential property market, particularly for those in prestigious areas such as The Peak, Southside, and Jardine's Lookout, are expected to remain resilient due to little new supply of luxury residential properties and pent up demand from mainland and overseas buyers following various government initiatives.

Business Overview

Our property sales in Hong Kong focus primarily on luxury residential projects. We have upcoming projects in some of Hong Kong's most sought-after neighborhoods which feature modern architectural design and comprehensive amenities that set new standards for luxury living. In January 2025, the Group completed its acquisition of a land site at 8-12A Wilson Road, nestled in the heart of Jardine's Lookout – a prestigious area that attracts ultra-high-net-worth individuals.

Offering architectural masterpieces close to Jardine's Lookout, 23-39 Blue Pool Road sold two houses in 2024, proving our aptitude for marketing luxury properties to discerning buyers with diverse tastes.

Following its completion in 2024, The Aperture, our upscale residential development in Kowloon East, was relaunched in October with new payment plans and received a solid market response. By the end of the year, 21 units had been sold, including a two-bedroom flat for a record-high price per square foot since its relaunch after completion. The handover of pre-sold units is complete, and the handover of the completed units is in progress.

The much-anticipated development at 37 Shouson Hill Road in Hong Kong Island's picturesque Southern District will cement our reputation as a curator of ultra-luxurious living experiences that combine superior design with prized locations and breathtaking views.

We will continue to strategically promote our completed residential properties and strengthen our premium brand offerings for future developments.

Properties Completed for Sale

23-39 Blue Pool Road

Neighboring the verdant residential area of Jardine's Lookout on Hong Kong Island, 23-39 Blue Pool Road, designed by the renowned architects Kohn Pedersen Fox Associates, comprises just 18 three-story luxurious residences of saleable areas of 4,571 to 4,599 square feet each.

Location
23-39 Blue Pool Road, IL 5747, Hong Kong Island

Total gross floor area
8,585 square meters

The Aperture

Located in sought-after Kowloon East, The Aperture offers residents upscale living in the heart of Kowloon Bay with easy access to public transport and malls. Comprising 294 units, each featuring one to three bedrooms, The Aperture represents a new generation of boutique residences that combines lifestyle and wellness.

Location
11 Ngau Tau Kok Road, NKIL 1744, Kowloon Bay

Total gross floor area
16,223 square meters

Projects Under Development

Shouson Hill Road Redevelopment

Situated in Hong Kong Island's picturesque Southside and at the crest of Shouson Hill, the development at 37 Shouson Hill Road comprises an exclusive collection of ultra-luxury houses with sweeping views of Deep Water Bay.

Location
37 Shouson Hill Road, RBL 357, Southern District, Hong Kong Island

Total gross floor area
4,403 square meters

Expected year of completion
2029 onwards

Wilson Road Redevelopment

Nestled in the heart of the quiet ultra-high-net-worth neighborhood of Jardine's Lookout, the development at Wilson Road consists of several luxury detached houses overlooking Mid-Level East and the Central skyline.

Location
8-12A Wilson Road, IL 7854, Jardine's Lookout, Hong Kong Island

Total gross floor area
2,398 square meters

Expected year of completion
2028 onwards

OUTLOOK

Uncertainty surrounding U.S.-China geopolitical tensions and additional tariffs to be imposed on Chinese products is casting a shadow over the revival of the Chinese economy. Meanwhile, the trajectory of U.S. Federal Reserve rates and the strong U.S. dollar are dampening the prospects for a global economic recovery. Nonetheless, we are committed to enhancing our operational flexibility and core strengths amid these challenges, helping us better position ourselves to thrive in an increasingly complex environment.

In mainland China, affluent shoppers remain interested in luxury purchases despite facing economic obstacles and are increasingly prioritizing unique shopping experiences. We continue to dedicate our efforts to launching best-in-class marketing campaigns and leveraging our HOUSE 66 CRM program to strengthen our connections with loyal customers and acquire new ones. For our sub-luxury malls, we will capitalize on the positive trend of increasing occupancy while optimizing our tenant mix. Our newest development, Westlake 66 in Hangzhou, is set to see a phased completion of multiple office towers and the opening of the mall from 2025 onwards. Pre-leasing efforts are optimistic, as prominent multinational corporations and leading brands, including existing tenants from the 66 series, have expressed keen interest in this iconic destination. Our hotel portfolio is expanding, highlighted by the launch of Grand Hyatt Kunming in August 2024. Xi Zhe Wuxi, Curio Collection by Hilton and Mandarin Oriental Hangzhou are set for completion in the next couple of years, which will boost foot traffic to our malls and attract high-caliber tenants for both our offices and retail spaces as we create more venues for business, lifestyle, and social events. Regarding the office market, as tenants continue to exercise cost controls to improve efficiency, they are becoming more cautious about expansion. We will maintain our excellent standards of service to retain high-quality tenants.

In Hong Kong, consumer sentiment remains soft while travel patterns continue to trend northbound. However, we are seeing initial signs of recovery in both visitor arrivals and retail sales as a result of government initiatives. The demand for office space is expected to remain stagnant amid the sluggish economic climate, and, in response, we will be adaptive and attentive to the changing needs of businesses. As an example, we recently introduced "Net-Work by Hang Lung", our premium coworking facility located in the Standard Chartered Bank Building in the heart of Central. This initiative offers versatile solutions for businesses of all sizes, broadening our range of offerings in the city and building on the success of HANGOUT on the Mainland.

We look forward to our property development business achieving milestones in 2025. Center Residences in Wuxi – another project by Hang Lung Residences in mainland China – is set to begin pre-sale in the latter half of 2025. Like our other Hang Lung Residences (Heartland Residences in Wuhan and Grand Hyatt Residences Kunming), Center Residences enjoys a prime location in the city center with high-end foot traffic and is adjacent to our premier integrated complex, which includes a mall and office towers. Our distinctive offerings and exceptional management services attract residents seeking quality and premium living standards, as well as affluent buyers from other cities in search of business convenience. In Hong Kong, we are pleased to announce the completion of our acquisition of all units at 8-12A Wilson Road, nestled in the heart of the serene ultra-high net-worth neighborhood in Jardine's Lookout on Hong Kong Island, in January 2025. This redevelopment project represents a notable addition to our diverse collection of luxurious residences strategically located in the most prestigious areas of Hong Kong.

MAJOR PROPERTIES OF THE GROUP

A. Major Properties under Development

At December 31, 2024

	Location	Site Area (sq.m.)	Main Usage	Total Gross Floor Area (sq.m.)	Stage of Completion	Expected Completion Year
MAINLAND CHINA						
WUXI						
Center 66 (Phase 2)	Jiankang Lu, Liangxi District	16,767	Apartments/Houses for Sale, Hotel	107,118	Superstructure	2025 onwards
HANGZHOU						
Westlake 66	Bai Jing Fang, Gongshu District	44,827	Retail, Office, Hotel	194,100	Superstructure	2025 onwards
SHENYANG						
Forum 66	Qingnian Da Jie, Shenhe District	92,065	Retail, Office, Apartments/Houses for Sale	502,660	Design in progress	2028 onwards
HONG KONG						
SOUTHERN DISTRICT						
Shouson Hill Road Redevelopment	37 Shouson Hill Road, RBL 357	8,806	Apartments/Houses for Sale	4,403	Demolition in progress	2029 onwards
JARDINE'S LOOKOUT						
Wilson Road Redevelopment	8-12A Wilson Road, IL 7854	3,437	Apartments/Houses for Sale	2,398	Planning	2028 onwards

All the above properties are wholly owned by Hang Lung Properties Limited

Retail   Office   Apartments/Houses for Sale   Hotel

B. Residential Properties Completed for Sale

At December 31, 2024

	Location	Total Saleable Area of Unsold Units (sq.m.)	No. of Unsold Units
MAINLAND CHINA			
WUHAN			
Heartland Residences	600 Jinghan Avenue, Qiaokou District	110,369	426
KUNMING			
Grand Hyatt Residences Kunming	Dongfeng Dong Lu/Beijing Lu, Panlong District	48,731	249
HONG KONG			
HAPPY VALLEY			
23-39 Blue Pool Road	23-39 Blue Pool Road, IL 5747	2,555	5
KOWLOON BAY			
The Aperture	11 Ngau Tau Kok Road, NKIL 1744	7,785	157

All the above properties are wholly owned by Hang Lung Properties Limited

C. Major Investment Properties and Hotels

At December 31, 2024

	Location	Lease Expiry	Total Gross Floor Area (sq.m.) Retail	Office	Residential & Serviced Apartments	No. of Car Parking Spaces
HONG KONG						
CENTRAL						
Printing House	6 Duddell Street, IL 339	2848	1,709	5,980	–	–
1 Duddell Street	1 Duddell Street, IL 7310	2848	2,340	6,616	–	–
Baskerville House	22 Ice House Street, IL 644	2880	1,473	3,379	–	–
Standard Chartered Bank Building	4-4A Des Voeux Road Central, Sections A&B of ML 103	2854	4,814	23,730	–	16
CAUSEWAY BAY AND WAN CHAI						
Hang Lung Centre	2-20 Paterson Street, IL 524 & IL 749	2864	8,777	22,131	–	126
Fashion Walk	Paterson Street, Houston Street, Great George Street, Cleveland Street, Kingston Street, Gloucester Road, ML 231 & ML 52, IL 469 & IL 470	2842, 2864 & 2868	31,072	–	8,507	–
Shui On Centre	15/F-28/F, 6-8 Harbour Road, IL 8633	2060*	–	16,313	–	42
HAPPY VALLEY						
23-39 Blue Pool Road	Unit 25B, 35B 23-39 Blue Pool Road, IL 5747	2090	–	–	855	4
KORNHILL (QUARRY BAY)						
Kornhill Plaza	1-2 Kornhill Road, IL 8566	2059*	53,080	10,577	–	1,069
Kornhill Apartments	2 Kornhill Road, IL 8566	2059*	–	–	35,275	–
NORTH POINT						
228 Electric Road (HLP held: 66.7%)	228 Electric Road, IL 1618	2050	1,196	8,559	–	–
THE PEAK						
Peak Galleria	118 Peak Road, RBL 3	2047	12,446	–	–	493
Summit	41C Stubbs Road, IL 8870	2047	–	–	15,225	54
HONG KONG SOUTH						
Burnside Villa	9 South Bay Road, RBL 994	2072	–	–	9,212	89

* With an option to renew for a further term of 75 years

C. Major Investment Properties and Hotels

At December 31, 2024

	Location	Lease Expiry	Total Gross Floor Area (sq.m.) Retail	Office	Residential & Serviced Apartments	No. of Car Parking Spaces
HONG KONG						
MONGKOK						
Grand Plaza	625 & 639 Nathan Road, KIL 10234 & KIL 10246	2060	20,905	31,251	–	40
Hang Tung Building	1112-1120 Canton Road, KIL 9708	2045*	–	–	–	1,000
Gala Place	56 Dundas Street, KIL 9590	2044*	7,454	30,205	–	478
TSIM SHA TSUI AND WEST KOWLOON						
Grand Centre	8 Humphreys Avenue, KIL 7725 & KIL 8026	2038	3,688	7,198	–	–
Hanford Commercial Centre	221B-E Nathan Road, KIL 10619 & KIL 8132	2037	1,444	4,891	–	–
AquaMarine	8 Sham Shing Road, NKIL 6338	2050	22,350	–	–	346
The Long Beach	8 Hoi Fai Road, KIL 11152	2050	20,174	–	–	82
KOWLOON BAY						
Amoy Plaza	77 Ngau Tau Kok Road, NKIL 53, NKIL 1482, NKIL 2660 & NKIL 3947	2047	49,006	–	–	620
The Aperture	11 Ngau Tau Kok Road, NKIL 1744	2047	1,802	–	–	11
KWAI CHUNG						
Laichikok Bay Garden	Shops 1A1, 1A2, 5A, 5B and 5C on Ground Floor, Shops 6A, 6A1 & 6B1 and 6B on Upper Ground Floor, Lai King Hill Road, Lot 3336 of SD 4	2047	2,361	–	–	–

* With an option to renew for a further term of 75 years

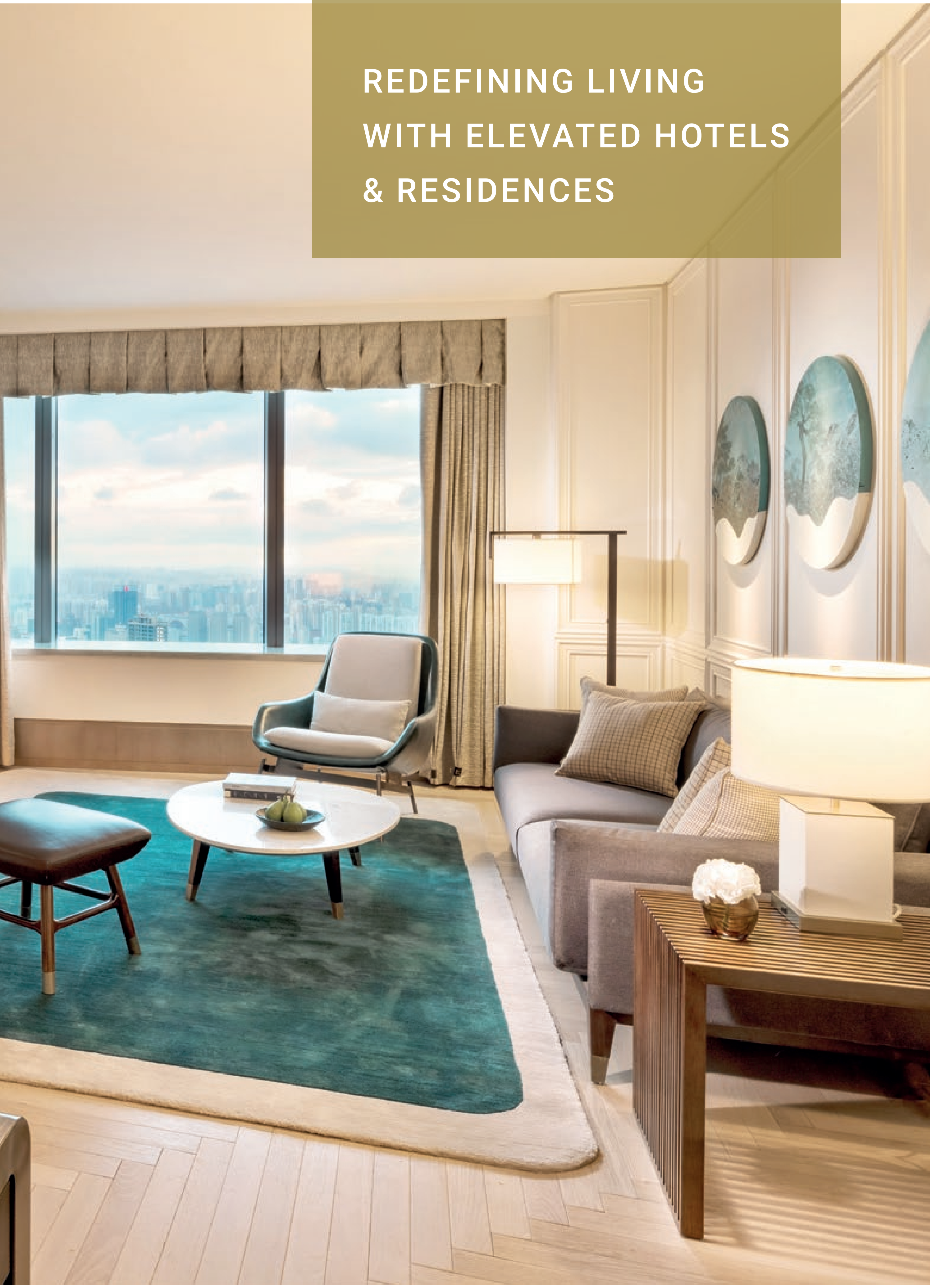
C. Major Investment Properties and Hotels

At December 31, 2024

	Location	Lease Expiry	Total Gross Floor Area (sq.m.)# Retail	Office	Hotel	Serviced Apartments	No. of Car Parking Spaces
MAINLAND CHINA							
SHANGHAI							
Grand Gateway 66	1 Hong Qiao Lu, Xuhui District	2043	122,262	–	–	–	752
Plaza 66	1266 Nanjing Xi Lu, Jing'an District	2044	53,700	159,555	–	–	804
SHENYANG							
Palace 66	128 Zhongjie Lu, Shenhe District	2057	109,307	–	–	–	844
Forum 66	1 Qingnian Da Jie, Shenhe District	2058	101,960	131,723	60,222	–	2,001
JINAN							
Parc 66	188 Quancheng Lu, Lixia District	2059	171,074	–	–	–	785
WUXI							
Center 66	139 Renmin Zhong Lu, Liangxi District	2059	122,227	137,543	–	–	1,292
TIANJIN							
Riverside 66	166 Xing'an Lu, Heping District	2061	152,831	–	–	–	800
DALIAN							
Olympia 66	66 Wusi Lu, Xigang District	2050	221,900	–	–	–	1,214
KUNMING							
Spring City 66	21-23 Dongfeng Dong Lu/ 433 Beijing Lu, Panlong District	2052	165,375	167,737	54,229	–	1,959
WUHAN							
Heartland 66	688 Jinghan Avenue, Qiaokou District	2053	177,140	151,472	–	14,379	2,265

Gross floor area of mainland China investment properties includes gross floor area above and below ground

REDEFINING LIVING WITH ELEVATED HOTELS & RESIDENCES



FINANCIAL REVIEW

Consolidated Results

The total revenue of Hang Lung Properties Limited (the "Company") and its subsidiaries (collectively known as "Hang Lung Properties") for the year ended December 31, 2024 was HK$11,242 million, representing a 9% increase against last year when including property sales revenue of HK$1,538 million (2023: Nil). The overall operating profit dropped by 13% to HK$6,455 million. Revenue and operating profit from property leasing decreased by 6% to HK$9,515 million and 9% to HK$6,763 million, respectively, due to the sluggish retail and office rental markets in both Hong Kong and mainland China.

The underlying net profit attributable to shareholders retreated by 25% to HK$3,095 million, mainly attributable to lower operating leasing profits and higher finance costs. The underlying earnings per share fell correspondingly to HK$0.67.

Hang Lung Properties reported a net profit attributable to shareholders of HK$2,153 million (2023: HK$3,970 million) when including a net revaluation loss on properties attributable to shareholders of HK$942 million (2023: net revaluation loss of HK$167 million). The corresponding earnings per share was HK$0.46 (2023: HK$0.88).

Revenue and Operating Profit

	Revenue			Operating Profit/(Loss)		
	2024 HK$ Million	2023 HK$ Million	Change	**2024 HK$ Million**	2023 HK$ Million	Change
Property Leasing	**9,515**	10,162	-6%	**6,763**	7,440	-9%
Mainland China	**6,466**	6,813	-5%	**4,385**	4,748	-8%
Hong Kong	**3,049**	3,349	-9%	**2,378**	2,692	-12%
Property Sales	**1,538**	–	N/A	**(245)**	(52)	-371%
Mainland China	**56**	–	N/A	**(197)**	(44)	-348%
Hong Kong	**1,482**	–	N/A	**(48)**	(8)	-500%
Hotels (Mainland China)	**189**	154	23%	**(63)**	1	N/A
Total	**11,242**	10,316	9%	**6,455**	7,389	-13%

Dividend

The board of directors (the "Board") of the Company has recommended a final dividend of HK40 cents per share for 2024 (2023: HK60 cents) to shareholders whose names are listed on the register of members of the Company on May 9, 2025. Together with an interim dividend of HK12 cents per share (2023: HK18 cents), the full-year dividends for 2024 amounted to HK52 cents per share (2023: HK78 cents).

The Board proposes that eligible shareholders be given the option to elect to receive the final dividend in cash, or in the form of new shares in lieu of cash in respect of part or all of such dividend (the "Scrip Dividend Arrangement"). The Scrip Dividend Arrangement is conditional upon: (1) the granting of a general mandate by the shareholders of the Company to the Board to allot, issue and deal with such additional shares of the Company representing 20% of the number of shares in issue on the date of passing such resolution at the Annual General Meeting to be held on April 30, 2025 (the "AGM"); (2) the approval of the proposed final dividend at the AGM; and (3) The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued pursuant to the Scrip Dividend Arrangement.

A circular containing details of the Scrip Dividend Arrangement and the form of election for scrip dividend is expected to be despatched to the eligible shareholders on or about May 19, 2025. It is expected that the final dividend warrants and the share certificates to be issued under the Scrip Dividend Arrangement will be despatched to the shareholders on or about June 16, 2025.

Property Leasing

For the year ended December 31, 2024, the overall rental revenue decreased by 6% to HK$9,515 million. Rental revenue of our Mainland portfolio dropped by 4% in Renminbi (RMB) terms and 5% in HKD terms after considering the RMB depreciation against last year. Hong Kong portfolio recorded a 9% decline in rental revenue.

On the Mainland, consumer confidence has been affected by lackluster local economic conditions as well as geopolitical tensions and weakened global economy. While the recent stimulus measures introduced by the Chinese Central Government seek to bolster the economic outlook, the extent to which they will boost the overall economy remains uncertain. In comparison to last year, overall rental revenue and tenant sales from our mall portfolio dropped by 3% and 14%, respectively, when measured in RMB terms.

Nevertheless, we achieved higher occupancy rates by optimizing our tenant mix and executing effective marketing strategies, including exclusive events and collaborations with high-end brands together with HOUSE 66 – our customer relationship management (CRM) program – to provide distinctive shopping experiences to our customers. Office portfolio is encountering pressures due to limited demand and intense market competition. However, we managed to keep occupancy levels stable while upholding superior management service standards.

In Hong Kong, retail sales stayed soft as a result of evolving spending habits among visitors and the rising frequency of outbound travel by local residents. Compared to last year, our retail portfolio's overall rental revenue and tenant sales retreated by 10% and 4%, respectively. Occupancy levels were well-managed and remained high as we refined the tenant mix and initiated various promotional campaigns through our "hello Hang Lung Malls Rewards Program" to reinforce customer loyalty. The office market faces ongoing challenges amid global economic uncertainties and high interest rate environment, causing companies to be cautious about business expansion. Nonetheless, occupancy levels of our office portfolio remained stable due to proactive strategies on tenant retention.

Mainland China[1]

Property Leasing – Mainland China Portfolio

	Revenue		
	2024 RMB Million	2023[2] RMB Million	Change
Malls	**4,805**	4,963	-3%
Offices	**1,095**	1,161	-6%
Total	**5,900**	6,124	-4%
Total in HK$ Million equivalent	**6,466**	6,813	-5%

1 Percentage changes pertaining to the mainland China portfolio are expressed in RMB terms unless otherwise specified

2 Revenue from hotel operations is presented separately and not grouped under property leasing starting in 2024. Revenue for 2023 has been reclassified accordingly for comparison purposes. This change in presentation has no impact on the reported revenue for 2023.

Overall rental revenue and operating profit in RMB terms declined by 4% and 6%, respectively. The depreciation of the RMB during the year inflated these declines to 5% and 8%, respectively, in HKD terms. The decrease in our malls' revenue was mainly due to softened consumer sentiment in local market and an increase in outbound travelling. Our premium office portfolio fell by 6%, primarily because of the reduced demand for office spaces in a highly competitive environment.

Malls

Revenue from our malls dropped by 3%, while our luxury-positioned mall portfolio declined by 4%, mainly due to reduced sales rents amid weakened consumer sentiment in the luxury market and intense price promotions from competitors in some cities. However, overall occupancy as of December 2024 remained high and demonstrated mild growth while foot traffic is stable. Our sub-luxury malls maintained a healthy growth in revenue of 4%, ranging from 1% at Parc 66 in Jinan to 12% at Riverside 66 in Tianjin as occupancy continued to increase.

Property Leasing – Mainland China Mall Portfolio

	Revenue			Year-End Occupancy Rate	
Name of Mall and City	**2024 RMB Million**	2023 RMB Million	Change	**2024**	2023
Luxury malls					
Plaza 66, Shanghai	**1,648**	1,755	-6%	**99%**	100%
Grand Gateway 66, Shanghai	**1,172**	1,213	-3%	**99%**	99%
Forum 66, Shenyang	**81**	96	-16%	**87%**	81%
Center 66, Wuxi	**456**	446	2%	**99%**	98%
Olympia 66, Dalian	**295**	272	8%	**94%**	90%
Spring City 66, Kunming	**300**	305	-2%	**98%**	98%
Heartland 66, Wuhan	**203**	251	-19%	**85%**	82%
	4,155	4,338	-4%		
Sub-luxury malls					
Palace 66, Shenyang	**163**	158	3%	**94%**	90%
Parc 66, Jinan	**317**	315	1%	**93%**	93%
Riverside 66, Tianjin	**170**	152	12%	**95%**	90%
	650	625	4%		
Total	**4,805**	4,963	-3%		

Luxury malls

Our flagship **Plaza 66** mall in Shanghai recorded a drop of 6% in revenue and 22% in tenant sales from a high base, respectively, primarily because of our lower-tier customers exercised greater caution in high-end spending and searched for bargains internationally, whereas our top-tier customers continued to be engaged with exclusive premium products offered at the mall. While refining our luxury leadership, we successfully opened several new stores, which marked the brands' first presence on the Mainland and even Asia. We also hosted a variety of enthralling events, such as the "Spring Wonderland" celebration in April and our well-received signature event, the "HOME TO LUXURY" party, to deepen engagement with loyal customers and attract new members, reinforcing our leading position in Shanghai and on the Mainland. The occupancy rate stayed high at 99% at the end of the year.

Another mall in Shanghai, **Grand Gateway 66**, which offers more lifestyle-focused content than its flagship sister, reported a fall in revenue and tenant sales of 3% and 12%, respectively. An array of diverse marketing initiatives was rolled out during the year to increase foot traffic, including an exclusive in-mall event in May, "Love in the Summer", which achieved successful viral presence on social media. We also held a grand party titled "Gateway to Inspiration" in late October, showcasing various entertainment and sales-driven activities that included celebrities and extensive collaborations with tenants. The occupancy rate remained high at 99% at the end of the year.

Revenue and tenant sales at the **Forum 66** mall fell by 16% and 25%, respectively. The repositioning of the mall is undergoing to enhance the lifestyle offerings and food and beverage options in light of the competitive landscape. At the end of the year, the occupancy rate stood at 87%.

Center 66, the premier luxury mall in Wuxi, achieved revenue growth of 2% despite a slight decline in tenant sales of 3%. The introduction of several top-tier luxury brands over the past few years – many of them new to the region – solidified the mall's position as a leading luxury shopping destination in the city. Its anniversary event, "Take Center Stage", held in September, reinforced connection with customers. Occupancy remained robust at 99% at the close of the year.

Olympia 66, the prominent luxury landmark in Dalian, experienced a 8% boost in revenue and a 3% rise in tenant sales. The occupancy rate climbed for the fourth consecutive year, increasing by four points to 94%. This sustained growth came from continuous brand and trade-mix upgrade across categories and floors. Multiple marketing events, such as "Blooming Dreams" in April and "Shining Olympia" in September, were favorably received and attracted significant foot traffic.

Revenue and tenant sales of the **Spring City 66** mall in Kunming modestly declined by 2% and 8%, respectively. We introduced several signature events to strengthen bonds with our customers and boost foot traffic, including the "520" festival in May and the fifth-anniversary celebration "Spring into Life" in November. The occupancy rate was notably high at 98% by the end of the year. Our exclusive VIC lounge, The Lounge, opened in November to provide privileged shopping experiences to HOUSE 66 members. Additionally, the opening of Grand Hyatt Kunming in August 2024 is set to further solidify the mall's status as a premier retail and lifestyle destination in Southwestern China.

Revenue and tenant sales of the **Heartland 66** mall in Wuhan retreated by 19% and 22%, respectively, amid challenging market conditions and fierce price promotion from competitors in the city. We are refining the tenant mix and implementing a proactive strategy alongside our CRM program to enhance foot traffic and consumer loyalty. The occupancy rate grew by three points, reaching 85% at year-end. With the opening of our VIC lounge, The Lounge, in May, we are now able to offer exclusive shopping experiences to HOUSE 66 members.

Sub-luxury malls

Revenue and tenant sales of **Palace 66** in Shenyang increased by 3% and 1%, respectively. Numerous events such as "Dream World" from March to May and "Magical Halloween" in October, were enthusiastically embraced. We also focused on diversifying our brand selection to broaden our target customer base. By the end of the year, the occupancy rate rose by four points to 94%. The upcoming food court renovations and ongoing introduction of new food and beverage concepts will further enhance the mall's food and beverage offerings, catering to diverse preferences and boosting footfall.

Revenue of **Parc 66** in Jinan edged up by 1% despite a drop in tenant sales of 1%, occupancy rate remained stable at 93% at year-end. Upon completing the first phase of the Asset Enhancement Initiative (AEI), we have been expanding our brand offerings and introducing exclusive stores. The AEI was in its final stage as of December 2024. Enriching the mall's content, including adding more beauty and athleisure brands, enhanced its appeal to customers and contributed to its profitability.

Revenue and tenant sales of **Riverside 66** in Tianjin grew by 12% and 8%, respectively. The occupancy rate increased by five points to 95%. Throughout the year, we rolled out targeted promotional and marketing strategies and collaborated with local government to organize events, such as our New Year's Eve countdown, begonia flower decorations on the centennial wall, and a youth art festival. We also implemented numerous placemaking initiatives, such as a jewelry garden and kids' amusement zone, which boosted foot traffic and tenant sales.

Offices

The office leasing market remained sluggish amid economic uncertainties. Overall revenue dropped by 6% to RMB1,095 million compared to last year, primarily attributed to lower occupancy rates as market supply increased and tenants were cost conscious in general. To retain our high-quality tenants, we implemented proactive measures and upheld a high standard of property management services.

Property Leasing – Mainland China Office Portfolio

	Revenue			Year-End Occupancy Rate	
Name of Office and City	**2024 RMB Million**	2023 RMB Million	Change	**2024**	2023
Plaza 66, Shanghai	**606**	668	-9%	**87%**	96%
Forum 66, Shenyang	**123**	126	-2%	**90%**	89%
Center 66, Wuxi	**122**	117	4%	**88%**	85%
Spring City 66, Kunming	**138**	140	-1%	**86%**	88%
Heartland 66, Wuhan	**106**	110	-4%	**66%**	76%
Total	**1,095**	1,161	-6%		

Revenue from our two Grade A office towers at **Plaza 66** in Shanghai fell by 9% due to the drop in the occupancy rate by nine points to 87% at the end of the year following the expiry of several leases. Weak demand and excessive supply continued to be a challenge in Shanghai.

Revenue of the office tower at **Forum 66** in Shenyang decreased by 2% due to weak demand and an oversupply of new office premises in the district. The occupancy rate edged up by one point, standing at 90% at the close of the year.

The total revenue of the two office towers at **Center 66** in Wuxi increased by 4%, mainly due to the growth in occupancy by three points to 88% at year-end. Our premium offerings and superior services as well as the flexibility and product diversity offered by the Group's own co-working operation, HANGOUT, enabled us to maintain a steady level of overall unit rent during the year.

The revenue of the office tower at **Spring City 66** in Kunming fell slightly by 1%, while the occupancy rate dropped by two points to 86% at the end of the year. Despite the challenging environment, we preserved our market leadership position by capitalizing on the tower's prime location, premium facilities and enhanced services. Grand Hyatt Kunming, which opened in August, is capable of hosting large-scale conferences and corporate events, fostering a vibrant community that will, in turn, attract more high-quality tenants.

For the office tower at **Heartland 66** in Wuhan, revenue receded by 4%, while the occupancy rate dropped by 10 points to 66% at the end of the year amid challenging market conditions. Our self-operated multifunctional workspace, HANGOUT, offers flexible office layouts that cater to the evolving needs of businesses and promote collaborative interaction among tenants.

Hong Kong

Hong Kong's business landscape remained challenging in 2024 in the face of inevitable competition from nearby cities and regions. Consumer sentiment remained low amid a structural change in tourist spending patterns and the northbound traveling trend of local residents. Retailers and restaurants remained hesitant to expand their operations. The momentum for office leasing stayed weak.

Revenue and operating profits retreated by 9% to HK$3,049 million and by 12% to HK$2,378 million, respectively, with a rental margin of 78%.

Occupancy has been diligently managed and reached a high level thanks to ongoing efforts to refine our tenant mix to cater to the preferences and behaviors of locals and tourists.

Property Leasing – Hong Kong Portfolio

	Revenue			Year-End Occupancy Rate	
	2024 HK$ Million	2023 HK$ Million	Change	**2024**	2023
Retail	**1,816**	2,007	-10%	**95%**	95%
Offices	**1,017**	1,108	-8%	**88%**	89%
Residential & Serviced Apartments	**216**	234	-8%	**88%**	77%
Total	**3,049**	3,349	-9%		

Retail

Revenue from our Hong Kong retail portfolio declined by 10% to HK$1,816 million. To tackle sluggish consumer confidence, we continued enhancing our leasing strategy and tenant mix. The overall occupancy remained high at 95% at the end of the year.

Amid the weakened market sentiment, tenant sales dropped mildly by 4% year-on-year. To stimulate consumptions, we will continue to launch targeted marketing campaigns under the "hello Hang Lung Malls Rewards Program".

The revenue of retail properties in our **Central Business and Tourist District Portfolio** receded by 14% as a result of negative rental reversions that were concluded for some anchor tenants. Overall occupancy maintained a high level at 95% at the end of the year.

Our **Community Mall Portfolio** was comparatively resilient, with overall revenue decreasing by 5% against the previous year. Occupancy at Kornhill Plaza in Hong Kong East and Amoy Plaza in Kowloon East stayed high at 92% and 95%, respectively, at the end of the year.

Offices

Revenue declined by 8% to HK$1,017 million following negative rental reversions resulting from abundant supply and subdued demand on Hong Kong Island. Proactive measures were implemented to secure a relatively high occupancy level of 88% at year-end.

Our **Hong Kong Island Portfolio** recorded a 14% fall in revenue due to negative rental reversions – mainly affecting properties in Central – while occupancy remained steady at 83% in the subdued market environment at the end of the year.

Revenue of our **Kowloon Portfolio** rose by 2% with the average occupancy rate increasing to 96% due to the more resilient semi-retail positioning of Grand Plaza and Gala Place.

Residential & Serviced Apartments

Revenue of our residential and serviced apartments segment declined by 8% against last year, as tenants at Summit at The Peak vacated the apartments from September 2023 for renovations. If excluding the impacts of Summit, revenue grew by 2% compared to the previous year, primarily due to improvements in occupancy at Burnside Villa in Repulse Bay.

Property Sales

During the reporting year, revenue of HK$1,538 million (2023: Nil) was recognized for the sale of 120 residential units at The Aperture and two houses on Blue Pool Road in Hong Kong, six units at Heartland Residences in Wuhan and three units at Grand Hyatt Residences Kunming.

As a result of the challenging market conditions in mainland China and Hong Kong, non-cash provisions totaling HK$384 million were recorded on certain development projects during the reporting year.

Taking into account the gross profit from the sale of properties in mainland China and Hong Kong and their associated selling expenses, non-recurring provisions of certain development projects, the marketing expenses for Center Residences in Wuxi, and other operating expenditures, an operating loss from property sales of HK$245 million was recorded.

As of December 31, 2024, the contracted property sales yet to be recognized amounted to HK$158 million, comprising pre-sale of 17 units at The Aperture and two units at Grand Hyatt Residences Kunming. The revenue will be recognized upon sale completion.

Hotels

	Revenue			Year-End Occupancy Rate	
	2024 RMB Million	2023 RMB Million	Change	**2024**	2023
Conrad Shenyang	**136**	139	-2%	**51%**	71%
Grand Hyatt Kunming#	**37**	–	N/A	**49%**	N/A
Total	**173**	139	24%		

opened in August 2024

Revenue of **Conrad Shenyang** declined by 2% against last year. A downturn in food and beverage sales was counterbalanced by growth of 3% in our room revenue.

Grand Hyatt Kunming, an integral part of the Spring City 66 mixed-use complex, commenced business on August 6, 2024. The five-star hotel offers 331 guestrooms and five distinct dining venues. Revenue of RMB 37 million was generated over the first five months of its operations.

Property Revaluation

As of December 31, 2024, the total value of our investment properties and those under development amounted to HK$190,520 million, including the mainland China portfolio of HK$128,044 million and the Hong Kong portfolio of HK$62,476 million. These properties were appraised by Savills, an independent valuer, as of December 31, 2024.

A revaluation loss of HK$937 million was recorded (2023: loss of HK$9 million).

The mainland China portfolio recorded a revaluation loss of HK$587 million (2023: gain of HK$295 million), representing less than 1% of the portfolio value as of December 31, 2023.

The Hong Kong portfolio had a revaluation loss of HK$350 million (2023: loss of HK$304 million), representing a less than 1% decrease against the portfolio value as of December 31, 2023.

Net revaluation loss after tax and non-controlling interests of HK$942 million was reported (2023: net revaluation loss of HK$167 million).

Property Development and Capital Commitments

The aggregated values of our projects under development for property leasing and property sales were HK$24,001 million and HK$7,638 million, respectively. These comprised mainland China projects in Wuxi, Hangzhou, Shanghai, and Shenyang, as well as redevelopment projects in Hong Kong. As of the reporting date, our capital commitments for the development of investment properties amounted to HK$13.3 billion.

Mainland China

Grand Hyatt Residences Kunming (昆明君悅居) and **Grand Hyatt Kunming** are integral components of the Spring City 66 development. The Residences sit above the hotel and house 254 apartment units, including three premium penthouses. Grand Hyatt Kunming features 331 guestrooms and suites. Completion certificates for both properties were obtained in April 2024. The sales campaign for the Residences is in progress, and Grand Hyatt Kunming commenced business on August 6, 2024.

Center Residences (無錫恒隆府) in Wuxi and **Xi Zhe Wuxi, Curio Collection by Hilton**, a lifestyle hotel, form the Phase 2 development of Center 66. The Residences comprise two high-rise residential towers that house a total of 573 units. There will also be a seven-story new-build tower and a three-story heritage building offering a combined total of 105 hotel rooms. The project is scheduled for completion in phases from 2025 onwards. The Center Residences pre-sale is subject to market conditions, while the opening of Xi Zhe Wuxi, Curio Collection by Hilton is slated for the second half of 2025.

Westlake 66 in Hangzhou is an integrated high-end commercial development consisting of a retail podium, five Grade A office towers, and a luxury hotel: **Mandarin Oriental Hangzhou**. Featuring 194 premium guestrooms and suites, the hotel is expected to open in the second half of 2026. The remaining sections of the development are scheduled for completion in phases from 2025 onwards.

As part of the ongoing enhancement efforts in Jing'an District, Shanghai, we have initiated the Pavilion Extension at **Plaza 66**. This will feature a commercial area of approximately 3,000 square meters, comprising a three-story podium dedicated to retail and dining activities, as well as a basement level that connects to the existing mall. The project is anticipated to be completed in 2026, and aims to offer customers an enriched shopping experience while bolstering the mall's prominent status within the city.

Design works for the remaining mixed-use development of **Forum 66** in Shenyang are ongoing.

Hong Kong

The construction of The Aperture was completed in the first half of 2024. The residential and retail portions were classified as completed properties held for sale and investment properties, respectively. The sales campaign for the residential portion is in progress.

The land acquisition at 37 Shouson Hill Road in the Southern District of Hong Kong Island was completed in February 2021. The land site will be redeveloped into luxurious houses, and the general building plan was approved in August 2022. Demolition work is in progress.

In September 2024, the conditions precedent for acquisition of 17 out of 18 units at 8-12A Wilson Road in Jardine's Lookout of Hong Kong Island has been fulfilled. In January 2025, acquisition for the last unit was completed. The redevelopment at Wilson Road with an expected gross floor area of approximately 26,000 square feet will consist of luxurious detached houses with expansive gardens overlooking Mid-level East and Central skyline. A preliminary development scheme has been submitted for Buildings Department's approval.

Financing Management

We maintain an appropriate capital structure with multiple financing channels to ensure that financial resources are always available to meet operational needs and corporate expansions. A sufficient level of standby banking facilities is in place to cushion Hang Lung Properties from any unexpected external economic shocks.

All financial risk management, including debt refinancing, foreign exchange exposure, and interest rate volatility, is centrally managed and controlled at the corporate level. We use interest rate and foreign currency swaps as appropriate solely for risk management and hedging activities. Funding needs are closely monitored and regularly reviewed to allow for a fair degree of financial flexibility and liquidity while optimizing the cost of funds. We also maintain various sources of debt financing to mitigate concentration risks.

For debt portfolio management, we focus on mitigating foreign exchange, interest rate, and refinancing risks through mix of HKD/RMB/USD borrowings, fixed/floating-rate debts, a staggered debt repayment profile, and a diversified source of funding.

Cash Management

Total cash and bank balances at the reporting date by currency:

	At December 31, 2024		At December 31, 2023	
	HK$ Million	% of Total	HK$ Million	% of Total
Denominated in:				
HKD	8,367	81%	3,311	62%
RMB	1,934	19%	1,877	35%
USD	2	–	164	3%
Total cash and bank balances	10,303	100%	5,352	100%

All deposits are placed with banks carrying strong credit ratings. The counterparty risk is routinely monitored.

Debt Portfolio

As of the balance sheet date, total borrowings amounted to HK$57,376 million (December 31, 2023: HK$50,704 million), 36% of which was denominated in RMB to act as a natural hedge to net investments in mainland China.

Our fixed-rate borrowings primarily consist of bonds, fixed-rate bank loans, and floating-rate bank loans that were converted to fixed-rate through the use of interest rate swaps. The percentage of fixed-rate borrowings accounted for 41% of our total borrowings as of December 31, 2024. After excluding the onshore floating-rate debts, the percentage of fixed-rate borrowings would be 56% of the total offshore borrowings as of December 31, 2024 (December 31, 2023: 50%).

The composition of our debt portfolio can be categorized as follows:

(i) by currency (after currency swap):

	At December 31, 2024		At December 31, 2023	
	HK$ Million	% of Total	HK$ Million	% of Total
Denominated in:				
HKD	36,705	64%	35,920	71%
RMB	20,671	36%	14,784	29%
Total borrowings	57,376	100%	50,704	100%

(ii) by fixed or floating interest (after interest rate swap):

	At December 31, 2024		At December 31, 2023	
	HK$ Million	% of Total	HK$ Million	% of Total
Fixed	23,725	41%	18,576	37%
Floating	33,651	59%	32,128	63%
Total borrowings	57,376	100%	50,704	100%

Gearing Ratios

At the balance sheet date, the net debt balance amounted to HK$47,073 million (December 31, 2023: HK$45,352 million). The net debt to equity ratio was 33.4% (December 31, 2023: 31.9%), and the debt to equity ratio was 40.7% (December 31, 2023: 35.7%). The increase in net debt to equity ratio was largely due to the rise in borrowings primarily used for capital expenditures in both mainland China and Hong Kong.

Maturity Profile and Refinancing

At the balance sheet date, the average tenure of our debt portfolio was 2.9 years (December 31, 2023: 3.0 years). The maturity profile was staggered over more than 12 years. Around 65% of our outstanding debts would be repayable after two years.

In November 2024, we launched an HKD syndicated loan facility to the market. With the overwhelming support of a consortium of more than 10 leading international, Chinese and local banks, we successfully signed a HK$10 billion five-year syndicated term loan and revolving credit facility in January 2025. This transaction reflects our banking partners' confidence in the future growth of Hang Lung Properties, lengthens our loan maturity profile and enhances our funding sources for business development.

	At December 31, 2024		At December 31, 2023	
	HK$ Million	% of Total	HK$ Million	% of Total
Repayable:				
Within 1 year	**9,340**	16%	4,434	9%
After 1 but within 2 years	**10,859**	19%	14,091	28%
After 2 but within 5 years	**33,295**	58%	27,779	55%
Over 5 years	**3,882**	7%	4,400	8%
Total borrowings	**57,376**	100%	50,704	100%

As of December 31, 2024, total undrawn committed banking facilities amounted to HK$12,535 million (December 31, 2023: HK$15,717 million). The available balances of the US$4 billion (December 31, 2023: US$4 billion) medium-term note program amounted to US$2,078 million, equivalent to HK$16,134 million (December 31, 2023: HK$17,584 million).

Net Finance Costs and Interest Cover

For the year ended December 31, 2024, gross finance costs rose by 8% to HK$2,109 million. The effect of the increase in borrowings was primarily for capital expenditure, with the average effective cost of borrowing maintained at 4.3% (2023: 4.3%).

The net amount charged to the statement of profit or loss (after excluding capitalized amounts) increased to HK$884 million accordingly.

Interest cover for 2024 was 2.8 times (2023: 3.6 times).

Foreign Exchange Management

The primary exchange rate risk that we are exposed to is RMB fluctuations. This exposure is mainly derived from the currency translation risk arising from the net assets of our subsidiaries in mainland China.

We practice the strict discipline of not speculating on the exchange rate movement of RMB against the HKD and maintain an appropriate level of RMB-denominated resources for capital requirements in mainland China, including cash inflows from local operations and RMB-denominated borrowings. Regular business reviews are carried out to assess the level of funding needed for our projects in mainland China, taking into account factors such as regulatory updates, project development timelines, and the macroeconomic environment. Appropriate modifications to our funding plan will be conducted whenever necessary.

As of December 31, 2024, net assets denominated in RMB accounted for approximately 70% of our total net assets. The RMB depreciated against the HKD by 2.1% compared with December 31, 2023. The translation of these net assets from RMB into HKD at the exchange rate as of the reporting date resulted in a translation loss of HK$2,147 million (2023: loss of HK$1,605 million), recognized in other comprehensive income/ exchange reserve.

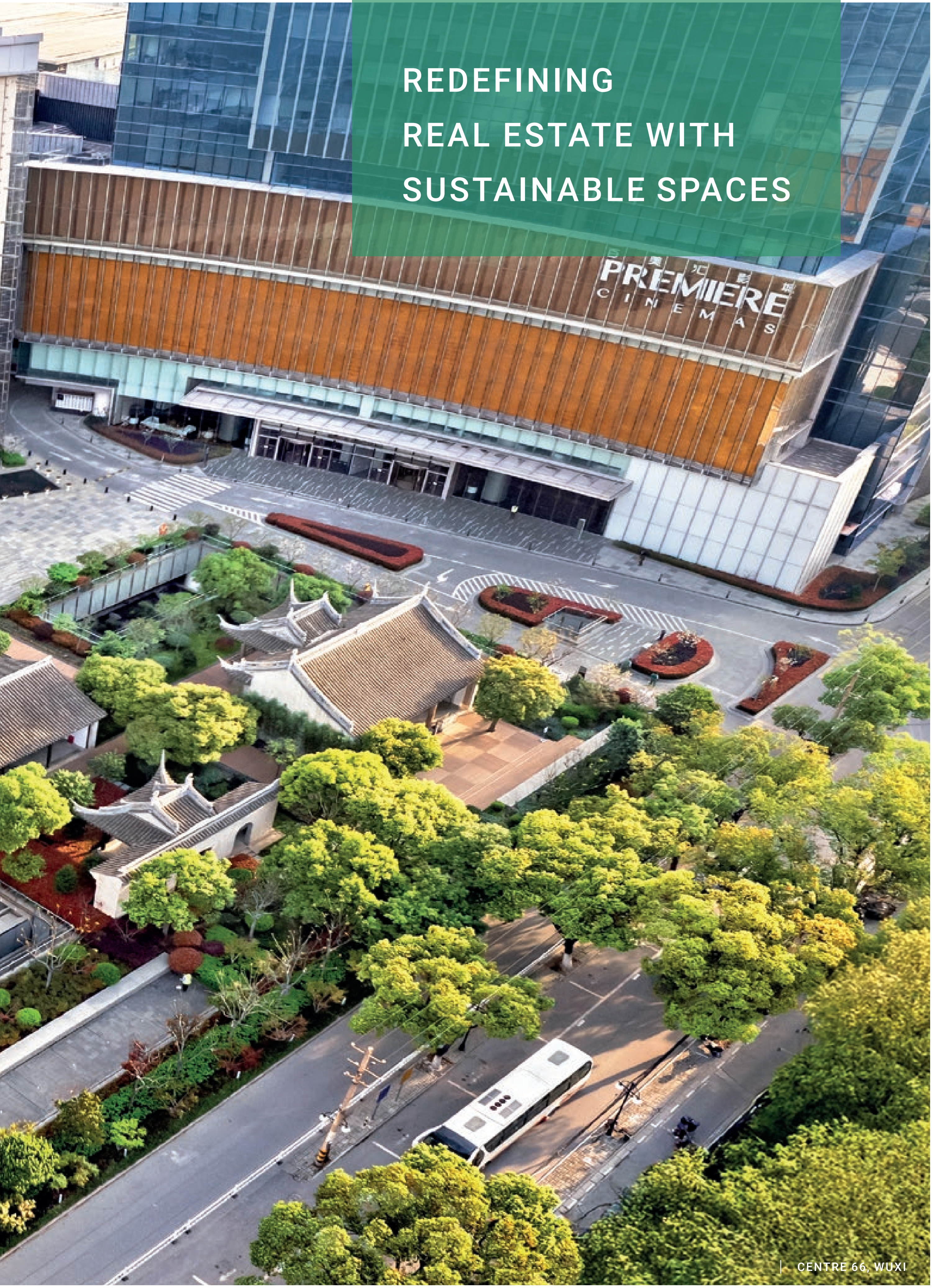
Charge of Assets

None of Hang Lung Properties' assets were charged to third parties as of December 31, 2024.

Contingent Liabilities

Hang Lung Properties had no material contingent liabilities as of December 31, 2024.

REDEFINING REAL ESTATE WITH SUSTAINABLE SPACES



CENTRE 66, WUXI

SUSTAINABILITY

In 2024, we forged ahead with our ambition to become one of the world's most sustainable real estate companies. Our sustainability agenda is built around four priorities: Climate Resilience, Resource Management, Wellbeing, and Sustainable Transactions. These are underpinned by our annual Strategic ESG KPIs, 2025 Sustainability Targets ("25 x 25"), 2030 Sustainability Goals and Targets, and 2050 targets to achieve net-zero value chain greenhouse gas (GHG) emissions.

This section provides an overview of our sustainability performance in 2024, showcasing key achievements and areas of progress. For a more in-depth discussion of our sustainability framework, management approach, policies, operating principles, metrics, and performance, please refer to our *Sustainability Report 2024*.

Scan the QR code for *Sustainability Report 2024*

Key Highlights in 2024

The following are some of our key sustainability highlights from 2024, including awards received, notable milestones, areas of progress, and performance in key ESG benchmarks.

Performance in Key Benchmarks and Indices

MSCI ESG Ratings

"AA" rating

CDP

Climate: A
Water Security: A-

GRESB

4-star performance rating for Standing Investment

Constituent of FTSE4Good Index Series

ESG score: 3.7

Sustainalytics

"Low" ESG risk rating

Hang Seng Corporate Sustainability Index

"AA" rating

S&P Global Sustainability Yearbook 2025 member

Institute of Public & Environmental Affairs (IPE)

Green Supply Chain Corporate Information Transparency Index (CITI) score: 28.8

Corporate Climate Action Transparency Index (CATI) score: 56.9

Awards and Recognitions

We received 45 ESG awards in 2024, enhancing our reputation as an ESG leader among real estate companies in Hong Kong and mainland China (below are selected examples). Our achievements highlight our dedication to driving sustainable business growth, fostering our employees' wellbeing, and positively impacting the communities we serve. For more details on our awards and recognitions, please refer to our corporate website.

Best Corporate Governance and ESG Awards 2024 – Hong Kong Institute of Certified Public Accountants (HKICPA)

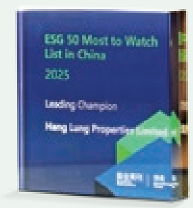
ESG Award – Hang Seng Index Category

Cyber Security Staff Awareness Recognition Scheme 2024/25 – Hong Kong Internet Registration Corporation Limited (HKIRA) and Information Systems Audit and Control Association (ISACA) China Hong Kong Chapter

Platinum Tier

ESG 50 Most to Watch List in China 2025 – Bloomberg Green

Leading Champion



2nd China Corporate Carbon Neutral Performance Ranking – Yicai

Energy Saving and Carbon Reduction Award

Universal Design Award Scheme 2024/25 – Equal Opportunities Commission

Gold Awards – Peak Galleria and 228 Electric Road

Award for Excellence in Training and Development 2024 – Hong Kong Management Association

Excellence in Leadership Development Special Award

MI x HSU ESG Award 2024

ESG Communication Award

2024 Sustainable Development Contribution Enterprises – Social Responsibility Conference

Green Development Annual Tribute Award 2024 – Phoenix TV, Rocky Mountain Institute (RMI) and Path for Climate Action Promotion Center

ESG Annual Clean Energy and Technology Innovation Pioneer

Major Milestones

Obtained a **51% reduction** in Scope 1 and 2 GHG emissions intensity compared to the 2018 baseline

Obtained a **46% reduction** in Scope 3 absolute GHG emissions compared to 2023

Five out of 10 Mainland operating properties are now powered by **renewable energy**

The Plaza 66 Pavilion Extension project became the first project in mainland China to use nearly **100% low carbon emissions steel** in its building structure

We fully implemented a holistic resource utilization scheme for our Hong Kong Office Rejuvenation Project, which diverted nearly **181,000 kg** of municipal waste from landfill

60% of total debts and available facilities now comprise ESG-related elements

Our employee engagement performance in the Gallup Overall Database increased from the **74th percentile to the 79th percentile**

We partnered with **49 tenants**, representing 11% of our total leasable area, on sustainability initiatives

The Hang Lung As One volunteer team contributed over **68,900 volunteering hours**, benefiting more than 30,800 people in Hong Kong and mainland China

Half of our operating properties in mainland China have been powered by renewable electricity since April 1, 2024, including Grand Gateway 66 in Shanghai

The Plaza 66 Pavilion Extension Project in Shanghai is China's first commercial real estate project to use nearly 100% low carbon emissions steel for its building structure

Climate Resilience

As the first real estate company in Hong Kong and mainland China to have our near- and long-term net-zero targets validated under the Science Based Targets initiative's (SBTi's) Net Zero Standard, we remain committed to decarbonizing our business across our value chain. Below are some of the key initiatives we undertook in 2024 to advance our climate mitigation efforts.

Expanded Renewable Electricity Procurement in Mainland China

Since April 1, 2024, half of our operating properties in mainland China have been fully powered by renewable energy through power purchase agreements, covering the consumption of both landlords and tenants. This achievement, which includes five properties across four cities – Plaza 66 and Grand Gateway 66 in Shanghai, Center 66 in Wuxi, Spring City 66 in Kunming and Parc 66 in Jinan – has enabled Hang Lung to go well beyond its 2025 target of 25% renewable energy for its mainland China portfolio.

Low Carbon Emissions Steel for the Plaza 66 Pavilion Extension Project

Steel is a significant contributor to carbon emissions in real estate and accounted for around 40% of Hang Lung's total embodied carbon emissions in 2023. To tackle this challenge, we set an important example for real estate in China by utilizing nearly 100% low carbon emissions steel for all the above-ground structural plates and reinforcing bars of the Pavilion Extension at our Plaza 66 mall in Shanghai. As the first commercial real estate initiative in mainland China to adopt nearly 100% low carbon emissions steel in its building structure, this undertaking, in partnership with Baoshan Iron & Steel Co., Ltd. ("Baosteel"), achieved a 35% reduction in embodied carbon compared to conventional steel alternatives. Baosteel supplied 1,171 tonnes of its BeyondECO® low carbon emissions structural steel and 325 tonnes of BeyondECO® low carbon emissions reinforcing bars.

The Real Estate & Decarbonization Summit brought together more than 100 experts, practitioners and thought leaders across the real estate value chain in a pioneering effort to accelerate progress in reducing carbon emissions in real estate

Collaborating for Real Estate Decarbonization

Recognizing the importance of joining forces across the real estate value chain to achieve decarbonization, we hosted a Real Estate & Decarbonization Summit in Beijing in September 2024 to foster innovative discussions aimed at driving decarbonization progress. The event, which united over a hundred experts and thought leaders, featured 10 speakers and five interactive panels covering topics such as low carbon construction and energy efficiency. The event also marked the conclusion of a competition co-sponsored by Hang Lung and Undivided Ventures, and recognized four startups for their innovative decarbonization solutions for retail and office spaces.

We also teamed up with other real estate companies, steel producers, and supporting organizations in December to announce a collaboration statement on low carbon emissions steel for the real estate sector in China. This initiative, led by the China Iron and Steel Association, the Urban Land Institute, and the World Steel Association, signifies a crucial step forward in accelerating progress in steel decarbonization. Hang Lung was among the first three real estate companies to endorse this statement.

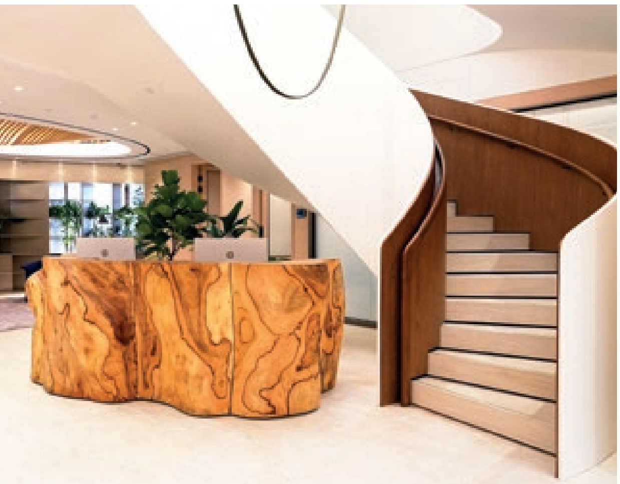
Resources Management

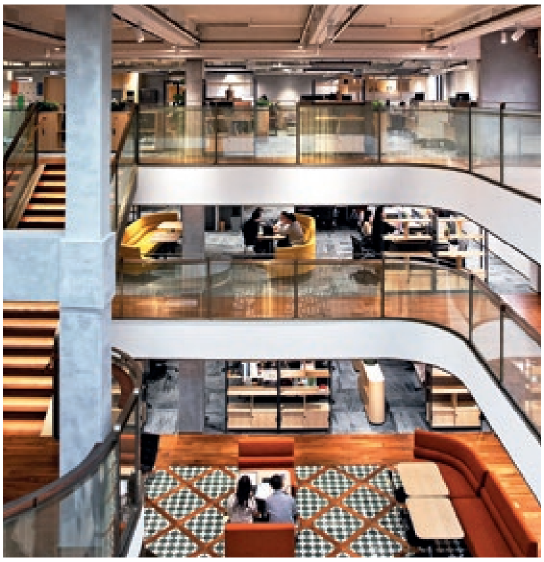
Circularity Initiative for the Hong Kong Office Rejuvenation Project

In October 2024, we completed a major rejuvenation project for our Hong Kong offices to help support employee wellbeing. The new office design includes sustainability features such as solar panels and recycled materials, including locally salvaged woods, reclaimed timber, and upcycled ceramics from Jingdezhen – known as the "porcelain capital" in China. We also sought to minimize the project's environmental impact. We completed a RESET assessment and outperformed industry averages in carbon, circularity, and health performance. In particular, our health scores for the project were exceptionally strong.

We also collaborated with two organizations – Sustainable Office Solutions and Crossroads Foundation – to implement a holistic resource utilization scheme. This resulted in the reuse, redistribution, or recycling of more than 4,400 office resources, diverting around 181,000 kilograms of

The design of our rejuvenated offices in Hong Kong is abundant in sustainability features, such as locally salvaged wood and reclaimed timber





Our rejuvenated Hong Kong offices include enhanced open spaces designed to improve the overall work environment for employees and promote a collaborative culture

municipal waste from landfills. We also donated over 450 items to 33 charities, including Crossroads Foundation, Oxfam Hong Kong, and the Hong Kong PHAB Association, ensuring that our discarded items would continue to be put to good use. Additionally, nearly 130 staff members from Hong Kong participated in two rounds of the Staff Take Home Program to take home and reuse well-maintained office furniture and electronic appliances.

Wellbeing

Employee Wellbeing and Engagement

We strongly prioritize the wellbeing of our staff, who are integral to fostering a positive and productive environment that drives success. To cultivate an engaging and supportive workplace, we routinely gather feedback from our team members through various channels, including an annual employee engagement survey. We then formulate action plans based on the results and ensure that identified areas for improvement are effectively addressed. In 2024, we continued to see progress in our employee engagement score and ranked among the top 25% of companies in the Gallup Overall Database with the fastest growth in the fourth year.

Hang Lung is committed to maintaining the highest work safety standards for our employees, contractors, customers, and communities. During our Work Safety Month, we organized a series of activities across our Hong Kong and Mainland properties to promote safety awareness and strengthen emergency preparedness among our staff, including a quiz, emergency drills, sharing sessions and fun games, with over 4,000 colleagues and contractors participating.

As part of the recent corporate office rejuvenation in Hong Kong, wellness-focused elements were integrated into the design, including wellness rooms, enhanced open spaces, and ergonomic workstations aimed at improving the overall work environment for employees to promote wellbeing, engagement, and a collaborative culture.

Diversity and Inclusion

In 2024, we made meaningful progress in promoting diversity and inclusion in our workplace and communities. We successfully concluded our first Diversity and Inclusion Month, engaging over 1,500 colleagues in various activities across our Hong Kong and mainland China offices. These programs, which included a quiz game, experience tours to local NGOs and social enterprises, language workshops, bazaars by social enterprises, and braille and sign language workshops, aimed to foster inclusivity and understanding across diverse cultures and backgrounds.

In terms of inclusive recruitment, we partnered with organizations in the community, such as CareER, Baptist Oi Kwan Social Service, and the China Disabled Persons' Federation, to support the formation of a diverse workforce by attracting talent from various backgrounds. We also continued participating in CareER's Disability Inclusion Index to evaluate our progress towards creating a disability-inclusive workplace. CareER recognized Hang Lung as a "Disability Inclusive Employer" in 2024.

In our Hong Kong community, we launched the second edition of the "Love·No·Limit" Dementia Friendly Program in partnership with the Hong Kong Christian Service (HKCS). Now in its fourth year, the initiative aims to create a dementia-friendly community in the Kwun Tong District, including the opening of the first Carer Café in a Hong Kong mall, located at Amoy Plaza. The Carer Café provides free respite services and cognitive training for dementia patients and offers regular leisure activities for their caregivers. Amoy Plaza also hosts monthly cognitive testing stations and carer consultations to assess cognitive health and connect individuals with community resources.

Youth Empowerment

On September 7, 2024, we celebrated our fifth annual Nationwide Volunteer Day under the theme "Working with Youth", championing and celebrating youth development. More than 1,400 volunteers, including Hang Lung staff and youth participants, collaborated with local organizations to conduct activities that benefited over 10,000 individuals from vulnerable groups across Hong Kong and nine Mainland cities. In collaboration with 13 local charities and social enterprises, the Hang Lung As One Volunteer Team in Hong Kong organized a carnival featuring games, performances, and workshops aimed at promoting diversity and inclusion. In mainland China, activities included educational visits to universities, sports events for children of migrant workers, charity bazaars, and encouraging grassroots youth to explore their interests and engage with topics such as environmental protection.

Amoy Plaza is Hong Kong's first mall to host Carer Cafés, working in collaboration with its food and beverage tenants

In Wuxi, the Hang Lung As One Volunteer Team collaborated with youth organizations and mall tenants to host a charity bazaar, with the proceeds going to community groups in need

Our second Real Estate and Climate Forum gathered over 150 passionate individuals from Hang Lung, LVMH, and other esteemed partners to share experiences, celebrate progress, and participate in team-building activities to strengthen collaboration

Since 2023, we have partnered with the Ebenezer School & Home for the Visually Impaired to establish "The Hang Lung Scholarship and Development Donation for the Visually Impaired". The fund aims to provide scholarships and learning subsidies to support the holistic development of visually impaired students and graduates.

Sustainable Transactions

Tenant Partnerships on Sustainability

In December 2023, Hang Lung launched a program titled Changemakers: Tenant Partnerships on Sustainability to drive sustainability efforts in collaboration with our tenants across our properties in Hong Kong and mainland China. The program encourages tenants to reduce carbon emissions, minimize waste, advance circularity, and enhance community wellbeing. A key feature of the initiative is that it invites tenants to share implementation ideas and develop sustainability projects together with Hang Lung as the landlord. Participants receive capacity-building resources, energy performance benchmarking, technical support, and recognition for their ESG efforts.

We also made progress in our sustainability partnership with LVMH Group, which began in October 2022. Following the announcement of the inaugural 2023 Common Charter, which outlined 20 sustainability initiatives across Climate Resilience, Resource Management, People and Wellbeing, and Sustainability Governance, the two Groups published a 2024 Common Charter to share progress transparently on efforts, achievements, lessons learned, stakeholder perspectives, and evolving plans. The Groups also launched a podcast series, titled "Changemakers Circle", in which experts share insights on sustainability topics for real estate and retail in mainland China, such as renewable energy procurement, the impact of interior environments on wellbeing, and climate-resilient building practices.

As of December 2024, we have engaged 49 tenants across 17 properties in sustainability initiatives, covering more than 210,000 square meters of total leased area. Participating tenants represent a variety of sectors, including office, retail, food & beverage, and hospitality.

Supplier Collaborations

Supplier partnerships are essential for advancing our sustainability priorities. In 2024, we focused on improving our sustainable procurement practices, engaging key suppliers in sustainable and responsible supply chain management, and promoting collaboration on project-level decarbonization initiatives that emphasize low carbon and recycled materials. We partnered with Sedex, a global organization supporting sustainable supply chains, to engage over 90% of our construction and operations' key suppliers and evaluated them using Sedex's Self-Assessment Questionnaire (SAQ). Additionally, we conducted a series of internal training sessions for our colleagues on sustainable and responsible supply chain practices.

Sustainable Building Certifications

We are dedicated to minimizing our environmental impact while creating spaces that promote wellbeing and meet internationally recognized sustainable building standards. Since 2007, Hang Lung has committed to achieving a Gold rating or above through the LEED certification process, or its equivalent, for all new properties in mainland China and Hong Kong. Our properties have been recognized with certifications, including LEED, BEAM Plus, and China Green Building Design labels. As of December 2024, 39 of our buildings have been certified as green buildings – including 29 existing buildings and 10 projects under development, and over 80% of our overall construction floor area has been certified through various green building schemes.

We have also incorporated wellness-focused elements into our building design, achieving WELL Health-Safety Rating (WELL HSR) and WELL certifications from the International WELL Building Institute (IWBI) for selected properties, including WELL Core Platinum for Plaza 66 and WELL Gold pre-certification for 228 Electric Road. We also retained our WELL HSR rating for 19 properties in Hong Kong and eight cities in mainland China, including all malls and office towers in our Mainland portfolio.

Sustainable Finance

As of December 2024, green bonds, green loan facilities, and sustainability-linked loan facilities accounted for 60% of the Company's total debt and available facilities. Hang Lung Group's Sustainable Finance Framework has been in place since January 2023, facilitating access to ESG-based financial instruments and supporting our long-term sustainability agenda.

CORPORATE GOVERNANCE REPORT

Our vision, mission, and values are the guiding principles by which we do business and will guide us to sustainable growth.

Vision
We create compelling spaces that enrich lives

Mission
We pursue sustainable growth by connecting our customers and communities

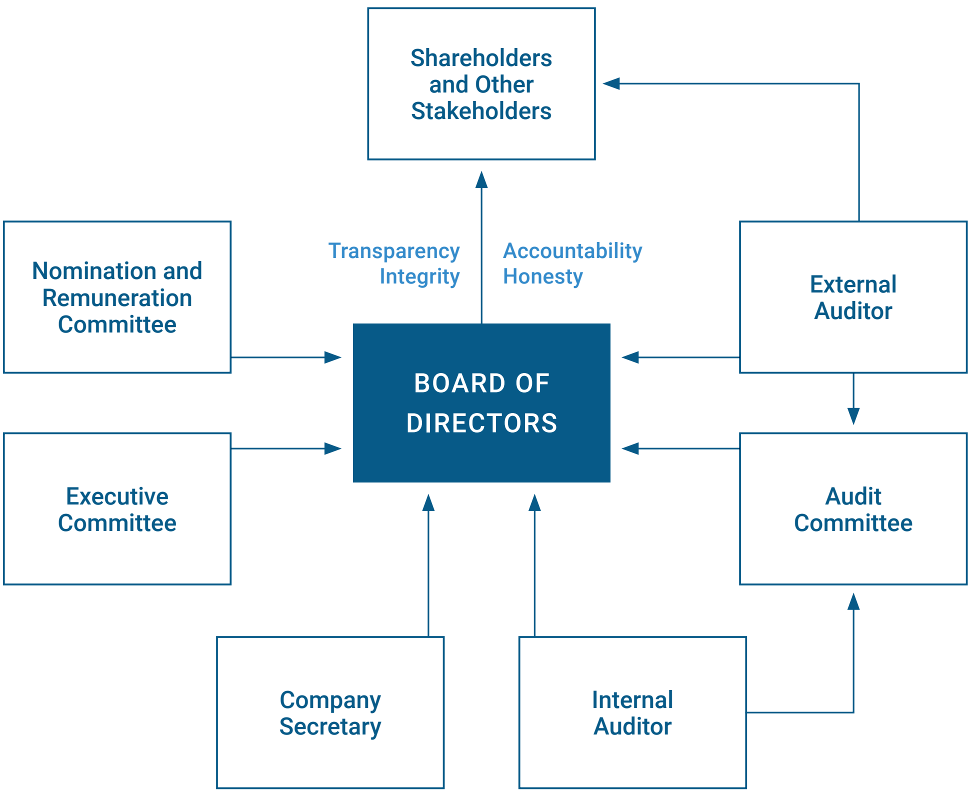
Values
Integrity, Sustainability, Excellence, Openness

The Board believes that strong corporate governance provides a solid foundation for sustainable growth and long-term success. The Board will continue to focus on enhancing sound corporate governance, and promoting the corporate values and culture that reflects the essence of **We Do It Well** at all levels within Hang Lung.

Our Strong Belief in Good Governance

Good governance starts at the top. At the core of our governance structure is a diverse and effective Board, which is committed to maintaining the highest standard of corporate governance, implementing sound internal controls and effective risk management mechanism, enhancing transparency and instilling accountability, and being a standard-bearer for integrity and honesty.

Corporate Governance Structure



Sound Corporate Culture

Corporate belief must be supported and practiced by all levels of employees. The **We Do It Well** business philosophy extends from the Board to all of our employees of different positions and at all levels all of who strive to uphold the highest standard of integrity and honesty in every aspect of our business.

Professional and Accountable Board

The Board comprises professionals from different sectors of the society, who bring with them a wide range of business and financial experience and expertise. The balanced composition of the Board has a strong independent element, which provides invaluable perspectives and facilitates impartial decision-making. To enhance the function of the Board, three Board committees, namely, the Executive Committee, Audit Committee and Nomination and Remuneration Committee have been established to assume different responsibilities.

Prudent Risk Management and Effective Internal Controls

The Company recognizes the challenges it faces in its operations and manages with them in a prudent manner with the support of an effective internal control environment which is responsive to ever-changing environment and business needs. Further details are disclosed in the latter part of this annual report.

Compliance with Corporate Governance Code

During the year ended December 31, 2024, the Company did not only comply with, but in the following areas it exceeded, the requirements of the code provisions as set out in the CG Code:

Board and Board Committees

CG Code and Listing Rules Requirements	Company's Practices
• Four board meetings to be held per year	• Six Board meetings were held, including two Board trips to Kunming, mainland China and Bangkok, Thailand
• One-third of the board shall be INEDs	• 62.5% of the Board are INEDs
• Board should comprise of at least one director of a different gender	• Two out of eight Directors are female, representing 25% of the Board composition
• Audit committee should comprise of at least one INED	• Audit Committee comprises three INEDs
• Audit committee should meet at least twice a year with the issuer's auditors	• Audit Committee met four times with the External Auditor
• Nomination committee should comprise of a majority of INEDs	• Nomination and Remuneration Committee comprises 100% of INEDs
• Remuneration committee should comprise of a majority of INEDs	• Nomination and Remuneration Committee comprises 100% of INEDs
• Board and board committee papers should be sent to all directors at least three days before the intended date of board or board committee meeting	• Board and Board committee papers were sent to Directors and Board committees' members seven days before the date of meetings

Sustainability

CG Code and Listing Rules Requirements	Company's Practices
• An issuer must publish its ESG report on an annual basis, which may be presented as information in the issuer's annual report or in a separate report	• Published a sustainability report separate from the annual report • The Sustainability Steering Committee established in 2013 continued to be in place and met two times • The Sustainable Finance Subcommittee continued to be in place • The Health and Safety Subcommittee established in 2022 continued to be in place and met two times • Continued to implement the 10 Sustainability Goals and Targets for 2030 announced in 2020 • Continued to implement the 25 Sustainability Targets to be achieved by the end of 2025 ("25 x 25") announced in 2021

Risk Management

CG Code and Listing Rules Requirements	Company's Practices
• The board should oversee the issuer's risk management and internal control system on an ongoing basis, and ensure a review of its effectiveness annually	• The ERM Working Group, chaired by the CEO, continued to function as a strong mechanism for managing risks. The CEO reported to the Audit Committee four times on various enterprise risks • A well established framework for responsive crisis management continued to be in place

Accountability

CG Code and Listing Rules Requirements	Company's Practices
• Annual and interim results should be published within three and two months respectively after the end of the respective accounting periods	• Annual and interim results were published within one month after the end of the respective accounting periods
• Disclose whether the directors of the issuer have complied with, or whether there has been any non-compliance with, the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions	• Disclosed all Directors have complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions. All executive staff confirmed their compliance with the "Code of Conduct regarding Transactions in the Company's Shares" and declared potential conflict of interests on a half-yearly basis

Communications

CG Code and Listing Rules Requirements	Company's Practices
• The board should maintain an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation	• Chair set out his detailed explanation of business strategies and outlook of the Group in the "Chair's Letter to Shareholders" • Open and direct dialogue between the Board and the shareholders at the AGM • Proactively engaged with investors and stakeholders through regular analysts' briefings, press conferences, press releases, emails, individual engagements, investors conferences and non-deal roadshows in Hong Kong, mainland China and overseas • Organized property tours in Hong Kong and in the mainland China to deepen investors' knowledge of the portfolio of the Group • Hosted a dynamic two-day reverse roadshow in Shanghai and Dalian in October 2024 and engaged institutional investors, sell-side analysts and corporate bankers • Organized a dedicated ESG non-deal roadshow in June 2024 for equity and fixed income investors

(I) Effective and Qualified Board

1. Composition, Diversity, Functions, Process and Access to Information

Composition

The Board comprises eight Directors:

- Three Executive Directors
  Mr. Adriel Chan (Chair)
  Mr. Weber W.P. Lo (CEO)
  Mr. Kenneth K.K. Chiu (CFO)
- Five Independent Non-Executive Directors
  Mr. Nelson W.L. Yuen
  Mr. Philip N.L. Chen
  Dr. Andrew K.C. Chan
  Ms. Anita Y.M. Fung
  Ms. Holly T.F. Li

Mr. Ronnie C. Chan retired as the Chair and an Executive Director of the Company and HLG on April 26, 2024. In recognition of Mr. Chan's many contributions, the boards of the Company and HLG bestowed upon him the title of "Honorary Chair" on the same date.

Mr. Adriel Chan was appointed as the Chair of the Company and HLG on April 26, 2024.

Mr. Dominic C.F. Ho retired as the Chair of the Audit Committee and a member of the Nomination and Remuneration Committee on April 24, 2024 and retired as an INED on April 26, 2024.

Ms. Anita Y.M. Fung was appointed as the Chair of the Audit Committee on April 24, 2024.

Mr. Philip N.L. Chen was appointed as a member of the Audit Committee on April 24, 2024.

Dr. Andrew K.C. Chan was appointed as a member of the Nomination and Remuneration Committee on April 24, 2024.

Ms. Holly T.F. Li was appointed as an INED with effect from March 20, 2024. For details of Ms. Li's appointment and biography, please refer to the Company's announcement dated January 30, 2024.

Board Diversity

The Board Diversity Policy sets out the approach to achieve diversity on the Board with the aim to further enhance its effectiveness. Board diversity has been considered from different perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, expertise, skills, knowledge, and length of service.

In forming its perspective on diversity, the Company will also take into account factors based on its own business models and specific needs from time to time.

Recognizing that the above are proxies for a diversity of thought, the ultimate selection of Directors is based on merit, and the contribution that selected candidates are expected to bring.

The Nomination and Remuneration Committee endeavors to identify female candidates through internal promotion, referrals, engaging employment agencies and other reasonable means, and recommends for the Board's consideration any potential appointments as Director.

The Board Diversity Policy stipulates that the Board targets to have not less than one female director by the end of 2024. With the addition of Ms. Holly T.F. Li to the Board on March 20, 2024, the Board currently has two female Directors, representing 25% of the Board composition.

The Board will continue to strive to ensure the Board is made up of a reasonable and justifiable proportion of women by reference to stakeholders' expectations and international and local recommended best practices and the pool of qualified candidates.

The Nomination and Remuneration Committee conducted an annual review of the effectiveness of the Board Diversity Policy. During the year, the Board Diversity Policy was duly implemented and considered as effective, taken into account of full compliance with the relevant and up-to-date requirements under the Listing Rules and other statutory requirements.

The Board Diversity Policy is available on our website under "Our Management" of the "Corporate Governance" section.

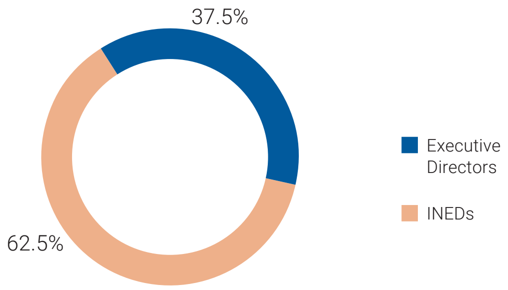
Workforce Diversity

We are committed to embracing employees with different backgrounds, gender, age, ethnicity, culture, religion and other status. We believe that a culture of inclusivity, diversity, and openness, recognizing that workforce that is home to people from varied backgrounds can generate a more creative, productive and engaged working culture.

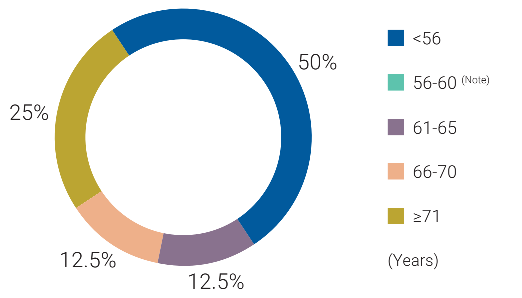
In terms of gender diversity, we maintain a highly diverse workforce. Approximately 41% of the overall workforce (including senior management) are female among which, close to 55% of administrative staff are female. An appropriate balance of gender diversity of workforce is maintained taking into account the business models and operational needs.

Board composition and diversity as of December 31, 2024 was as follows:

Designation

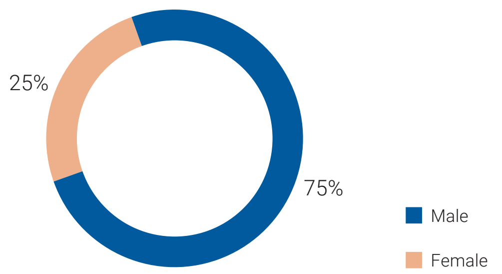


Age

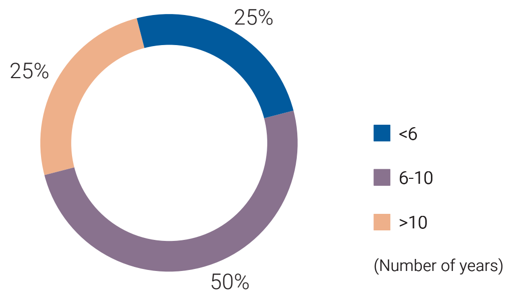


Note: None of the Directors is in this age range.

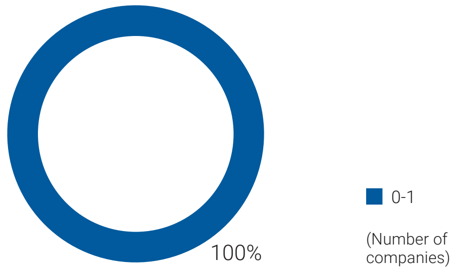
Gender



Directorship with the Company



Other Public Company's Directorship



The Board consists of a diverse mix of Directors with skills and experience apposite to leading and overseeing of the Company's business. Depending on the needs of our growing business and the availability of competent candidates to fulfill those needs, suitably qualified individuals will be considered for directorship in the future.

Functions

An updated list of Directors identifying their roles and functions and whether they are INEDs is maintained on our website and the website of HKEX. Their biographical details, disclosed on pages 122 to 125 of this annual report, are also maintained on our website under "Our Management" of the "Corporate Governance" section.

The Board is responsible for, among other things:

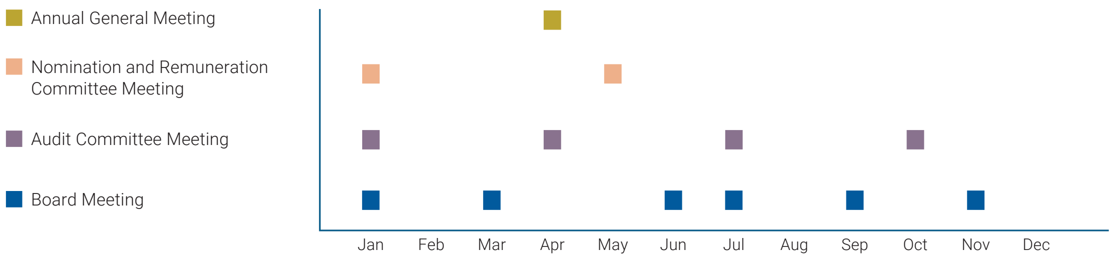
- ensuring continuity of leadership;
- the development of sound business strategies;
- the deployment of adequate capital and managerial resources to implement the business strategies adopted; and
- the adequacy of systems of financial and internal control, risk management, and the conduct of business in conformity with applicable laws and regulations.

The INEDs have made an invaluable contribution to the development of the Company's strategies and policies, providing the Board with independent, constructive, and informed advice. They possess diverse academic and professional qualifications, financial and management expertise, and have given the Board and the Board committees on which they serve, the benefit of their skills, expertise, and diversified backgrounds and qualifications through regular attendance and active participation. The balanced composition between Executive Directors and INEDs provided the checks and balances necessary for safeguarding the interests of shareholders.

All Directors are required to disclose to the Company any office they held in public companies or organizations, and other significant commitments. Each Director ensures that he/she gives sufficient time and attention to the affairs of the Company.

In 2024, the Board held six regular Board meetings, four of which were held in Hong Kong and two were held during Board's trips to Kunming, mainland China and Bangkok, Thailand respectively. During the trips, the Board visited the Company's operation in Kunming, mainland China and landmark malls and properties in Bangkok, Thailand to understand their daily operations, including but not limited to leasing management, marketing and customer retention programs.

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



In 2024, the average attendance rate of the Directors at Board meetings was 100%.

To ensure attendance and active participation, the dates of Board meetings for the full year 2024 as well as the date of 2024 AGM were set in the preceding year and management arranged video conference participation for those Directors who were unable to attend Board meetings in person.

Details of the Directors' attendance in 2024 are set out below:

Directors	Meetings Attended/Held: Board	Audit Committee	Nomination and Remuneration Committee	2024 AGM
Executive Directors				
Ronnie C. Chan (Note 1)	2/2	N/A	N/A	1/1
Adriel Chan (Note 2)	6/6	N/A	N/A	1/1
Weber W.P. Lo	6/6	N/A	N/A	1/1
Kenneth K.K. Chiu	6/6	N/A	N/A	1/1
Independent Non-Executive Directors				
Nelson W.L. Yuen	6/6	N/A	2/2	1/1
Dominic C.F. Ho (Note 3)	2/2	1/1	1/1	1/1
Philip N.L. Chen (Note 4)	6/6	3/3	N/A	1/1
Andrew K.C. Chan (Note 5)	6/6	4/4	1/1	1/1
Anita Y.M. Fung (Note 6)	6/6	4/4	2/2	1/1
Holly T.F. Li (Note 7)	5/5	N/A	N/A	1/1

Notes

1. Mr. Ronnie C. Chan retired as the Chair and an Executive Director on April 26. 2024.
2. Mr. Adriel Chan was appointed as the Chair on April 26, 2024.
3. Mr. Dominic C.F. Ho retired as the Chair of the Audit Committee and a member of the Nomination and Renumeration Committee on April 24, 2024 and retired as an INED on April 26, 2024.
4. Mr. Philip N.L. Chen was appointed as a member of the Audit Committee on April 24, 2024.
5. Dr. Andrew K.C. Chan was appointed as a member of the Nomination and Remuneration Committee on April 24, 2024.
6. Ms. Anita Y.M. Fung was appointed as the Chair of the Audit Committee on April 24, 2024.
7. Ms. Holly T.F. Li was appointed as an INED on March 20, 2024.

Board Processes and Access to Information

All Directors are welcomed to give notice to the Chair or the Company Secretary if they wish to include matters on the agenda of a Board meeting.

Board and Board committees papers are sent to the Directors and Board committees' members seven days before the date of meetings, exceeding the three days' requirement under the CG Code. A digital meeting solution is used for the meetings, which contributes to the Company's sustainability efforts and enables the Directors to access meeting materials in a timely, secure, efficient, convenient and paperless manner.

For effective oversight and leadership, the Board regularly reviews reports from the CEO and senior executives on the progress of the approved strategies, plans and budgets, and receives updates and advice from management on the Group's business performance and development, regulatory landscape, ESG, risk management, and human resources management.

All Directors are entitled to have access to timely information in relation to our business and to make further enquiries where necessary, and each also has separate and independent access to management.

Management also provides the Board and the Board committees with sufficient information and analyses to enable them to make informed assessments of the Company's financial and other information put before the Board and the Board committees for discussion. Management is also invited to join Board meetings, where appropriate. The Company Secretary keeps minutes of Board meetings and the Board committees meetings together with related Board or Board committees papers and materials, which are available for inspection by the Directors.

Furthermore, management provides all Directors with monthly updates which give a balanced and up-to-date assessment of the Company's performance, position, and prospects in sufficient detail to enable the Board as a whole and each Director to discharge his/her duties under the Listing Rules.

In addition, all Directors have access to the advice and services of the Company Secretary, a full time employee of the Company, who is responsible to the Board for ensuring that procedures are followed and that all applicable laws, rules and regulations are complied with. The Company Secretary supports the Board by ensuring good information flow within the Board and advises the Chair and the Board on corporate governance issues and the implementation of the CG Code. The Company Secretary has taken more than 15 hours of relevant professional training in 2024 to keep her skills and knowledge updated.

Procedures have also been agreed by the Board to enable the Directors to seek independent professional advice at the Company's expense. The procedures in place are reviewed on an annual basis and considered as effective.

Pursuant to the Articles of Association, a Director shall not vote or be counted in the quorum in respect of any transaction, contract or arrangement in which he/she or any of his/her associates is/are materially interested, unless otherwise stated.

We have also arranged appropriate insurance cover for directors' and officers' liabilities in respect of legal actions against them arising from corporate activities. The insurance policy is reviewed every year to ensure fair and sufficient coverage.

2. Clear Division of Responsibilities between Chair and CEO

There is a clear division of responsibilities between the Chair and the CEO to ensure a balance of power and authority.

Chair

The Chair, Mr. Adriel Chan, provides leadership for the Board. He is responsible for ensuring that all Directors receive adequate, accurate, clear, complete and reliable information in a timely manner, and that the Directors are properly briefed on issues arising at Board meetings. He also ensures that:

- the Board works effectively and discharges its responsibilities;
- all key and appropriate issues are approved by the Board in a timely manner;

- good corporate governance practices and procedures are established; and
- appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the Board as a whole.

The Chair holds meeting with the INEDs without the presence of other Directors at least once annually.

The Chair is primarily responsible for drawing up and approving the agenda for each Board meeting. He takes into account matters proposed by the other Directors for inclusion on the agenda.

He encourages all Directors to make an active contribution to the Board's affairs and takes the lead in ensuring that the Board acts in the best interests of the Company. He encourages Directors with different views to share their opinion and ensures sufficient time for discussion of issues which the Board is charged to deliberate and reach decisions on.

He promotes a culture of openness and debate by facilitating the effective contribution of INEDs, in particular, and ensures constructive relations between Executive Directors and INEDs.

He also arranges suitable trainings for Directors to refresh their knowledge and skills.

CEO

The CEO, Mr. Weber W.P. Lo, is a member of the Executive Committee of the Company and is responsible for:

- leading the management team in business operations and in the implementation of policies and strategies adopted by the Board;
- the Company's day-to-day management in accordance with the instructions issued by the Board;
- developing strategic operating plans that reflect the objectives and priorities established by the Board and maintaining operational performance;
- ensuring the adequacy of risk management, financial, and internal control systems, and the conduct of business in conformity with applicable laws and regulations; and
- reporting to the Board from time to time on matters of material importance.

To cope with the ever-changing operating environment, management, under the leadership of the CEO, has put great effort into enhancing our operating systems as well as enriching our corporate culture with an integrity program that reflects the essence of **We Do It Well** as the way Hang Lung engages in business.

In support of our vision to create compelling spaces that enrich lives, the CEO has also formulated and led the management team to implement the following five overarching strategies for sustainable growth:

- Be Customer-Centric;
- Build Hang Lung Branded Experience;
- Embrace Technology;
- Disciplined Execution; and
- Uphold Hang Lung Values.

3. Independence of INEDs

We have received from each of our INEDs an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and we consider each INED to be independent.

In respect of the re-election of an INED who has served on the Board for more than nine years in the AGM, we will state in the AGM circular to be sent to the shareholders the reason why we consider the INED to remain to be independent and our recommendation to the shareholders to vote in favor of the re-election of such INED.

The Company recognizes the importance of board independence to corporate governance. In particular, the following mechanisms are in place in order to ensure that independent views are available to the Board. The procedures in place are reviewed on an annual basis and considered as effective.

Board and Committees' structure

As of December 31, 2024, five out of eight Directors are INEDs, which accounted for 62.5% of the Board. Furthermore, each of the Audit Committee and the Nomination and Remuneration Committee comprises 100% of INEDs to ensure that independent views and input are available to the Board.

Annual review of INEDs' commitment and independence

During the year ended December 31, 2024, the Nomination and Remuneration Committee reviewed the independence of each INED under Rule 3.13 of the Listing Rules and considered each INED to be independent.

Professional advice

Directors (including INEDs) are entitled to seek further information and make enquiries with the management on the matters to be discussed at Board meetings. Directors (including INEDs), the Audit Committee and the Nomination and Remuneration Committee are authorized to seek appropriate independent advice from the Company Secretary or the external professional advisers at the Company's expense.

Conflict management

A Director (including INED) 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.

4. Appointment, Re-election and Removal

In accordance with the Articles of Association, one-third of the Directors are required to retire from office by rotation for re-election by shareholders at an AGM, and new appointments to the Board are subject to re-election by shareholders at the next general meeting. In addition, every Director is subject to retirement by rotation at least once every three years.

The names of such Directors who are eligible and will offer themselves for re-election, accompanied by detailed biographies, will be presented in the notice of the general meeting. In relation to the appointment or re-election of an INED, we will also state in the notice of the general meeting the identifying process, the reason why we consider the INED to be independent, the perspectives, skills and experience that the INED can bring to the Board, and how the INED contributes to the diversity of the Board.

The appointments of the INEDs do not have a specific term. They are subject to retirement by rotation and are eligible for re-election at least once every three years.

5. Appointment and Induction of New Director

Each newly appointed Director first meets with fellow Directors and key executives, and receives a comprehensive, formal, and tailored induction upon his/her appointment. Subsequently, he/she receives the briefings and professional development necessary to ensure he/she has a proper understanding of the Company's operations and business, and full awareness of his/her responsibilities under statute and common law, the Listing Rules, legal and other regulatory requirements, and, in particular, the Company's business and governance policies.

Ms. Holly T.F. Li, who was appointed as an INED of the Company effective from March 20, 2024, attended a training on March 4, 2024 pursuant to Rule 3.09D of the Listing Rules covering the requirements under the Listing Rules as a director of a listed company and the possible consequences of making a false declaration or giving false information to the Stock Exchange. Ms. Li has confirmed her understanding of the information provided by the legal adviser and her obligations as a director of a listed issuer.

The Company Secretary facilitates the induction and professional development of Directors.

6. Continuous Professional Development

All Directors are encouraged to participate in continuous professional development to broaden and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. Ongoing training helps Directors keep abreast of current trends and issues facing by the Group, while enabling them to update and refresh their skills and knowledge to perform their duties.

The training received by each Director in 2024 is summarized below:

Directors	Types of Training
Adriel Chan	A, B, C
Weber W.P. Lo	A, B, C
Nelson W.L. Yuen	A, B, C
Philip N.L. Chen	A, B, C
Andrew K.C. Chan	A, B, C
Anita Y.M. Fung	A, B, C
Holly T.F. Li	A, B, C
Kenneth K.K. Chiu	A, B, C

A Attending seminar(s)/forum(s) and/or giving talk(s) relating to the business or directors' duties

B Reading materials relating to the business or directors' duties

C Corporate event

(II) Delegation by the Board

The Executive Committee, Audit Committee, and Nomination and Remuneration Committee were formed in 1989, 1999 and 2003 respectively.

1. Executive Committee

An Executive Committee was formed in 1989.The chair of the Executive Committee is Mr. Adriel Chan and its members are all the Executive Directors of the Company, who meet regularly to establish the strategic direction of the Company and to monitor the performance of the management. Clear terms of reference have been adopted by the Board, and guidelines have also been set up for certain issues requiring Board approval. All Committee members have full understanding for determining which issues require a decision of the full Board and which may be delegated by the Board to the Committee or management.

2. Audit Committee

An Audit Committee was established by the Board in 1999. The Committee currently comprises entirely INEDs, namely, Ms. Anita Y.M. Fung (Chair of the Committee), Mr. Philip N.L. Chen and Dr. Andrew K.C. Chan, all of whom possess appropriate academic and professional qualifications or related financial management expertise.

The CG Code requires the Audit Committee to hold meetings at least two times per year with the External Auditor. The Audit Committee has exceeded the CG Code requirements and held four meetings in 2024 for the purpose of, inter alia, discussing the nature and scope of internal audit work and assessing the Company's internal controls. Separate meetings are also held with the External Auditor, in the absence of management, as and when required. The Committee met the External Auditor four times in 2024 in the absence of management.

The terms of reference detailing the Committee's role and authority, which include duties pertaining to corporate governance functions and the oversight of risk management, are available on both our website, under "Audit Committee" of the "Corporate Governance" section, and the website of HKEX.

The Committee is authorized by the Board to investigate any activity within its terms of reference; to seek any information it requires from any employee (and all employees are directed to co-operate with any requests made by the Committee); to obtain outside legal or other independent professional advice; and to secure the attendance of outsiders with relevant experience and expertise at their meetings if necessary. Sufficient resources are provided to the Committee to discharge its duty.

In 2024, the Audit Committee executed, inter alia, the following:

Relationship with External Auditor, Review of Financial Information and Oversight of Financial Reporting System

- reviewed and obtained explanation from management and the External Auditor on the interim and annual results, including any change from the previous accounting period, the effects on the application of new accounting policies, compliance with the Listing Rules and relevant legislation, and any audit issues, before recommending their adoption by the Board;
- held meetings with the External Auditor in the absence of management to discuss any material audit issues;
- reviewed the procedures and guidelines for employing the External Auditor to perform non-audit assignments for the Company, and approved the scopes and fees for non-audit assignments; and
- considered and proposed to the Board the re-appointment of KPMG as the Company's External Auditor and approved its terms of engagement.

Risk Management and Internal Control Systems

- carried out reviews of the effectiveness of the Company's risk management and internal control systems including the structure of senior management, the adequacy of resources, staff qualifications and experience, training program and budget of the Company's accounting, internal audit, financial reporting functions, as well as those relating to the Company's ESG performance and reporting;
- received the financial update and ERM reports, reviewed the related risks (both financial and non-financial) and made recommendations on risk mitigation, including a review of the compliance with mainland China's data security and personal data protection legislations;

- met quarterly to review and monitor the progress and construction costs of development projects and major renovation projects. The Cost and Controls Department reported regularly in these Audit Committee meetings to facilitate effective checks and balances in the control of our sizeable capital expenditures, spending and investment;
- received and reviewed the internal audit reports from the Internal Auditor;
- held meetings with the Internal Auditor in private to discuss material internal audit issues; and
- approved the internal audit plan for 2025.

Corporate Governance Functions

The Audit Committee also performed, inter alia, the following duties:

- reviewed the Company's compliance with the CG Code and disclosure in annual report on corporate governance and sustainable development;
- reviewed and monitored the training and continuous professional development of the Directors;
- reviewed the Company's policies and practices on corporate governance, compliance with legal and regulatory requirements and the "Code of Conduct", and made recommendations to the Board; and
- reviewed ESG related risks and confirmed that the ESG risk management and internal control systems were in place and remained effective throughout 2024.

3. Nomination and Remuneration Committee

The Nomination and Remuneration Committee, set up in 2003, comprises entirely INEDs, namely, Mr. Nelson W.L. Yuen (Chair of the Committee), Dr. Andrew K.C. Chan and Ms. Anita Y.M. Fung. Regular reviews of significant changes to the salary structure within the Group and the terms and conditions affecting Executive Directors and senior management are conducted. The Committee met twice in 2024 to review, inter alia, the composition of Directors and Directors' remuneration.

The terms of reference of the Committee contain the criteria and principles for nomination of Directors. These criteria and principles are formally regarded as the nomination policy for Directors. The terms of reference of the Committee can be accessed on both our website, under "Nomination & Remuneration Committee" of the "Corporate Governance" section, and the website of HKEX.

The major works performed by the Committee in 2024 included the following:

- reviewed the Board Diversity Policy and its implementation;
- reviewed the structure, size and diversity of the Board;
- assessed the independence of the INEDs;
- recommended to the Board the selection of individuals nominated for directorships with reference to qualifications and related expertise;
- recommended to the Board the re-election of retiring Directors at the AGM;
- recommended to the Board the Company's remuneration policy and structure for all Directors and senior management;
- determined remuneration packages for individual Executive Directors and senior management, including benefits in kind, pension rights, and compensation payments;
- reviewed the Company's share option scheme, and no grant of share options was recommended in 2024; and
- recommended to the Board the remuneration of the INEDs.

Pursuant to the Nomination Policy, the Committee will:

- review the structure, size and diversity of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- identify individuals suitably qualified to become Directors and select or make recommendations to the Board. In identifying suitable candidates, the Committee shall consider candidates on merits and against objective criteria, with due regard for the benefit of diversity on the Board; and
- make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chair of the Board and the CEO, taking into account the Company's corporate strategy and the mix of skills, knowledge, experience, and diversity needed in the future.

The remuneration package of Executive Directors and senior management, including discretionary bonuses and share options, is based on the following criteria:

- individual performance;
- skills and knowledge;
- involvement in the Group's affairs;
- achievement of business targets; and
- the performance and profitability of the Group.

The Committee also considers factors such as salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Group.

The Committee obtains benchmark reports for the evaluation of market trends and the competitiveness of the remuneration being offered to Directors and senior management. The Committee may consult the Chair and the CEO about the remuneration proposals for Executive Directors and has access to independent professional advice if necessary. Sufficient resources are provided to the Committee to discharge its duties.

Details of the remuneration paid to members of the senior management (which includes Executive Directors only) are disclosed in Note 6 to the Financial Statements.

4. Management Functions

The management functions of our Company are carried out by our Executive Directors. Their duties are explained in the paragraph headed "Executive Committee" above. Key executives are responsible for day-to-day operations and the administration function of the Group under the leadership of the Executive Directors. The Board has given clear directions to management as to matters that must be approved by the Board before decisions are made on behalf of the Company. The types of decisions to be delegated by the Board to management include implementation of strategies and direction determined by the Board, operation of the Group's businesses, preparation of financial statements and operating budgets, and compliance with applicable laws and regulations. These arrangements are reviewed periodically to ensure that they remain appropriate to our needs.

(III) Securities Transactions and Share Interests

1. Securities Transactions

We have set out guidelines regarding securities transactions by the Directors under "Transactions in the Company's Shares" in our "Code of Conduct" according to the required standard set out in the Model Code. The Company has made specific enquiries with all Directors and confirmed that they have complied with the required standard set out in the Model Code and the "Code of Conduct regarding Directors' Securities Transactions".

The Company has also set out "Guidelines regarding Securities Transactions by Relevant Employees" who, because of their offices in the Company or its subsidiaries, are likely to be in possession of inside information, pursuant to which, relevant employees are also required to comply with the required standard set out in the Model Code. All relevant employees are reminded of the necessity for compliance with the guidelines every six months.

2. Share Interests

Details of the Directors' interests in shares of the Company and HLG as of December 31, 2024 were as follows:

	The Company		HLG
Directors	Number of Shares	Number of Share Options	Number of Shares
Adriel Chan (Note 3)	3,073,735,406 (Note 2)	13,050,000	551,752,580 (Notes 1 & 2)
Weber W.P. Lo	1,059,833	21,750,000	460,000
Nelson W.L. Yuen	8,000,000	–	–
Philip N.L. Chen	–	2,500,000	–
Andrew K.C. Chan	–	–	–
Anita Y.M. Fung	–	–	–
Holly T.F. Li	–	–	–
Kenneth K.K. Chiu	–	6,200,000	–

Notes

1. These interests included 28,579,500 shares of HLG held by a trust of which Mr. Adriel Chan was a settlor and discretionary beneficiary. Accordingly, Mr. Adriel Chan was deemed to be interested in such shares under the SFO.
2. These interests included 3,073,084,096 shares of the Company and 522,423,080 shares of HLG held or deemed to be held by another trust of which Mr. Adriel Chan was a discretionary beneficiary. Accordingly, Mr. Adriel Chan was deemed to be interested in such shares under the SFO. Mr. Adriel Chan was also personally interested in 651,310 shares of the Company and 750,000 shares of HLG respectively.
3. Mr. Adriel Chan is the son of Mr. Ronnie C. Chan, the Honorary Chair. Save as disclosed in this annual report, the Chair, the CEO and other Directors do not have any financial, business, family, material or other relevant relationships with each other.

(IV) Accountability and Audit

1. Financial Reporting

The Directors acknowledge their responsibility for preparing the financial statements on a going concern basis, with supporting assumptions or qualifications as necessary. The Company's financial statements are prepared in accordance with the Listing Rules, the Companies Ordinance, and also the accounting principles and practices generally accepted in Hong Kong. Appropriate accounting policies are selected and applied consistently; judgments and estimates made are prudent and reasonable. A statement by the External Auditor, KPMG, about its reporting responsibilities is included in the Independent Auditor's Report on the Company's consolidated financial statements.

The Directors endeavor to ensure a balanced, clear and coherent assessment of the Company's position and prospects in annual reports, interim reports, inside information announcements, and other disclosures required under the Listing Rules and other statutory regulations.

2. Risk Management and Internal Controls

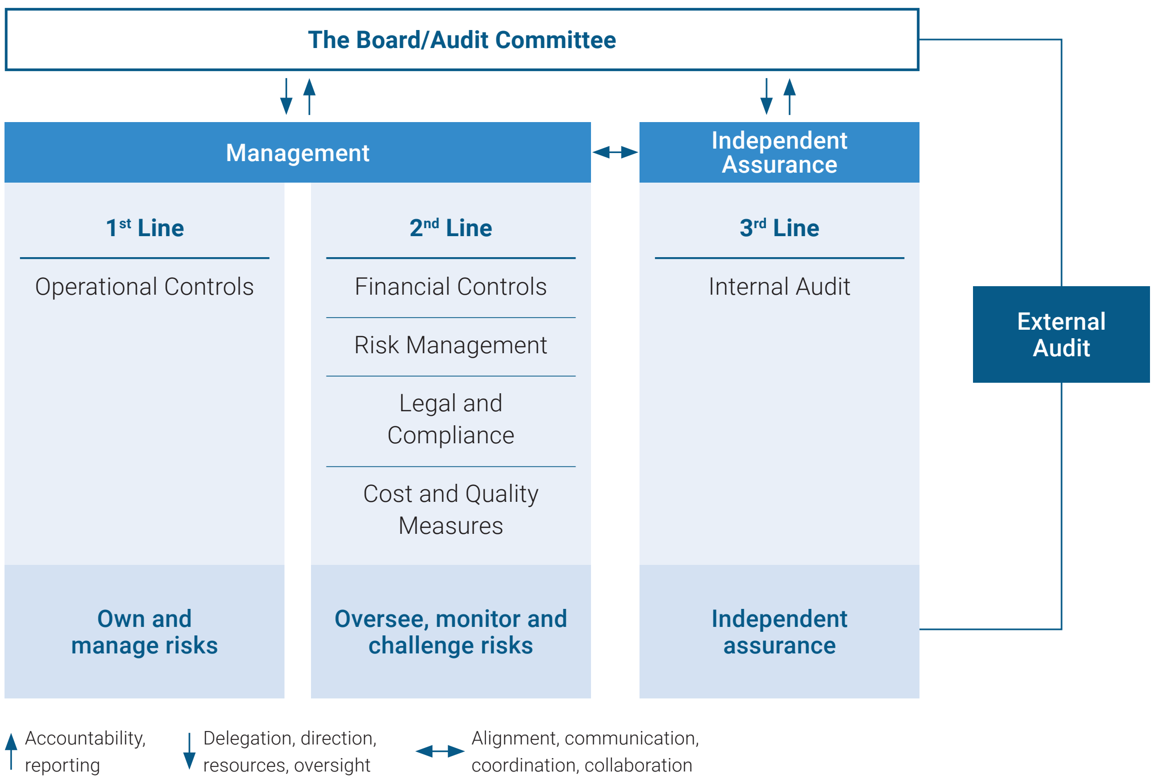
A robust risk management and internal control framework is an integral part of the Company to achieve strategic objectives and maintain sustainable business growth.

The Board has overall responsibility for the risk management and internal control systems of the Company, in addition to evaluate and determine the nature and extent of the risks it is willing to take in order to achieve the Company's strategic objectives. The Audit Committee supports the Board to oversee the effectiveness of our systems on an ongoing basis. Management is tasked with the design, implementation, and maintenance of a sound and effective risk management and internal control framework with reference to the COSO (Committee of Sponsoring Organizations of the Treadway Commission) principles, which is crucial in bringing corporate strategies to fruition and ensuring the sustainability of the Company. Like any others, our systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk Management Framework

Risks are inherent in every area of our business. It is essential to maintain a risk-aware culture throughout the organization, and a systematic approach to identify and assess risks so they can be mitigated, transferred, avoided or accepted. We are committed to continually enhancing our risk management framework, linking it to our corporate strategies, and integrating it into our day-to-day operations and decision-making processes. Our risk governance structure is guided by the "Three Lines Model", as illustrated below:

Three Lines Model



As the first line functions, risk owners of all corporate departments and business units regularly conduct risk and control assessments in the day-to-day operations to evaluate the implications of respective risks identified and the adequacy and effectiveness of actions in place to mitigate these risks.

As the second line, specific functions are established to effectuate risk management and ensure the first line is performing properly. The responsibilities of these functions include but are not limited to financial controls, risk management, legal and compliance, as well as cost and quality measures. Under its approved terms of reference, the ERM Working Group (comprising our CEO as Chair and unit heads from major business units and support divisions) oversees risk management activities across all functions and makes a robust assessment of the principal risks and uncertainties that the Company is exposed to.

In 2024, the ERM Working Group met four times and achieved the following:

- reviewed the effectiveness of the Company's ERM framework;
- reviewed and updated the Enterprise Risk Management Policy which is available in the Company's intranet to serve as a guideline for risk management activities;
- reviewed risk assessment criteria to ensure they were appropriately defined in alignment with our risk appetite and continued to be relevant in light of the Company's business and risk profile;
- promoted understanding of the ERM framework and an effective risk-aware culture through our continuous risk management activities;
- identified and evaluated the Company's principal risks and key emerging risks;
- evaluated the comprehensiveness of identified risks at the operational level;
- challenged the risk owners on mitigation actions and their effectiveness;
- analyzed root causes and checked risk enforcement in key areas where controls were previously inadequate or ineffective;
- examined crisis management capacities for handling large-scale, sudden operational adversities; and
- compiled relevant and timely risk reports, including "deep-dives" for the Board and the Audit Committee.

As the third line, the Internal Audit Department plays a crucial role in assessing the effectiveness of the risk management system, reports regularly to the Audit Committee on key findings, and provides recommendations for improving and tracking the implementation of such measures.

The Board and the Audit Committee reviewed the Company's principal and emerging risks and conducted an annual review of the effectiveness of the ERM framework. Taking into consideration the principal risks and mitigation actions, the Board believes the Company has the ability to adequately respond to changes to our business and the external environment.

Risk Management Process

The Company takes proactive measures to identify, evaluate, and manage significant risks arising from our business and the constantly changing business environment at different levels within the organization. This integrated approach combines a top-down strategic view with complementary bottom-up operational processes, as illustrated below:

Top-Down Strategic Risk Management		Bottom-Up Operational Risk Management
• Promote ERM within corporate culture • Determine business objectives, strategies, and risk appetites • Conduct dedicated Board discussion	**Board/Audit Committee**	• Assess effectiveness of risk management system • Review and challenge the report on principal and emerging risks
• Review external environment • Identify potential risks to business objectives and strategies • Overall coordination of ERM activities	**Senior Management Level/ ERM Working Group**	• Consider completeness of identified risks and adequacy of mitigation actions • Consider aggregation of risk exposures across the business • Monitor key risk indicators • Overall coordination and reporting of ERM activities • Report principal and emerging risks
• Execute strategic actions • Review internal control environment	**Operational Level**	• Identify, evaluate, prioritize, mitigate and monitor risks recorded in the risk registers • Report key operational risks

A list of principal risks (including ESG-related risks), covering both strategic and operational risks as identified by our risk assessment process, is compiled with reference to their residual risk impact and likelihood (after considering mitigation actions and controls) as well as the Company's risk appetite. The review of risk exposure is conducted at least annually and subject to ad-hoc review when there are changes to the risk factors or risk indicators. Risk ownership is assigned for each principal risk. The risk owners then coordinate and develop action plans to ensure the proper implementation of these mitigation actions. They are also required to continuously monitor, evaluate, and report on risks for which they bear responsibility. The ERM Working Group reviews and challenges the adequacy of mitigation actions. Relevant controls are also subject to internal audit review and testing.

The Company has put in continuous efforts in fine-tuning the risk management system for operating sites and sites under development. Local management teams fully engage in the risk identification and risk assessment process. When compiling their risk registers, each site identifies key risks and mitigation actions and rates the residual risks according to likelihood and impact parameters at the operational level (scaled down from the enterprise level parameters). Top risks at the operational level are then extracted from each site's detailed risk register and reviewed by the ERM Working Group, which are then reported to the Audit Committee.

Through this integrated top-down and bottom-up risk management process, which enables the identification and prioritization of risks throughout the Company, we maintain effective lines of communication to ensure the timely escalation of potential risks and the initiation of mitigation actions to manage them. The Internal Audit Department performed independent and systematic assurance to evaluate the adequacy and proper functioning of the risk management process.

Internal Control Framework

The Board is responsible for maintaining an effective internal control system.

Our internal control system monitors the Company's overall financial position and ensures it is accurately reflected in our financial and management reporting while safeguarding our assets against major losses and misappropriation; providing reasonable assurance against material fraud and error; and efficiently identifying and correcting non-compliance.

To ensure efficient and effective operations in our business units and functions, relevant internal control policies and procedures, committees, and working groups are in place to achieve, monitor, and enforce internal controls. These policies and procedures are periodically reviewed and updated when necessary. All employees are made aware of the policies and procedures, with comprehensive staff communications and training programs in place to ensure understanding and awareness.

The Audit Committee supports the Board to oversee the effectiveness of internal controls, while management is responsible for designing, implementing, and maintaining an effective internal control system with reference to the COSO principles. In particular, appropriate policies and procedures governing the activities of the Executive Committee, Directors, executives, and senior staff, such as delegation of authority, approval of annual and mid-year budgets for all capital, revenue, and expenditure items, etc., have been put in place. Management also continually reviews, updates, and refines the internal control system to anticipate future challenges.

Our Internal Audit Department is independent of our operations and accounting functions. The Head of Corporate Audit reports directly to the Audit Committee.

A risk-based internal audit plan is approved by the Audit Committee each year. Based on the audit plan, the Internal Auditor performs an assessment of risks and testing of controls across all business and support units of the Company in order to provide reasonable assurance that adequate controls and governance are in effect. In line with the Company's zero tolerance for fraud and bribery, the Internal Auditor is responsible for the conduct of relevant investigations should fraud or irregularities be uncovered or suspected.

In 2024, the Audit Committee met quarterly to discuss internal audit issues with the Internal Auditor and to discuss financial and internal control matters with the External Auditor. The Audit Committee held four direct discussions with the External Auditor in the absence of management. The Audit Committee reported any key issues arising from these meetings to the Board.

There were no significant control failings or weaknesses identified in 2024. Following previous practices, an annual assessment to evaluate the effectiveness of the internal audit operations and activities was also conducted during the year. It was concluded that our internal audit function has been operating effectively in accordance with the Internal Audit Charter.

Annual Assessment

With the management confirmation covering all material controls (including financial, operational and compliance controls) as well as risk management functions of the Company and its subsidiaries for the financial year ended December 31, 2024, and the foregoing review by the Audit Committee, the Board concluded that effective and adequate risk management and internal control systems were in operation during the year.

The level of resources, staff qualifications and experience, training programs, and budget for the Company's internal audit, accounting, financial reporting functions, as well as those relating to the Company's ESG performance and reporting were also assessed and considered adequate.

Principal Risks of the Company

The principal risks the Company faces may not change significantly from year to year, although the magnitude and significance of these risks can and do vary. Our ongoing review of these principal risks focuses on how changes might arise and how our controls need to be adapted in response to evolving business conditions and organizational changes. The Company's principal risks in 2024 are outlined below:

Business and Market Risk

The ability to acquire suitable land for development is critical for the Company to sustain continuous growth and the desired return on investment. Tight deadlines and fluctuations in material costs have created implementation challenges in delivering our projects safely, on budget, on time, and to the desired quality.

The stagnant economic environment and lack of consumer confidence compelled us to redefine our leasing strategy and reposition our Hong Kong retail properties, focusing on a better balance between local consumers and tourists. The abundant supply of new high-end offices in both Hong Kong and mainland China and the softening demand have affected the occupancy rate and rental income of our office portfolio.

The advent of artificial intelligence and evolving consumer behaviors always present new challenges to our business. The cybersecurity risk is of an increasing trend and might adversely affect our operation, financial performance as well as reputation.

Risk Description	Risk Trend	Key Controls and Risk Mitigations
Heavy capital investment coupled with a long investment period and market cycles provide opportunities and challenges in land acquisition	❮ ❯	• Set investment strategy, criteria, and risk appetite prior to land acquisition • Consolidate local market and industry information • Conduct appropriate due diligence, including third-party expert reviews • Identify critical resource constraints in funding or human resources for proper planning • Undertake structured analyses of business opportunities with early involvement of business operation • Focus on product quality and core location as our differentiator • Exercise financial prudence and continually monitor our return on investment

Key – Risk trend (change from last year) Upward/increasing risk trend ❮ ❯ Risk trend remains similar

Risk Description	Risk Trend	Key Controls and Risk Mitigations
Project complexity, tight deadlines, and fluctuations in material costs after tender award present implementation challenges in delivering projects safely, on budget, on time, and in line with the required quality		• Establish clear roles and responsibilities for accountability and division of duties among design, project management, and business operations at various stages of the development cycle • Establish clear and comprehensive policies and procedures with periodic enhancements to tighten controls • Closely monitor the construction process and review all aspects of a development site's planning and construction, including sustainable initiatives • Closely monitor the price fluctuations and supply of materials, conduct careful tender analysis, tighten controls on price variation claims, extension of time and final accounts • Carry out factory inspections to ensure the quality of materials before delivery to the site, and set up workmanship mockups for review before the commencement of works • Identify and monitor the rectification of any non-compliance cases by the designated safety manager and external safety consultant • Provide regular and comprehensive reports to the Board and the Audit Committee, and strengthen management supervision
Challenges to reposition or redefine our leasing strategy for Hong Kong projects under fast changing market	The risk momentum is increasing due to the weakened economy	• Refine our leasing strategy to cope with new consumer behaviors and preferences • Act fast on market changes to recruit blooming trades under our leasing portfolios, enhance food and beverage offerings, introduce exclusive concepts and experience flagships • Conduct ongoing branding and marketing programs as well as joint-tenant promotions to attract and excite both local customers and tourists • Promote customer loyalty by launching targeted incentive programs under the "hello Hang Lung Mall Rewards Program" • Carry out asset enhancement initiatives to maintain our properties' competitiveness and create a decent shopping environment to our customers
Economic and geopolitical uncertainty lowers the rental affordability for office tenants, while the abundant supply of high-end offices within the vicinity challenges our occupancy rate	Excessive office supply in the market coupled with the softening demand	• Create a point of difference by offering multiple office solutions, such as traditional offices, modular offices with custom fit-outs, and co-working spaces, namely HANGOUT in mainland China and "Net-Work by Hang Lung" in Hong Kong • Keep abreast of the latest market developments to formulate or fine-tune our leasing strategy • Offer a range of tailored fit-out solutions to tenants who wish to minimize their initial relocation costs • Continually enhance the tenant experience by offering world-class management services and effective communication via mobile applications
Fast-paced technological innovations such as e-commerce and artificial intelligence, as well as rapidly changing consumer behaviors and tastes, could impact the Company's business model or strategy	Advances in technology and changing consumer tastes undermine competitiveness	• Provide a comprehensive view on customer preference and feedback of our service standards through structured customer survey, and track for prompt follow-ups on service pain points • Stay in touch with the latest relevant technologies and assess the impact to our business through data analytics and smart retail solutions • Explore and adopt applicable new technologies, such as virtual augmented reality, real-time indoor navigation, intelligent marketing engine, and innovative digital platforms to uplift the overall user experiences • Ensure IT infrastructure readiness for big data to enhance data analytics and security capabilities, such as our data journey project and WeChat mini programs • Grow customer engagement and loyalty via well-established CRM programs to better engage customers and drive sales

Risk Description	Risk Trend	Key Controls and Risk Mitigations
The occurrence of cybersecurity incidents resulting in a failure to protect the confidentiality, integrity, and availability of data or the breakdown of business-critical systems for a prolonged period	The frequency and severity of cybersecurity incidents is increasing worldwide	• Periodically review and update our cybersecurity policy • Regularly conduct security reviews of our IT systems and perform tests on the IT security environment • Formulate disaster recovery plans and execute drills on a regular basis • Provide mandatory and refresher training to raise cybersecurity awareness among staff, along with timely communication about related incidents in the market and preventive measures

Social and Political Risk

We ensure that our properties remain highly competitive by closely monitoring and responding to changing business environments and market trends. However, geopolitical and economic conditions as well as changes in government policy and the regulatory environment in mainland China present implementation challenges to our project development and leasing strategies.

Black swan events, such as extreme weather, pandemics, or other crises beyond our control, challenge our ability to maintain our business operations. Climate change is a growing strategic risk that our cross-functional management team is addressing through both physical risk and transition risk controls to ensure sustainable assets and operations.

Risk Description	Risk Trend	Key Controls and Risk Mitigations
Introduction of new government regulations or sudden policy changes without sufficient consultation and guidelines could adversely affect a project's development and/or our business operations		• Closely monitor regulatory developments and market/public sentiment • Actively engage with regulatory bodies and professional firms on updates to laws and regulations • Allocate sufficient internal resources to ensure timely responses to and compliance with regulatory changes • Monitor the impacts of significant breaches or non-compliance with regulatory requirements, as well as exposure to potential litigation or claims, if any, and their magnitude • Continue monitoring and assessing the practical implications and impacts of regulatory changes, prepare legal updates on a quarterly basis, and conduct legislative trend analyses • Maintain proper and sufficient documentation as much as possible

Risk Description	Risk Trend	Key Controls and Risk Mitigations
Major external disasters or crises beyond control or reasonable expectations, such as epidemics, extreme weather, floods, earthquakes, etc., could impact assets or business continuity		• Review, update, and validate business continuity plans of critical functions on an annual basis • Continue our sustainability efforts across all portfolios and promote tenant partnership in climate resilience and resource management initiatives • Reinforce internal policies on IT/cybersecurity, digital media and corporate communications guidelines, such as conducting IT disaster recovery drills and penetration tests, and publishing cybersecurity newsletters • Strengthen crisis handling skills with refined online Crisis Management Orientation and Refresher programs, ongoing crisis audits/surprise drills and media trainings • Ensure appropriate insurance coverage for properties and business
The increase in physical risks of climate change and/or risks in the transition to a low-carbon economy might pose a threat to our operations or assets, the safety of stakeholders and the reputation of the Company	Align our sustainable growth with the nationwide development concept for carbon peak and carbon neutrality	• Strengthen corporate governance of our ESG and enhance transparency of our ESG performance • Closely monitor and proactively respond to ESG regulatory developments and stakeholder risks, including the International Financial Reporting Standards' (IFRS) Sustainability Disclosure Standards and HKEX's consultation conclusion on enhancement of climate disclosure • Embed ESG metrics into business priorities and set up measurable ESG key performance indicators (KPIs) for key business functions • Conduct climate hazard and vulnerability assessment as well as develop and implement adaptation measures and mitigation action plans for climate risks across our properties • Partner with suppliers, tenants and other external stakeholders and strengthen internal sustainability engagement on climate change initiatives • Procure 100% renewable energy at five Mainland properties, which represent half of our operating properties in the region, surpassing our 2025 renewable energy target

People and Governance Risk

Fierce competition for talented and experienced employees, especially in mid-level positions, continued to present challenges to our business operations in Hong Kong and mainland China. The talent supply gap remains evident in Hong Kong due to the recent loss of talent overseas. Rising regulatory emphasis over data security and privacy issues impacted our daily operations in collecting, processing, handling or transferring personal information.

Risk Description	Risk Trend	Key Controls and Risk Mitigations
Failure to recruit, develop, or retain staff with suitable capabilities and the capacity to support the operation and to pursue the ambition of the Company		• Formulate manpower plan to match existing and future human capital needs against our business strategy • Fully utilize the Headquarters (Shanghai) as an extended arm of the Headquarters (Hong Kong) to facilitate talent development and attract local talent • Leverage formalized talent and organizational review to identify and retain staff with development potential for critical roles • Provide structured leadership training to support the learning needs of our key talent and enhance functional knowledge and key competencies of the workforce • Build up the young talent pipeline, promote the internal job posting platform "CareerConnect" to encourage staff mobility, and enhance the employee referral program policy • Review the competitiveness of our compensation and conduct benefits enhancements periodically • Continue to launch Employee Engagement Survey to engage and retain our staff
Non-compliance with mainland China's data security and personal data protection legislation	Increasing public awareness and government enforcement over the personal information protection and data security in mainland China	• Regular review and update data security management policies and conduct both company-wide and targeted training to increase staff awareness • The Data Security Management Committee, composed of representatives from various business operations and supporting functions, continuously monitors compliance with relevant laws and regulations and acts as a decisive body on data security matters • Evaluate the data security and privacy risks by functions, including both self-evaluation and external assessment • Perform data security and privacy impact assessment for new initiatives involving personal information • Standardize contract clauses with vendors in handling personal data and privacy statements for data subjects • Assess cross-border data transfer scenarios periodically
Fraud and corruption activities could result in significant financial losses and/or damage the reputation of the business		• Strengthen and reinforce the Company's commitment to the highest standards of integrity and accountability • Provide ongoing training and reinforce communication with staff on integrity, impartiality, and honesty • Operate an effective whistleblowing mechanism with a refined whistleblowing policy and formalize investigation mechanism • Formalize anti-corruption policy that benchmarks industry best practices • Periodically review and update the Staff Handbook and "Code of Conduct" to emphasize zero tolerance for unethical behavior

Financial Risk

In keeping with the principle of prudent financial management, we have processes in place to identify and manage financial risks associated with our operations. Key financial risks include interest rate and foreign exchange rate risks, funding and liquidity risks, credit/counterparty risks, and property valuation risks.

Risk Description	Risk Trend	Key Controls and Risk Mitigations
Prolonged economic downturn and unfavorable market conditions could impact property valuations and affect the Company's borrowing capabilities		• Understand the basis of the asset valuation models of our properties and review capitalization rates with our independent valuer • Periodically review our exposure to potential decreases in property valuation and carry out stress tests • Review financial risk exposure in accordance with the covenants of our borrowings • Perform gearing ratio projections based on reasonable assumptions, taking future financial commitments into account
Portions of the Company's borrowings are floating-rate bank loans, which could expose us to rising interest rates		• Continually track and monitor interest rates • Utilize a spectrum of financing instruments, such as the issuance of fixed rate bonds and loans, and the use of derivatives such as interest rate swaps for achieving an appropriate mix of fixed/floating debts • Perform a stress test on borrowing capacity, and maintain a relatively conservative gearing ratio
Our business in mainland China has, by nature, currency risk derived from capital investment, as well as risks from revenue/debt currency mismatch		• Continually track and monitor the RMB exchange rate • Maintain an appropriate level of RMB resources for the Company's capital requirements in mainland China • Monitor currency risks and perform periodic sensitivity analyses • Modify our currency hedging strategy as necessary
Market liquidity may change from time to time and inhibit our ability to acquire adequate and cost-effective funding		• Centralize the management of cash and financing at the corporate level by the Treasury Team • Maintain closer relationships with banks and intermediaries; Effective management of concentration of bank loans • Manage the maturity profile of deposits and loans to minimize refinancing risk • Establish and maintain diversified channels of debt financing
Credit/counterparty risk exposure primarily from rents receivable and deposits placed with banks		• Undertake comprehensive credit assessments of prospective tenants • Require rental deposits and rent in advance, and closely monitor outstanding rents to mitigate our rents receivable risk • Assign bank exposure limits to mitigate concentration risk on our deposits • Only make deposits with banks that have sound financial strength and/or good credit ratings

In addition to the principal risk categories outlined above, the Company has identified and monitored specific emerging risks, such as the rising concerns over the geopolitical and macroeconomics risks. We have evaluated the potential impacts of these emerging risks to our business operations and have taken appropriate mitigation actions during the year. Periodic assessment would be carried out in case any of these emerging risks may become more significant in the future.

3. Code of Conduct

The Company adopted a corporate “Code of Conduct” in 1994 and has maintained it with regular reviews and updates from time to time, as necessary. The latest update was made in January 2025. The “Code of Conduct” is accessible on our intranet and website to enable easy accessibility by our employees and the public.

The “Code of Conduct” sets out the Group’s policy regarding legal requirements, conflicts of interest, the handling of confidential information and company property, the use of information and communication systems, personal social media activities, whistleblowing policy, anti-corruption, relations with suppliers and contractors, responsibilities to shareholders and the financial community, relations with customers and consumers, employment practices, and responsibilities to the community. In essence, it details the Group’s principles in running its business and acts as a benchmark for all staff to follow.

In order to monitor and enforce compliance with the “Code of Conduct”, functional managers are responsible for ensuring their subordinates fully understand and adhere to the standards and requirements stipulated. Violations result in disciplinary action which may include termination of employment or reporting of the offense to the appropriate authorities, if necessary. Executive Directors answer directly to the Board on the impartial and efficient handling of complaints received from shareholders and potential shareholders, customers and consumers, suppliers and contractors, and our employees. As part of our commitment to good governance, all executive staff are required to declare their compliance with the “Code of Conduct regarding Transactions in the Company’s Shares”, on a half-yearly basis.

A well-defined whistleblowing mechanism has been put in place, to support the whistleblowing policy, for our employees and other third parties who have business dealings with the Group, such as contractors and tenants. It is designed to encourage the confidential reporting of concerns regarding misconduct, fraudulent activities, or malpractices in any matter related to the Group. An email account (whistleblowing@hanglung.com) has been set up for this purpose. The Head of Corporate Audit has the responsibility for monitoring and overseeing the mechanism, and all reported cases are investigated by the Internal Audit Department in complete confidence. Our Internal Audit Department reports cases to the Audit Committee on a half-yearly basis.

Employees at all levels of the organization are made aware of the Company’s emphasis on integrity and zero-tolerance of unethical behavior through the “Code of Conduct” as well as policies and procedures issued from time to time. Integrity is one of our Company values. We maintain the highest standards of integrity by operating according to the principles of fairness, mutual respect and adherence to business ethics. We provide annual integrity training for all employees. In 2024, a total of 3,610 learning hours on Integrity were delivered to our employees. .

In addition, to ensure that all operations are managed in accordance with our high standards of professional practice and corporate governance, all employees are reminded of the policy governing conflict of interest situations every six months. All executive staff are also required to declare every six months their interest (if any), directly or indirectly, with the Company, its subsidiaries, or associated companies.

4. Inside Information

The Company has adopted a "Policy on Disclosure of Inside Information" since 2013 setting out the procedures and controls for handling and dissemination of inside information in compliance with the SFO and the Listing Rules, including:

- disclosure of inside information as soon as reasonably practicable under the applicable laws and regulations;
- publication of interim and annual results within one month from the end of accounting periods to minimize the risk of leakage;
- conduct of its affairs with close adherence to the "Guidelines on Disclosure of Inside Information" issued by Securities and Futures Commission;
- authorizing designated person(s) as spokespersons for communications with stakeholders;
- imposing a strict prohibition on the unauthorized disclosure and use of inside information in its "Code of Conduct"; and
- sending reminders to the Directors and staff of the importance of policy compliance every six months.

5. Independence of External Auditor

KPMG conducts audits on the annual consolidated financial statements of the Company and confirms every year its independence and objectivity. To ensure the independence of KPMG,

- the Audit Committee regularly reviews and monitors the independence of KPMG;
- the Audit Committee reviews the audit scope as well as the scope and fees for non-audit services;
- the policy on engaging the External Auditor for non-audit services is in place and regularly reviewed by the Audit Committee. KPMG will confirm its independence before accepting the engagement of non-audit services; and
- the Audit Committee considers and proposes to the Board every year for the re-appointment of KPMG as the auditor.

KPMG confirms its independence with regard to The Code of Ethics for Professional Accountants issued by Hong Kong Institute of Certified Public Accountants regarding auditor independence.

Total remuneration in respect of services provided by KPMG is as follows:

	Year ended December 31, 2024 HK$ (in million)	Year ended December 31, 2023 HK$ (in million)
Statutory audit services	**9**	9
Non-audit services	**2**	3

(V) Communication with Stakeholders

1. Shareholders

The Board has a shareholders communication policy setting out strategies to promote effective communication between the Company and its shareholders, with the aim of ensuring that sufficient information is provided to enable active engagement with the Company and the proper exercise of shareholder rights in an informed manner. This policy is regularly reviewed to ensure its effectiveness. During the year, the shareholders communication policy has been properly implemented and was considered effective by the Board.

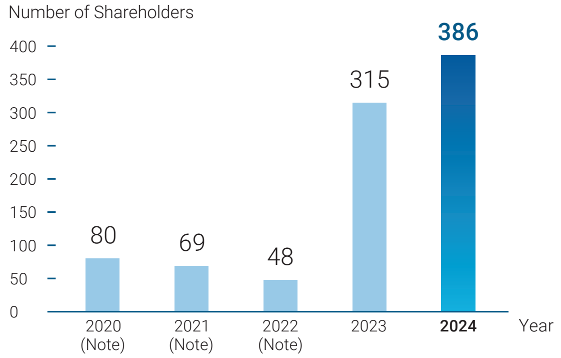
Letters to Shareholders and AGMs

Our commitment to transparency and clarity of communication with our shareholders is perhaps most keenly evidenced in the Letters to Shareholders from the Chair. These communications, personally penned by the Chair and accompanying each annual and interim report, have consistently provided in-depth discussion and analyses of the Group's business, the markets in which we operate, and the regional and global socio-economic developments impacting our markets.

In addition to the Chair's Letter to Shareholders, the Chair uses the AGM as an opportunity to have an open dialogue with shareholders. Our AGM also provides an excellent platform for open communication between shareholders and the Board. The chairs of the Board and of the Board committees are routinely present to answer queries raised by shareholders. The External Auditor also attends and reports to shareholders at the AGM every year.

Notice of the AGM and related papers are sent to shareholders at least 21 days before the meeting. Each separate issue is proposed by a separate resolution from the Chair. The meeting enjoys strong participation from shareholders.

Shareholder participation in AGMs (including shareholders joined through the online webcast system) is illustrated as follows:



Note

At the recommendation of the Company, the number of shareholders physically present at the 2020 to 2022 AGMs were substantially reduced due to the pandemic. As an alternative to attending the AGMs in person, shareholders are welcomed to join the AGMs through the live online webcast system since 2021 AGM.

2024 AGM

Our last AGM was held on April 26, 2024 at Grand Ballroom, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong. The meeting was attended by 386 shareholders present in person or by proxy or through live online webcast. At the meeting, the Chair had demanded a poll on each of the resolutions submitted for voting, and the shareholders were provided with detailed procedures for conducting the poll.

The resolutions tabled at the 2024 AGM included:

- the adoption of the financial statements;
- the declaration of a final dividend;
- the re-election of Directors;
- the re-appointment of the auditor; and
- the renewal of general mandates.

All these resolutions were voted on by poll, and the results of poll voting were posted on our website and the website of HKEX in the evening of the same day.

There were no changes in the Articles of Association in 2024. The Articles of Association is available on our website and the website of HKEX.

The important dates for shareholders for the coming financial year, which include the Board meetings for considering the payments of interim and final dividends for the year ending December 31, 2025, and the AGM, are expected to be held in late July 2025, late January 2026, and in April 2026 respectively. Such information is also available on our website under "Financial Calendar" of the "Investor" section.

Procedure for Shareholders to Convene General Meetings

Shareholder(s) representing at least 5% of the total voting rights of all the shareholders of the Company may make a request to convene a general meeting pursuant to the Companies Ordinance. The request must state the business to be dealt with at the meeting and be signed by the relevant shareholder(s) and deposited at the registered office for the attention of the Company Secretary. The same request, authenticated by the person or persons making it, may also be sent to the Company in electronic form to ir@hanglung.com.

Procedure for Shareholders to Put Forward Proposals in General Meetings

Furthermore, the Companies Ordinance provides that shareholder(s) representing at least 2.5% of the total voting rights of all the shareholders of the Company, or at least 50 shareholders entitled to vote, can put forward proposals for consideration at a general meeting of the Company by sending a request in writing to the registered office for the attention of the Company Secretary. The same request, authenticated by the person or persons making it, may also be sent to the Company in electronic form to ir@hanglung.com.

Procedure for Shareholders to Propose a Person for Election as a Director

According to the Articles of Association, if any shareholder(s), representing not less than 10% of the total voting rights of all the shareholders of the Company, wish(es) to propose a person (other than a retiring Director) for election as a Director (the Candidate) at a general meeting of the Company, the following documents must be lodged at the registered office:

(i) a written notice of such a proposal duly signed by the shareholder(s) concerned; and

(ii) a written consent duly signed by the Candidate indicating his/her willingness to be elected.

The period for lodgment of the above documents (being a period of at least seven days) shall commence no earlier than the day after the despatch of the notice of the meeting appointed for such an election, and end no later than seven days prior to the date of said meeting.

Enquiries from Shareholders

Specific enquiries and suggestions by shareholders can be sent in writing to the Board or the Company Secretary at the registered address or by email to the Company at ir@hanglung.com. In addition, shareholders can contact Computershare Hong Kong Investor Services Limited, the share registrar of the Company, if they have any enquiries about their shareholdings or entitlement to dividend. Relevant contact details are set out under the Listing Information section of this annual report.

2. Investors

Details of shareholders by domicile as of December 31, 2024 were as follows:

	Shareholders		Shareholdings	
Domicile	**Number**	**%**	**Number of Shares**	**%**
Hong Kong	2,529	94.08	4,776,225,267	99.84
Mainland China	48	1.79	3,222,443	0.07
Macau	8	0.30	387,433	0.01
Taiwan	2	0.07	593	0.00
Australia and New Zealand	8	0.30	13,885	0.00
Canada and United States of America	37	1.38	1,786,584	0.04
South East Asia	46	1.71	2,020,750	0.04
United Kingdom	8	0.30	23,400	0.00
Others	2	0.07	1,175	0.00
TOTAL	**2,688**	**100.00**	**4,783,681,530**	**100.00**

Details of shareholders by holding range as of December 31, 2024 were as follows:

	Shareholders*		Shareholdings*	
Holding Range	**Number**	**%**	**Number of Shares**	**%**
1 – 1,000 shares	1,310	48.74	559,291	0.01
1,001 – 5,000 shares	665	24.74	1,864,186	0.04
5,001 – 10,000 shares	249	9.26	2,056,111	0.04
10,001 – 100,000 shares	386	14.36	13,511,073	0.28
Over 100,000 shares	78	2.90	4,765,690,869	99.63
TOTAL	**2,688**	**100.00**	**4,783,681,530**	**100.00**

* incorporating, in their respective shareholdings range, 348 participants of Central Clearing and Settlement System holding a total of 2,972,032,542 shares registered in the name of HKSCC Nominees Limited

Based on information that is publicly available to the Company and within the knowledge of the Directors as of the date of this annual report, the Company has maintained a public float of 35.39%, exceeding the prescribed percentage under the Listing Rules.

Investor Engagement

We value transparent, ongoing communication with our stakeholder community, including equity investors, fixed-income investors and analysts, by providing frequent business updates. These updates are delivered through analyst briefings, press conferences, press releases, emails, annual and interim reports as well as individual engagements, and participation in investor conferences and non-deal roadshows across Hong Kong, mainland China and overseas. All enquiries received from shareholders, investors, the media or the public are responded to by Executive Directors, the Company Secretary, or appropriate key executives.

Our corporate website has been regularly updated to provide comprehensive access to our properties for sale or lease, corporate governance, corporate newsletters, sustainability publications, and noteworthy milestones. In addition, we offer a dedicated Investor section that features financial reports, share performance data, webcasts and presentations. Following each results announcement, we host post-results meetings that offer analysts further insights into corporate developments and industry trends, with online calls provided for overseas stakeholders.

During the year under review, we participated in physical conferences and summits while continuing to hold virtual sessions as needed, especially for international investors. Additionally, we organized property tours in Hong Kong and in the mainland China to deepen investors' knowledge of our portfolio and bolster confidence in our project quality and strategic direction. In October 2024, we hosted a dynamic two-day reverse roadshow in Shanghai and Dalian, engaging institutional investors, sell-side analysts and corporate bankers.

We also addressed the growing interest in our ESG performance by integrating more sustainable practices into our business strategy. A dedicated ESG non-deal roadshow was organized in June 2024 for our equity and fixed income investors. Our environmental and social initiatives are aligned with our long-term roadmap, and details on our sustainability efforts are readily available on our website.

Looking ahead, we would continue to enhance the clarity of our stakeholder engagement, helping to build stronger relationships and ensure a deeper understanding of our business objectives.

Moving Forward

Strong corporate governance is integral to sustainable business. Although our long track record of good corporate governance speaks for itself, we recognize that the environment is constantly changing, and that we must continue to adapt and improve. For example, sustainability has been highlighted repeatedly by stakeholders as a key concern. Yet, despite already having a strong reputation for sustainability, the Board has additionally educated and informed itself on the topic over the past 12 months, and continues to do so.

The Board and management are committed to ongoing excellence in corporate governance. As expectations and norms evolve, shareholders should be confident that we will adapt to maintain our leadership position.

By Order of the Board
Winnie Ma
Company Secretary
Hong Kong, January 24, 2025

PROFILE OF THE DIRECTORS

Mr. Adriel Wenbwo Chan
Chair

Aged 42, Mr. Chan joined the Group in 2010. In November 2016, he was appointed as an Executive Director to the boards of the Company and its listed holding company, HLG. From September 2020 to April 2024, he held the position of Vice Chair of the Company and HLG and was appointed as the Chair of the Company and HLG from April 26, 2024, and oversees all aspects of the Group and chairs the Sustainability Steering Committee of the Group.

Mr. Chan is a Vice-President and an Executive Committee member of The Real Estate Developers Association of Hong Kong and the Chairman of the Committee of Overseers of Morningside College at The Chinese University of Hong Kong. He sits on The Hong Kong University of Science and Technology (the "HKUST") Business School Advisory Council and is a Council Member of the Academy of Chinese Studies. Mr. Chan was a Court Member of The University of Hong Kong.

Prior to joining the Group, Mr. Chan worked in finance, audit, and risk management. He holds an Executive Master of Business Administration degree jointly awarded by the Kellogg School of Management at Northwestern University and the HKUST, and a Bachelor of Arts degree in international relations from the University of Southern California. Mr. Chan is a son of Mr. Ronnie Chan, the Honorary Chair of the Group.

Mr. Weber Wai Pak Lo
Chief Executive Officer

Aged 54, Mr. Lo joined the Company and its listed holding company, HLG, as the Chief Executive Officer Designate in May 2018, and became the Chief Executive Officer in July 2018. He has more than 30 years of experience in business management across the banking and fast-moving consumer goods sectors in Hong Kong and mainland China. Mr. Lo is a Member of the Advisory Committee of The Jockey Club CPS Limited (Tai Kwun) and a Voting Member of The Hong Kong Jockey Club. He was a Director of The Real Estate Developers Association of Hong Kong and a Member of the Board of Inland Revenue of the Government of the HKSAR. Mr. Lo graduated from The University of Hong Kong in 1993 with a Bachelor of Social Sciences degree.

Mr. Nelson Wai Leung Yuen

Independent Non-Executive Director

Aged 74, Mr. Yuen joined Hang Lung in 1978, became an Executive Director of the Company in 1986, and was appointed as the Managing Director of the Company and its holding company, HLG, in 1992 until he retired in July 2010. He became a Non-Executive Director of the Company in March 2011 and was re-designated as an Independent Non-Executive Director in November 2014. Mr. Yuen is a graduate of The University of Manchester, the U.K. and a Fellow of The Institute of Chartered Accountants in England and Wales.

Mr. Philip Nan Lok Chen

Independent Non-Executive Director

Aged 69, Mr. Chen joined the Company and its listed holding company, HLG, as the Chief Executive Officer in 2010 until he retired in July 2018. Upon his retirement, he was re-designated as a Non-Executive Director of the Company, and was appointed as an Adviser to Chair until July 2019. Mr. Chen was subsequently re-designated as an Independent Non-Executive Director of the Company in January 2023. He has more than 40 years' management experience, mostly in the aviation industry, acquiring a wealth of experience in Hong Kong, mainland China and beyond. Mr. Chen is a Member of the Board of Airport Authority Hong Kong, a Member of the Judicial Officers Recommendation Commission and the former Chairman of The Hong Kong Jockey Club. He graduated from The University of Hong Kong in 1977 with a Bachelor of Arts degree and holds a Master's degree in Business Administration from the same university.

Dr. Andrew Ka Ching Chan BBS, JP

Independent Non-Executive Director

Aged 75, Dr. Chan joined the Board as a Non-Executive Director in October 2014 and was re-designated as an Independent Non-Executive Director in December 2015. He is a Senior Consultant of the global Arup Group, one of the world's foremost multi-disciplinary engineering consultants. Dr. Chan was the Chairman and a Member of the Trustee Board of Arup Group until April 2022 and was the Deputy Chairman of Arup Group prior to his retirement in October 2014. He is an expert in civil and geotechnical engineering with over 40 years of experience in the engineering profession, and is distinguished for his leadership in the creation, design and delivery of many innovative and award-winning building projects as well as major infrastructure schemes in many cities in Asia. Dr. Chan is the past President and Gold Medallist of The Hong Kong Institution of Engineers, the Founding Chairman of the Hong Kong Green Building Council, Honorary Fellow of The Hong Kong University of Science and Technology, Fellow and the past President of the Hong Kong Academy of Engineering Sciences, and Fellow of the Royal Academy of Engineering, the U.K.'s national academy. He obtained his PhD degree from the University of Cambridge in Soil Mechanics. Dr. Chan was appointed Justice of the Peace in 2006 and awarded the Bronze Bauhinia Star in 2012.

Ms. Anita Yuen Mei Fung BBS, JP

Independent Non-Executive Director

Aged 64, Ms. Fung joined the Board as an Independent Non-Executive Director in May 2015. She is the former Group General Manager of HSBC Holdings plc and the former Chief Executive Officer Hong Kong of The Hongkong and Shanghai Banking Corporation Limited. Ms. Fung held a number of positions with key financial bodies in Hong Kong and has been actively promoting the development of the financial markets of Hong Kong as well as other regions. She is a former Member of the Financial Infrastructure Sub-Committee of the Exchange Fund Advisory Committee of Hong Kong Monetary Authority.

Ms. Fung also previously served on a number of public bodies and advisory bodies including being an Independent Non-Executive Member of the Board of the Airport Authority Hong Kong, a Non-Official Member of the Hong Kong Housing Authority, a Member of the Board of West Kowloon Cultural District Authority, a Member of the Judicial Officers Recommendation Commission, a Member of the Board of M Plus Museum Limited and a Trustee of Asia Society Hong Kong Center, and she is currently a Member of the Hospital Authority. She is also a Court Member of The Hong Kong University of Science and Technology and its former Council Member.

Ms. Fung is an Independent Non-Executive Director of BOC Hong Kong (Holdings) Limited, a former Director of The Hong Kong Mortgage Corporation Limited, a former Independent Non-Executive Director of Hong Kong Exchanges and Clearing Limited, China Construction Bank Corporation and Westpac Banking Corporation, and a former Non-Executive Director of Bank of Communications Co., Ltd. and Hang Seng Bank, Limited. She was elected as Steward of The Hong Kong Jockey Club in 2022.

She obtained her Bachelor's degree in Social Science from The University of Hong Kong and Master's degree in Applied Finance from Macquarie University, Australia. Ms. Fung was awarded the Bronze Bauhinia Star in 2013 and appointed Justice of the Peace in 2015.

Ms. Holly Tianfang Li

(also known as Ms. Guanyi Li and Ms. Holly Li)

Independent Non-Executive Director

Aged 55, Ms. Li joined the Board as an Independent Non-Executive Director in March 2024. Ms. Li has over 20 years of management experience across fast-moving consumer goods, sportswear, and fashion industry in mainland China. She was the Chief Executive Officer of Xtep brand, a brand of Xtep International Holdings Limited, from 2014 to 2022, and was the Chief Executive Officer of the International Business Group (KSGB) from 2021 to 2023, overseeing global brands including K-Swiss and Palladium. She was the Chief Executive Officer, mainland China operations, of Esprit Holdings Limited from 2012 to 2014. Prior to that, she held various positions in adidas AG from 2000 to 2012 with her last position being the Vice President, Greater China, and General Manager, North China.

She holds a Master of Business Administration degree awarded by Macquarie University and a Bachelor degree in Apparel Design and Engineering from Tiangong University.

Mr. Kenneth Ka Kui Chiu

Chief Financial Officer

Aged 49, Mr. Chiu joined the boards of the Company and its listed holding company, HLG, as an Executive Director and the Chief Financial Officer Designate in October 2021, and became the Chief Financial Officer in March 2022. He has over 25 years of experience in investment management, corporate finance, and accounting in the Asia Pacific region. Mr. Chiu previously served as the Chief Financial Officer of Gaw Capital Partners, where he headed the finance function from 2013 to 2021. Prior to joining Gaw Capital Partners, Mr. Chiu worked at Temasek Holdings as a Director in its Investment Group. He served Temasek Holdings from 2007 to 2013 and oversaw its real estate related investments in the Greater China region. Mr. Chiu also worked at Deutsche Bank AG in mergers & acquisitions advisory, and at PricewaterhouseCoopers and Arthur Andersen in audit and assurance. He is a qualified Certified Public Accountant in Hong Kong, and a Chartered Accountant in England and Wales. Mr. Chiu holds a Bachelor of Business Administration in Accounting from The Hong Kong University of Science and Technology and a Master of Science in Finance from the London Business School.

PROFILE OF KEY EXECUTIVES

Mr. Herman Chung Wai Chui

Senior Director – Office, Hotel & Residence

Mr. Chui joined the Group in 2022 and was appointed as Senior Director – Office, Hotel & Residence in 2025. He possesses 25 years of experience in portfolio management, land acquisition and property development. He holds a Bachelor of Science degree in Valuation and Estate Management from University of the West of England, the U.K. He is also a Professional member of the Hong Kong Institute of Surveyors and the Royal Institution of Chartered Surveyors.

Mr. Mikael Jaeraas

Senior Director – Retail

Mr. Jaeraas joined the Group in 2016. He possesses 20 years of experience in international retail business and supply chain development. He holds a Master of Social Science degree in Business Administration from Lund University, Sweden.

Mr. Derek Siu Fai Pang

Senior Director – Mainland Business Operation

Mr. Pang joined the Group in 2012. He possesses over 25 years of experience in property leasing and management. He holds a Bachelor of Science degree from The University of Hong Kong. He is a member of The Hong Kong Institute of Surveyors and The Royal Institution of Chartered Surveyors.

Mr. Symon Bridle

Consultant – Hotel

Mr. Bridle joined the Group in 2019. Upon his retirement in 2023, he was appointed as Consultant – Hotel and continues to manage the Hotel business of the Company. He possesses over 40 years of experience in the luxury hotel segment. He holds a Higher National Diploma in Hotel Management from Westminster Hotel College, the U.K.

Ms. Veronica Wing Ka Chan

Director – Mainland Business Operation

Ms. Chan joined the Group in 2024. She possesses over 25 years of experience in retail and portfolio management. She holds a Master of Business Administration degree from The Hong Kong University of Science and Technology, a Master of Science degree in Business Information Technology from Middlesex University, the U.K., a Master of Science degree in Urban Planning from The University of Hong Kong and a Bachelor of Arts degree in Geography from Hong Kong Baptist University.

Mr. Gabriel Kai Wah Cheung

Director – Cost & Controls

Mr. Cheung joined the Group in 2013. He possesses over 35 years of experience in cost & controls management in Hong Kong and on the Mainland. He holds a Master of Construction Management degree from The University of New South Wales, Australia. Mr. Cheung is a Registered Professional Surveyor (Quantity Surveying) of Hong Kong, a Fellow of the Hong Kong Institute of Construction Managers, a Fellow of the Royal Institution of Chartered Surveyors, a Fellow of the Hong Kong Institute of Surveyors and a Member of the Chartered Institute of Arbitrator. He is also an Honorary Fellow of Shenzhen Cost Engineer Association and holds the qualification for Registered Cost Engineer in mainland China.

Ms. Janice Lam Na Cheung

Director – Mainland Business Operation

Ms. Cheung joined the Group in 2013. She possesses over 20 years of experience in property leasing, marketing and management. She holds a Bachelor of Business Administration degree in Hotel and Tourism Management from The Chinese University of Hong Kong.

Mr. Jeffrey Ho Lai

Director and Group Financial Controller

Mr. Lai joined the Group in 2024. He possesses over 30 years of experience in accounting and finance. He holds an Executive Master of Business Administration degree from China Europe International Business School, a Master of Business Administration degree in Accounting from Golden Gate University, the U.S. and a Bachelor of Business Administration degree from The Chinese University of Hong Kong. He is also a Certified Public Accountant of the U.S.

Mr. Moses Woon Tim Leung

Director – Development & Projects

Mr. Leung joined the Group in 2007. He possesses over 30 years of experience in project design in Hong Kong and on the Mainland. Mr. Leung holds a Bachelor of Arts degree in Architectural Studies and a Bachelor of Architecture degree from The University of Hong Kong. He is also a Registered Architect in Hong Kong, a Member of The Hong Kong Institute of Architects and an Authorized Person under the Buildings Ordinance.

Ms. Winnie Yuen Wah Ma

Director – General Counsel & Company Secretary

Ms. Ma joined the Group in 2021. She possesses over 25 years of legal, compliance and company secretarial experience. Winnie holds a Postgraduate Certificate in Laws and a Bachelor of Laws degree from The University of Hong Kong. She is qualified to practise laws in Hong Kong and the U.K. Winnie is also a member of The Law Society of Hong Kong.

Mr. Anthony Wai Keung Pau

Director – Property Management Services

Mr. Pau joined the Group in 2014. He possesses over 35 years of experience in project and property management. He holds a Master of Environmental Engineering Management degree and a Master of Engineering Management degree from University of Technology Sydney, Australia. He is a Chartered Engineer in the U.K., a Registered Professional Engineer (Building Services, Fire) in Hong Kong as well as a Master of Science degree in Inter-disciplinary Design and Management from The University of Hong Kong. He is also a Fellow Member of the Hong Kong Institution of Engineers, a Senior Member of The Chinese Mechanical Engineering Society, a Professional Member of The Royal Institution of Chartered Surveyors, a Full Individual Member of China Green Building (Hong Kong) Council, a Registered Energy Assessor of EMSD, a Registered RCx Professional of Hong Kong Green Building Council Limited and Property Management Practitioner Licence (Tier 1) holder issued by The Property Management Services Authority.

Ms. Janet Shun Ngar Poon

Director – Human Resources & Administration

Ms. Poon joined the Group in 2012. She possesses over 25 years of experience in human resources management in real estate industry. She holds a Master of Science degree in Training and Human Resources Management from The University of Leicester, the U.K. and a Bachelor of Business Administration degree from The Chinese University of Hong Kong.

Mr. Edward Wen Chi

Deputy Director – Retail

Mr. Chi joined the Group in 2019 and was appointed as Deputy Director – Retail in 2025. He possesses over 19 years of experience in retail real estate leasing and retail strategy. He holds a Bachelor of Arts degree in International Studies from The University of California, Irvine, the U.S.

Mr. Sammy Kam Hung Chow

Deputy Director (Head of Corporate Audit)

Mr. Chow joined the audit function of the Group in 2012. He possesses over 25 years of experience in auditing and risk management. He holds a Bachelor of Commerce degree in Accounting and Information Systems from The University of New South Wales, Australia. He is also a Fellow of Hong Kong Institute of Certified Public Accountants and a Certified Practising Accountant of CPA Australia.

Mr. John Haffner

Deputy Director – Sustainability

Mr. Haffner joined the Group in 2019. He possesses over 20 years of international experience in sustainability. He holds two law degrees from McGill University, Canada.

Mr. Raymond Yuk Ming Ip

Deputy Director – Mainland Business Operation

Mr. Ip joined the Group in 2017. He possesses over 35 years of experience in property leasing and management. He holds a Master of Business degree from The University of Newcastle, Australia and a Bachelor of Commerce degree in Management & Marketing from Curtin University of Technology, Australia. He is also a Chartered Member of the Chartered Institute of Housing and a Professional Member of The Royal Institution of Chartered Surveyors.

Ms. Helen Lau

Deputy Director (Head of Hong Kong Business Operation)

Ms. Lau joined the Group in 2015. She possesses over 25 years of experience in leasing and portfolio management and holds a Bachelor of Science degree in Surveying from The University of Hong Kong. She is also a Professional Member of The Royal Institution of Chartered Surveyors.

Mr. Louis Lung Tim Tong

Deputy Director – Project Management

Mr. Tong joined the Group in 2014. He possesses over 30 years of experience in project management for both Hong Kong and Mainland projects. He holds a Bachelor of Science degree in Building from The City University of Hong Kong and an Executive MBA degree from the Shanghai Fudan University. He is also a Member of Chartered Institute of Building and a Member of Association of Cost Engineers.

Ms. Canny Wun Yee Tse

Deputy Director – Group Treasury and Financial Planning & Analysis

Ms. Tse joined the Group in 2012. She possesses over 20 years of experience in treasury, financial planning & analysis and accounting. She holds a Master of Science degree in Management Science & Operational Research and a Bachelor of Science degree in Accounting & Finance, both from The University of Warwick, the U.K. She is also a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and the Washington State Board of Accountancy.

Mr. Tony Yiu Ming Wong

Deputy Director – Technology & Digital

Mr. Wong joined the Group in 2021. He possesses over 25 years of experience in IT management. He holds a Master of Science degree in Strategic Business Information Technology from The University of Portsmouth, the U.K. and a Bachelor of Economics degree from The University of Hong Kong. He is also a Certified Information Systems Security Professional (CISSP).

REPORT OF THE DIRECTORS

The Directors are pleased to present their report, together with the audited consolidated Financial Statements for the year ended December 31, 2024.

Principal Activities

The principal activities of the Company are investment holding, and through its subsidiaries, property investment for rental income, property development for sales and leasing, car park management and property management.

An analysis of the revenue and trading results of the Group by operating segments during the financial year is set out in Note 2 to the Financial Statements.

Principal Subsidiaries and Joint Ventures

A list of principal subsidiaries and joint ventures, their places of incorporation and operations and particulars of their issued share capital/registered capital is set out in Notes 34 and 35 to the Financial Statements.

Financial Results

The results of the Group for the year ended December 31, 2024 are set out in the consolidated Financial Statements on pages 145 to 205.

Dividends

The Board recommends a final dividend of HK40 cents per share which, together with the interim dividend of HK12 cents per share paid on September 25, 2024, makes a total of HK52 cents per share in respect of the year ended December 31, 2024. The proposed final dividend, if approved by the shareholders at the AGM on April 30, 2025, is expected to be paid on or about June 16, 2025 to shareholders whose names appear on the register of members on May 9, 2025. In recommending a dividend, the Company takes into account the return to shareholders and its funding requirements for future business growth.

The Board proposes that eligible shareholders be given the option to elect to receive the final dividend in cash, or in the form of new shares in lieu of cash in respect of part or all of such dividend (the "Scrip Dividend Arrangement"). The Scrip Dividend Arrangement is conditional upon: (1) the granting of a general mandate by the shareholders of the Company to the Board to allot, issue and deal with such additional shares of the Company representing 20% of the number of shares in issue on the date of passing such resolution at the forthcoming AGM; (2) the approval of the proposed final dividend at the forthcoming AGM; and (3) the Stock Exchange granting the listing of and permission to deal in the new shares to be issued pursuant to the Scrip Dividend Arrangement.

A circular containing details of the Scrip Dividend Arrangement and the form of election for scrip dividend is expected to be despatched to the shareholders on or about May 19, 2025. It is expected that the final dividend warrants and (to the extent that the eligible shareholders elect to receive part or all of their final dividend in the form of new shares) the share certificates to be issued under the Scrip Dividend Arrangement will be despatched to the shareholders on or about June 16, 2025.

Business Review

A fair review of the Group's business and a discussion and analysis of the Group's performance during the year, along with the material factors underlying its results and financial position are included in the Review of Operations and Financial Review sections on pages 22 to 63 and pages 66 to 77 respectively. A description of the principal risks and uncertainties facing the Company can be found throughout this annual report, particularly in the Corporate Governance Report on pages 89 to 121. The particulars of important events affecting the Company which have occurred since the end of the financial year 2024, if any, can also be found in the abovementioned sections and the Notes to the Financial Statements. The outlook of the Group's business is discussed in the Review of Operations section on pages 22 to 63.

An analysis of the Group's performance using financial key performance indicators is provided in the Financial Highlights and Financial Review sections on pages 4 to 5 and pages 66 to 77 respectively. A brief discussion of the Company's sustainability performance, including but not limited to environmental issues across its operations, is provided in the Sustainability section on pages 80 to 88. For details of the Company's sustainability policies, an account of the Company's relationships with its key stakeholders, and further details of its sustainability performance, please refer to our parallel publication Sustainability Report 2024, which is available on our website under "Sustainability Report" in the "ESG Management" subsection of the "Sustainability" section.

The Group has set up systems and policies to ensure compliance with the relevant laws and regulations which have a significant impact on the Group in conducting its business. The Audit Committee of the Company is delegated by the Board to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements. Any new enactment of, or changes in, the relevant laws and regulations are communicated through regular legal updates to ensure compliance. The legal updates are circulated to all executive staff to ensure that they are aware of the changes and can disseminate relevant information to their teams. Reminders to relevant staff on compliance are also sent out regularly. Training is provided, as needs arise, to build awareness.

Ten-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last 10 financial years is set out on pages 206 and 207.

Major Suppliers and Customers

During the year, both the percentage of purchases attributable to the Group's five largest suppliers combined and the percentage of revenue from sales of goods or rendering of services attributable to the Group's five largest customers combined were less than 30% of the total purchases and total revenue of the Group respectively.

Distributable Reserves

The Company's reserves available for distribution to shareholders as at December 31, 2024 amounted to HK$24,469 million (2023: HK$24,070 million).

Donations

Donations made by the Group during the year amounted to HK$5 million (2023: HK$12 million).

Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Group as at December 31, 2024 are set out in Note 17 to the Financial Statements.

Borrowing Costs Capitalization

Borrowing costs capitalized by the Group during the year amounted to HK$1,183 million (2023: HK$1,267 million).

Major Group Properties

Details of major properties of the Group as at December 31, 2024 are set out on pages 60 to 63.

Share Capital

During the year, 284,420,860 shares were issued by the Company in respect of the scrip dividend arrangement among which (i) 71,183,942 scrip shares were issued on September 25, 2024 in respect of the interim dividend for the six months ended June 30, 2024, and (ii) 213,236,918 scrip shares were issued on June 14, 2024 in respect of the final dividend for the year ended December 31, 2023 (2023: Nil). The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

Details of the movement in the share capital of the Company during the year are set out in Note 20 to the Financial Statements.

Equity-Linked Agreements

Other than the Share Option Schemes of the Company as disclosed, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

Particulars of the Share Option Schemes are set out in Note 25 to the Financial Statements and the paragraphs below.

Directors

The Directors during the year and up to the date of this report are:

Mr. Ronnie C. Chan*
Mr. Adriel Chan
Mr. Weber W.P. Lo
Mr. Nelson W.L. Yuen
Mr. Dominic C.F. Ho#
Mr. Philip N.L. Chen
Dr. Andrew K.C. Chan
Ms. Anita Y.M. Fung
Ms. Holly T.F. Li
Mr. Kenneth K.K. Chiu

* Retired and appointed as the Honorary Chair on April 26, 2024
# Retired on April 26, 2024

The biographical details of the Directors are set out on pages 122 to 125. Details of their remuneration are set out in Note 6 to the Financial Statements.

Mr. Ronnie C. Chan retired as the Chair and an Executive Director of the Company and HLG on April 26, 2024, and in recognition of Mr. Chan's many contributions, the boards of the Company and HLG bestowed upon him the title of "Honorary Chair" on the same date.

Mr. Adriel Chan was appointed as the Chair of the Company and HLG on April 26, 2024.

Mr. Dominic C.F. Ho retired as an INED on April 26, 2024.

Ms. Holly T.F. Li was appointed as an INED with effect from March 20, 2024. For details of Ms. Li's biography, please refer to the section headed "Profile of the Directors" in this annual report.

In accordance with article 103 of the Articles of Association, Mr. Philip N.L. Chen, Ms. Anita Y.M. Fung and Mr. Kenneth K.K. Chiu will retire from the Board by rotation at the forthcoming AGM, and, being eligible, will offer themselves for re-election.

The list of directors who have served on the boards of the subsidiaries of the Company during the year and up to the date of this report is available on the Company's website at http://www.hanglung.com under "Constitutional Documents & Directors of Subsidiaries" of the "Corporate Governance" section.

Directors' Service Contracts

None of the Directors proposed for re-election at the forthcoming AGM has a service contract with the Company, its holding company or any of their respective subsidiaries which is not determinable within one year without payment of compensation (other than statutory compensation).

Directors' Interests in Transaction, Arrangement or Contract

Save as disclosed, no transaction, arrangement or contract of significance in relation to the Group's business to which the Company, its holding company or any of their respective subsidiaries was a party, and in which a Director or his/her connected entity was materially interested, whether directly or indirectly, subsisted at any time during or at the end of the year.

Permitted Indemnity

Pursuant to the Articles of Association, 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 which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto subject to the Companies Ordinance. Such permitted indemnity provision for the benefit of the Directors was in force during the year and remained in force as of the date of this report.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at December 31, 2024, the interests or short positions of each Director in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code or which were recorded in the register required to be kept by the Company under section 352 of the SFO were as follows:

		The Company (Long Positions)			HLG (Long Positions)	
Name	**Capacity**	**Number of Shares**	**% of Total Number of Issued Shares**	**Number of Share Options** (Note 3)	**Number of Shares**	**% of Total Number of Issued Shares**
Adriel Chan	Personal & Other	3,073,735,406 (Note 2)	64.25	13,050,000	551,752,580 (Notes 1 & 2)	40.52
Weber W.P. Lo	Personal	1,059,833	0.02	21,750,000	460,000	0.03
Nelson W.L. Yuen	Personal	8,000,000	0.17	–	–	–
Philip N.L. Chen	Personal	–	–	2,500,000	–	–
Andrew K.C. Chan	–	–	–	–	–	–
Anita Y.M. Fung	–	–	–	–	–	–
Holly T.F. Li	–	–	–	–	–	–
Kenneth K.K. Chiu	Personal	–	–	6,200,000	–	–

Notes:

1. Other interests included 28,579,500 shares of HLG held by a trust of which Mr. Adriel Chan was a settlor and a discretionary beneficiary. Accordingly, Mr. Adriel Chan was deemed to be interested in such shares under the SFO.
2. Other interests included 3,073,084,096 shares of the Company and another 522,423,080 shares of HLG held or deemed to be held by another trust of which Mr. Adriel Chan was a discretionary beneficiary. Accordingly, Mr. Adriel Chan was deemed to be interested in such shares under the SFO. Mr. Adriel Chan was also personally interested in 651,310 shares of the Company and 750,000 shares of HLG.
3. Movements of Directors' share options under the 2012 Share Option Scheme and the 2022 Share Option Scheme are set out under the section below headed under "Share Option Schemes".

Save as disclosed above, none of the Directors had, as at December 31, 2024, any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO).

Other than as stated above, at no time during the year was the Company, its holding company or any of their respective subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share Option Schemes

The purposes of the Share Option Schemes are to enable the Company to grant options to selected participants as incentives or rewards for their contributions to the Group, to attract skilled and experienced personnel, to incentivize them to remain with the Group and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interest in the Company.

Under the Share Option Schemes, the Board is authorized to grant options to selected participants, including employees and directors of any company in the Group, subject to the terms and conditions as the Board may specify on a case-by-case basis or generally. The Share Option Schemes do not provide for any minimum vesting period. The vesting period, the period open for acceptance of the option and amount payable thereon, the exercisable period and the number of shares subject to each option under the Share Option Schemes are determined by the Board at the time of grant. The exercise price of the options is determined by the Board at the time of grant, and shall not be less than the higher of the nominal value of shares, the closing price of shares at the date of grant and the average closing price of shares for the five business days immediately preceding the date of grant.

Pursuant to the resolutions passed by the shareholders of the Company and HLG at their respective annual general meetings held on April 27, 2022, the 2022 Share Option Scheme was adopted and became effective on the same date for a period of 10 years. The 2022 Share Option Scheme will expire on April 26, 2032. Upon the adoption of the 2022 Share Option Scheme, the 2012 Share Option Scheme was terminated upon its expiry.

As at January 1, 2024, no further share option shall be granted under the 2012 Share Option Scheme and the total number of share options available for grant under the 2022 Share Option Scheme was 282,875,550.

During the year, no share option was granted under the 2022 Share Option Scheme. As at December 31, 2024, the total number of share options available for grant under the 2022 Share Option Scheme was 282,875,550.

As at the date of this annual report, the total number of shares available for issue in respect of the share options granted under the 2012 Share Option Scheme and the 2022 Share Option Scheme were 175,168,500 and 47,804,000, respectively, representing approximately 3.7% and 1.0% of the total number of issued shares of the Company. As at the date of this annual report, the total number of shares available for issue in respect of which options may be granted under the 2022 Share Option Scheme is 282,875,550, representing approximately 5.9% of the total number of issued shares of the Company.

The total number of shares issued and to be issued upon exercise of options (including both exercised and outstanding) granted to each participant under the 2012 Share Option Scheme and the 2022 Share Option Scheme in any 12-month period shall not exceed 1% of the shares of the Company in issue.

The number of shares that may be issued in respect of options granted under the Share Option Schemes during the year divided by the weighted average number of ordinary shares in issue for the year is 0.02.

Movements of the share options under the 2012 Share Option Scheme during the year were set out below:

Date of Grant	Category of Participants (Note 1)	Number of Share Options: Outstanding as at Jan 1, 2024	Granted during the Year	Exercised during the Year	Lapsed/ Forfeited during the Year	Outstanding as at Dec 31, 2024	Exercise Price per Share HK$	Closing Price Per Share on the Date of Grant HK$	Vesting Dates (Note 2)	Expiry Date (Note 2)
Dec 5, 2014	*Honorary Chair:*						22.60	22.05	Dec 5, 2016 : 10%	Dec 4, 2024
	Ronnie C. Chan (Note 3)	2,750,000	–	–	(2,750,000)	–			Dec 5, 2017 : 20%	
									Dec 5, 2018 : 30%	
	Directors:								Dec 5, 2019 : 40%	
	Adriel Chan	150,000	–	–	(150,000)	–				
	Philip N.L. Chen	2,500,000	–	–	(2,500,000)	–				
	Employees	13,350,000	–	–	(13,350,000)	–				
		18,750,000	**–**	**–**	**(18,750,000)**	**–**				
Aug 10, 2017	*Honorary Chair:*						19.98	19.86	Aug 10, 2019 : 10%	Aug 9, 2027
	Ronnie C. Chan (Note 3)	1,925,000	–	–	–	1,925,000			Aug 10, 2020 : 20%	
									Aug 10, 2021 : 30%	
	Directors:								Aug 10, 2022 : 40%	
	Adriel Chan	1,850,000	–	–	–	1,850,000				
	Philip N.L. Chen	2,500,000	–	–	–	2,500,000				
	Employees	21,380,000	–	–	(2,436,000)	18,944,000				
		27,655,000	**–**	**–**	**(2,436,000)**	**25,219,000**				
May 16, 2018	*Director:*						18.98	18.98	May 16, 2020 : 10%	May 15, 2028
	Weber W.P. Lo	10,000,000	–	–	–	10,000,000			May 16, 2021 : 20%	
		10,000,000	**–**	**–**	**–**	**10,000,000**			May 16, 2022 : 30%	
									May 16, 2023 : 40%	
Jun 28, 2019	*Honorary Chair:*						18.58	18.58	Jun 28, 2021 : 10%	Jun 27, 2029
	Ronnie C. Chan (Note 3)	3,025,000	–	–	–	3,025,000			Jun 28, 2022 : 20%	
									Jun 28, 2023 : 30%	
	Directors:								Jun 28, 2024 : 40%	
	Adriel Chan	2,200,000	–	–	–	2,200,000				
	Weber W.P. Lo	2,750,000	–	–	–	2,750,000				
	Employees	31,716,100	–	–	(3,018,600)	28,697,500				
		39,691,100	**–**	**–**	**(3,018,600)**	**36,672,500**				
May 12, 2021	*Honorary Chair:*						19.95	19.60	May 12, 2023 : 10%	May 11, 2031
	Ronnie C. Chan (Note 3)	3,300,000	–	–	–	3,300,000			May 12, 2024 : 20%	
									May 12, 2025 : 30%	
	Directors:								May 12, 2026 : 40%	
	Adriel Chan	3,000,000	–	–	–	3,000,000				
	Weber W.P. Lo	3,000,000	–	–	–	3,000,000				
	Employees	45,221,000	–	–	(5,115,000)	40,106,000				
		54,521,000	**–**	**–**	**(5,115,000)**	**49,406,000**				
Oct 6, 2021	*Director:*						17.65	17.58	Oct 6, 2023 : 10%	Oct 5, 2031
	Kenneth K.K. Chiu	2,000,000	–	–	–	2,000,000			Oct 6, 2024 : 20%	
		2,000,000	**–**	**–**	**–**	**2,000,000**			Oct 6, 2025 : 30%	
									Oct 6, 2026 : 40%	
Feb 21, 2022	*Honorary Chair:*						16.38	16.32	Feb 21, 2024 : 10%	Feb 20, 2032
	Ronnie C. Chan (Note 3)	3,300,000	–	–	–	3,300,000			Feb 21, 2025 : 20%	
									Feb 21, 2026 : 30%	
	Directors:								Feb 21, 2027 : 40%	
	Adriel Chan	3,000,000	–	–	–	3,000,000				
	Weber W.P. Lo	3,000,000	–	–	–	3,000,000				
	Kenneth K.K. Chiu	2,100,000	–	–	–	2,100,000				
	Employees	47,740,000	–	–	(6,300,000)	41,440,000				
		59,140,000	**–**	**–**	**(6,300,000)**	**52,840,000**				
	Honorary Chair	**14,300,000**	**–**	**–**	**(2,750,000)**	**11,550,000**				
	Directors	**38,050,000**	**–**	**–**	**(2,650,000)**	**35,400,000**				
	Employees	**159,407,100**	**–**	**–**	**(30,219,600)**	**129,187,500**				
Total		**211,757,100**	**–**	**–**	**(35,619,600)**	**176,137,500**				

Movements of the share options under the 2022 Share Option Scheme during the year were set out below:

Date of Grant	Category of Participants (Note 1)	Number of Share Options: Outstanding as at Jan 1, 2024	Granted during the Year	Exercised during the Year	Lapsed/ Forfeited during the Year	Outstanding as at Dec 31, 2024	Exercise Price per Share HK$	Closing Price Per Share on the Date of Grant HK$	Vesting Dates (Note 2)	Expiry Date (Note 2)
Jun 28, 2023	*Honorary Chair:*						12.49	12.34	Jun 28, 2025: 20% Jun 28, 2026: 30% Jun 28, 2027: 50%	Jun 27, 2033
	Ronnie C. Chan (Note 3)	3,300,000	–	–	–	3,300,000				
	Directors:									
	Adriel Chan	3,000,000	–	–	–	3,000,000				
	Weber W.P. Lo	3,000,000	–	–	–	3,000,000				
	Kenneth K.K. Chiu	2,100,000	–	–	–	2,100,000				
	Employees	41,578,000	–	–	(4,854,000)	36,724,000				
		52,978,000	**–**	**–**	**(4,854,000)**	**48,124,000**				
	Honorary Chair	**3,300,000**	**–**	**–**	**–**	**3,300,000**				
	Directors	**8,100,000**	**–**	**–**	**–**	**8,100,000**				
	Employees	**41,578,000**	**–**	**–**	**(4,854,000)**	**36,724,000**				
Total		**52,978,000**	**–**	**–**	**(4,854,000)**	**48,124,000**				

Notes:

1. "Employees" include current and former employees of the Group and persons who were granted share options as an incentive to enter into employment contracts with the Group.
2. Exercise periods of the share options start from the respective vesting dates and end on the respective expiry dates.
3. Mr. Ronnie C. Chan retired as the Chair and an Executive Director on April 26, 2024, and the Board bestowed upon him the title of "Honorary Chair" on the same date. Mr. Adriel Chan is the son of Mr. Ronnie C. Chan, the Honorary Chair.

Please also refer to Note 25 to the Financial Statements for further details of the Share Option Schemes.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at December 31, 2024, to the best of the knowledge of the Directors, details of substantial shareholders' and other persons' (who are required to disclose their interests pursuant to Part XV of the SFO) interests and short positions 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:

Name	Note	Number of Shares or Underlying Shares Held (Long Positions)	% of Total Number of Issued Shares (Long Positions) (Note 4)
Adriel Chan	1	3,073,735,406	64.25
Chan Tan Ching Fen	1	3,073,084,096	64.24
Cole Enterprises Holdings (PTC) Limited	1	3,073,084,096	64.24
Merssion Limited	1	3,073,084,096	64.24
HLG	2	3,044,750,996	63.65
Prosperland Housing Limited	3	1,702,350,486	35.59
Purotat Limited	3	389,038,049	8.13
Curicao Company Limited	3	310,265,239	6.49

Notes:

1. These shares were the same parcel of shares held by controlled corporations of Merssion Limited which was held under a trust. As Ms. Chan Tan Ching Fen was the founder, Cole Enterprises Holdings (PTC) Limited was the trustee, and Mr. Adriel Chan was a discretionary beneficiary of the trust, they were deemed to be interested in such shares under the SFO. Mr. Adriel Chan was also personally interested in 651,310 shares of the Company.

   The controlled corporations included HLG in which Merssion Limited had 38.37% interests. Accordingly, the 3,044,750,996 shares held by HLG through its subsidiaries were included in the 3,073,084,096 shares.
2. These shares were held by the wholly-owned subsidiaries of HLG.
3. These companies were wholly-owned subsidiaries of HLG, their interests were included in the 3,044,750,996 shares held by HLG.
4. Shareholding percentages were calculated based on the total number of issued shares of the Company as at December 31, 2024, being 4,783,681,530 shares.

Save as disclosed above, as at December 31, 2024, no other interests or short positions in the shares or underlying shares of the Company required to be recorded in the register kept under section 336 of the SFO has been notified to the Company.

Related Party Transactions

Details of the material related party transactions undertaken in the usual course of business of the Group are set out in Note 26 to the Financial Statements. None of these related party transactions constitutes a discloseable connected transaction under the Listing Rules.

Continuing Connected Transaction

On September 21, 2022, HLP (China) Administrative Limited ("HLP China"), an indirect wholly-owned subsidiary of the Company, entered into a management agreement with Country Link Enterprises Limited ("Country Link") regarding the provision of management services for Grand Gateway 66 by HLP China to Country Link ("2022 Management Agreement"). The 2022 Management Agreement expired on December 31, 2024.

On December 9, 2024, HLP China and Country Link entered into a new management agreement to renew the transactions under the 2022 Management Agreement and the annual caps thereunder ("2025 Management Agreement"). Country Link is an indirect non-wholly-owned subsidiary of HLG, a substantial shareholder of the Company, and is therefore a connected person of the Company. Accordingly, the entering into of the 2025 Management Agreement and the transactions contemplated thereunder constituted a continuing connected transaction of the Company pursuant to Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the annual caps under the 2025 Management Agreement exceed 0.1% but are below 5%, the 2025 Management Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. A brief summary of the continuing connected transactions is set out below and the details of which are set out in the announcements of the Company dated September 21, 2022 and December 9, 2024:

Agreement	Date of agreement	Parties to agreement	Description of continuing connected transaction	Term	Annual cap	Transaction amount for the year ended December 31, 2024
2022 Management Agreement	September 21, 2022	HLP China; and Country Link	HLP China agreed to provide management services for Grand Gateway 66	From January 1, 2022 to December 31, 2024	HK$67.0 million for each of the 3 years ended December 31, 2022, 2023 and 2024	HK$45.0 million
2025 Management Agreement	December 9, 2024	HLP China; and Country Link	HLP China agreed to provide management services for Grand Gateway 66	From January 1, 2025 to December 31, 2027	HK$67.0 million for each of the 3 years ending December 31, 2025, 2026 and 2027	N/A

None of the aforesaid management fees exceeded or are expected to exceed their respective annual caps for the corresponding financial years.

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

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) in accordance with the relevant agreement on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transaction 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 unqualified letter containing the findings and conclusions in respect of the continuing connected transaction disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules.

Management Contracts

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

Purchase, Sale or Redemption of Listed Securities

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities.

Employees

As of December 31, 2024, the number of employees was 3,930 (comprising 927 Hong Kong employees and 3,003 mainland China employees). The total employee costs for the year ended December 31, 2024, amounted to HK$1,844 million. We provide competitive remuneration packages for all employees including discretionary bonuses payable based on individual performance. We regularly review remuneration packages to ensure that they comply with relevant regulatory requirements and market conditions. The Company also has a share option scheme and provides professional and high-quality training for employees. For details of the trainings provided to the employees, please refer to the sections headed "Code of Conduct" in this annual report. For details of the benefits of employees, please refer to note 25 to the Financial Statements.

Corporate Governance

The Company's corporate governance practices are set out in the Corporate Governance Report on pages 89 to 121.

Auditor

The consolidated Financial Statements for the year ended December 31, 2024 have been audited by KPMG. A resolution to re-appoint KPMG as the auditor of the Company until the conclusion of the 2026 AGM will be proposed at the forthcoming AGM.

By Order of the Board
Winnie Ma
Company Secretary
Hong Kong, January 24, 2025

KPMG

Independent auditor's report to the members of Hang Lung Properties Limited
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Hang Lung Properties Limited ("the Company") and its subsidiaries ("the Group") set out on pages 145 to 205, which comprise the consolidated statement of financial position as at December 31, 2024, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Valuation of investment properties and investment properties under development

(Refer to note 10 (investment properties and property, plant and equipment) and note 1(e) (accounting policy))

The Key Audit Matter	How the matter was addressed in our audit
The aggregate fair values of the Group's investment properties and investment properties under development as at December 31, 2024 amounted to HK$190,520 million, representing 86% of the Group's total assets as at that date. The decrease in fair values of the Group's investment properties and investment properties under development recorded in the consolidated statement of profit or loss for the year ended December 31, 2024 amounted to HK$937 million. The Group's investment properties, which are located in Hong Kong and Mainland China, mainly comprise shopping malls, office premises, industrial premises, residential premises and car parking bays. The fair values of the Group's investment properties and investment properties under development were assessed by management based on independent valuations prepared by an external property valuer. We identified valuation of the Group's 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 consolidated financial statements and because the determination of the fair values involves significant judgement and estimation, including selecting the appropriate valuation methodology, capitalization rates and market rents and, for investment properties under development, an estimation of costs to complete each property development project.	Our audit procedures to assess the valuation of investment properties and investment properties under development included the following: • assessing the competence, capability, experience of the locations and types of properties subject to valuation and objectivity of the external property valuer; • evaluating the valuation methodology used by the external property valuer based on our knowledge of other property valuers for similar types of properties; • on a sample basis, comparing the tenancy information included in the valuation models, which included committed rents and occupancy rates, with underlying contracts and related documentation; • discussing the valuations with the external property valuer in a separate private session and challenging key estimates adopted in the valuations, including those relating to market selling prices, market rents and capitalization rates, by comparing them with historical rates and available market data, taking into consideration comparability and other local market factors, with the assistance of our internal property valuation specialists; and • for investment properties under development, comparing the estimated construction costs to complete each property development project with the Group's updated budgets (see further details set out in the key audit matter below).

Assessing the development costs of investment properties under development

(Refer to note 10 (investment properties and property, plant and equipment) and note 1(e) (accounting policy))

The Key Audit Matter	How the matter was addressed in our audit
The fair value of the Group's investment properties under development is determined using the direct comparison valuation methodology, with reference to comparable market transactions, to derive the fair value of the property and, where appropriate, after deducting (1) the estimated development costs to be expended to complete each property development project and (2) the estimated profit margin. Therefore, any increase in the estimated development costs to be expended to complete each property development project compared with the original management approved budgets could have a significant negative impact on the fair value of the Group's investment properties under development and, hence, the results for the year. The Group's investment properties under development comprise shopping malls, office premises and residential premises. We identified the assessing of development costs of the Group's investment properties under development as a key audit matter because the determination of estimated development costs involves significant management judgement and estimation, in particular in relation to project feasibility studies, estimating future development costs to be expended to complete each property development project and the estimated profit margin.	Our audit procedures to assess the development costs of investment properties under development included the following: • assessing the design, implementation and operating effectiveness of management's key internal controls over the preparation and monitoring of management budgets and forecasts of construction costs for each investment property under development; • discussing the valuations of investment properties under development with the external property valuer in a separate private session and challenging key estimates adopted in the valuations including those relating to market selling prices, by comparing them with available market data, taking into consideration comparability and other local market factors; • performing a retrospective review for all investment properties under development by comparing the actual construction costs incurred during the current year with those included in the prior year's forecasts in order to assess the accuracy of the Group's budgeting process; • conducting site visits to all investment properties under development and discussing with management and the in-house quantity surveyor the development progress and the development budgets reflected in the latest forecasts for each property development project; and • comparing, on a sample basis, the quantity surveyor's reports for the construction costs incurred for property development projects with the underlying payment records and other documentation relevant to the construction cost accruals and/or payments.

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. We obtained all of the other information prior to the date of this auditor's report apart from "Chair's Letter to Shareholders" The remaining information is expected to be made available to us after that date.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors for the consolidated financial statements

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has 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.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit 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.

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

The engagement partner on the audit resulting in this independent auditor's report is Yau Ngai Lun, Alan.

KPMG
Certified Public Accountants

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

January 24, 2025

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2024

	Note	2024 HK$ Million	2023 HK$ Million	*For information purpose only* 2024 RMB Million	*For information purpose only* 2023 RMB Million
Revenue	2(a)	**11,242**	10,316	**10,314**	9,295
Direct costs and operating expenses		**(4,787)**	(2,927)	**(4,403)**	(2,638)
		6,455	7,389	**5,911**	6,657
Other net income	3	**35**	24	**32**	21
Administrative expenses		**(650)**	(651)	**(599)**	(589)
Profit from operations before changes in fair value of properties		**5,840**	6,762	**5,344**	6,089
Decrease in fair value of properties	10	**(937)**	(9)	**(866)**	(9)
Profit from operations after changes in fair value of properties		**4,903**	6,753	**4,478**	6,080
Interest income		**42**	71	**38**	65
Finance costs		**(926)**	(692)	**(853)**	(628)
Net interest expense	4	**(884)**	(621)	**(815)**	(563)
Share of profits of joint ventures	12	**26**	36	**24**	32
Profit before taxation	5	**4,045**	6,168	**3,687**	5,549
Taxation	7(a)	**(1,388)**	(1,572)	**(1,270)**	(1,416)
Profit for the year	2(b)	**2,657**	4,596	**2,417**	4,133
Attributable to:					
Shareholders	21(a)	**2,153**	3,970	**1,959**	3,570
Non-controlling interests		**504**	626	**458**	563
Profit for the year		**2,657**	4,596	**2,417**	4,133
Earnings per share	9(a)				
Basic		**HK$0.46**	HK$0.88	**RMB0.42**	RMB0.79
Diluted		**HK$0.46**	HK$0.88	**RMB0.42**	RMB0.79

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2024

				For information purpose only	
	Note	**2024 HK$ Million**	2023 HK$ Million	**2024 RMB Million**	2023 RMB Million
Profit for the year		**2,657**	4,596	**2,417**	4,133
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss:					
Movement in exchange reserve:					
Exchange difference arising from translation to presentation currency		**(2,295)**	(1,596)	**1,250**	546
Gain/(loss) on net investment hedge	27(d)	**148**	(9)	**–**	(8)
Movement in hedging reserve:					
Effective portion of changes in fair value		**120**	2	**110**	2
Net amount transferred to profit or loss		**(60)**	(86)	**(55)**	(78)
Deferred tax		**(9)**	11	**(8)**	10
Item that will not be reclassified to profit or loss:					
Net change in fair value of equity investments		**–**	(1)	**–**	(1)
Other comprehensive income for the year, net of tax		**(2,096)**	(1,679)	**1,297**	471
Total comprehensive income for the year		**561**	2,917	**3,714**	4,604
Attributable to:					
Shareholders		**269**	2,453	**3,262**	4,051
Non-controlling interests		**292**	464	**452**	553
Total comprehensive income for the year		**561**	2,917	**3,714**	4,604

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2024

	Note	2024 HK$ Million	2023 HK$ Million	For information purpose only 2024 RMB Million	2023 RMB Million
Non-current assets					
Investment properties	10	**166,519**	169,046	**155,224**	153,511
Investment properties under development	10	**24,001**	23,610	**22,226**	21,398
Property, plant and equipment	10	**2,833**	331	**2,625**	300
Interests in joint ventures	12	**1,104**	1,116	**1,040**	1,017
Other assets	13	**76**	76	**72**	68
Deferred tax assets	19(b)	**140**	142	**132**	129
		194,673	194,321	**181,319**	176,423
Current assets					
Cash and deposits with banks	14	**10,303**	5,352	**9,676**	4,868
Trade and other receivables	15	**3,183**	3,406	**2,968**	3,093
Properties for sale	16	**13,489**	14,223	**12,603**	12,929
		26,975	22,981	**25,247**	20,890
Current liabilities					
Bank loans and other borrowings	17	**9,340**	4,434	**8,749**	4,030
Trade and other payables	18	**9,291**	10,216	**8,651**	9,275
Lease liabilities	11(a)	**23**	30	**21**	27
Current tax payable	19(a)	**294**	457	**273**	415
		18,948	15,137	**17,694**	13,747
Net current assets		**8,027**	7,844	**7,553**	7,143
Total assets less current liabilities		**202,700**	202,165	**188,872**	183,566
Non-current liabilities					
Bank loans and other borrowings	17	**48,036**	46,270	**45,077**	42,110
Lease liabilities	11(a)	**240**	248	**222**	225
Deferred tax liabilities	19(b)	**13,374**	13,524	**12,394**	12,259
		61,650	60,042	**57,693**	54,594
NET ASSETS		**141,050**	142,123	**131,179**	128,972
Capital and reserves					
Share capital	20	**42,051**	39,950	**39,410**	37,462
Reserves	21	**89,536**	92,458	**83,010**	82,707
Shareholders' equity		**131,587**	132,408	**122,420**	120,169
Non-controlling interests		**9,463**	9,715	**8,759**	8,803
TOTAL EQUITY		**141,050**	142,123	**131,179**	128,972

Weber W.P. Lo
Chief Executive Officer

Kenneth K.K. Chiu
Chief Financial Officer

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2024

HK$ Million	Shareholders' equity				Non-controlling interests	Total equity
	Share capital (Note 20)	Other reserves (Note 21)	Retained profits (Note 21)	Total		
At January 1, 2023	39,950	(3,308)	96,739	133,381	9,765	143,146
Profit for the year	–	–	3,970	3,970	626	4,596
Exchange difference arising from translation to presentation currency	–	(1,434)	–	(1,434)	(162)	(1,596)
Loss on net investment hedge	–	(9)	–	(9)	–	(9)
Cash flow hedges: net movement in hedging reserve	–	(73)	–	(73)	–	(73)
Net change in fair value of equity investments	–	(1)	–	(1)	–	(1)
Total comprehensive income for the year	–	(1,517)	3,970	2,453	464	2,917
Final dividend in respect of previous year	–	–	(2,699)	(2,699)	–	(2,699)
Interim dividend in respect of current year	–	–	(810)	(810)	–	(810)
Employee share-based payments	–	(104)	187	83	–	83
Dividends paid to non-controlling interests	–	–	–	–	(514)	(514)
At December 31, 2023 and January 1, 2024	39,950	(4,929)	97,387	132,408	9,715	142,123
Profit for the year	**–**	**–**	**2,153**	**2,153**	**504**	**2,657**
Exchange difference arising from translation to presentation currency	**–**	**(2,083)**	**–**	**(2,083)**	**(212)**	**(2,295)**
Gain on net investment hedge	**–**	**148**	**–**	**148**	**–**	**148**
Cash flow hedges: net movement in hedging reserve	**–**	**51**	**–**	**51**	**–**	**51**
Total comprehensive income for the year	**–**	**(1,884)**	**2,153**	**269**	**292**	**561**
Final dividend in respect of previous year	**–**	**–**	**(2,699)**	**(2,699)**	**–**	**(2,699)**
Interim dividend in respect of current year	**–**	**–**	**(566)**	**(566)**	**–**	**(566)**
Shares issued in respect of scrip dividends of 2023 final and 2024 interim dividends	**2,101**	**–**	**–**	**2,101**	**–**	**2,101**
Employee share-based payments	**–**	**(42)**	**116**	**74**	**–**	**74**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**(544)**	**(544)**
At December 31, 2024	**42,051**	**(6,855)**	**96,391**	**131,587**	**9,463**	**141,050**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2024

For information purpose only

RMB Million	Shareholders' equity				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained profits	Total		
At January 1, 2023	37,462	995	80,750	119,207	8,722	127,929
Profit for the year	–	–	3,570	3,570	563	4,133
Exchange difference arising from translation to presentation currency	–	556	–	556	(10)	546
Loss on net investment hedge	–	(8)	–	(8)	–	(8)
Cash flow hedges: net movement in hedging reserve	–	(66)	–	(66)	–	(66)
Net change in fair value of equity investments	–	(1)	–	(1)	–	(1)
Total comprehensive income for the year	–	481	3,570	4,051	553	4,604
Final dividend in respect of previous year	–	–	(2,408)	(2,408)	–	(2,408)
Interim dividend in respect of current year	–	–	(756)	(756)	–	(756)
Employee share-based payments	–	(96)	171	75	–	75
Dividend paid to non-controlling interests	–	–	–	–	(472)	(472)
At December 31, 2023 and January 1, 2024	37,462	1,380	81,327	120,169	8,803	128,972
Profit for the year	**–**	**–**	**1,959**	**1,959**	**458**	**2,417**
Exchange difference arising from translation to presentation currency	**–**	**1,256**	**–**	**1,256**	**(6)**	**1,250**
Cash flow hedges: net movement in hedging reserve	**–**	**47**	**–**	**47**	**–**	**47**
Total comprehensive income for the year	**–**	**1,303**	**1,959**	**3,262**	**452**	**3,714**
Final dividend in respect of previous year	**–**	**–**	**(2,514)**	**(2,514)**	**–**	**(2,514)**
Interim dividend in respect of current year	**–**	**–**	**(514)**	**(514)**	**–**	**(514)**
Shares issued in respect of scrip dividends of 2023 final and 2024 interim dividends	**1,948**	**–**	**–**	**1,948**	**–**	**1,948**
Employee share-based payments	**–**	**(39)**	**108**	**69**	**–**	**69**
Dividend paid to non-controlling interests	**–**	**–**	**–**	**–**	**(496)**	**(496)**
At December 31, 2024	**39,410**	**2,644**	**80,366**	**122,420**	**8,759**	**131,179**

CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2024

	Note	2024 HK$ Million	2023 HK$ Million	For information purpose only 2024 RMB Million	For information purpose only 2023 RMB Million
Operating activities					
Cash generated from operations	22	**6,387**	5,007	**5,855**	4,499
Tax paid					
Hong Kong Profits Tax paid		**(385)**	(256)	**(355)**	(231)
Mainland China Income Tax paid		**(1,046)**	(1,039)	**(953)**	(934)
Net cash generated from operating activities		**4,956**	3,712	**4,547**	3,334
Investing activities					
Payment for investment properties		**(872)**	(1,170)	**(826)**	(1,044)
Payment for investment properties under development		**(2,210)**	(1,795)	**(2,014)**	(1,625)
Payment for property, plant and equipment		**(170)**	(115)	**(147)**	(104)
Net sale proceeds from disposal of property, plant and equipment		**23**	–	**21**	–
Net sale proceeds from disposal of investment properties		**–**	19	**–**	17
Interest received		**42**	71	**38**	65
Dividend received from a joint venture		**38**	50	**36**	45
Decrease in bank deposits with maturity greater than 3 months		**(24)**	–	**(22)**	–
Net cash used in investing activities		**(3,173)**	(2,940)	**(2,914)**	(2,646)
Financing activities					
Proceeds from new bank loans and other borrowings	23	**44,599**	44,273	**41,147**	40,031
Repayment of bank loans and other borrowings	23	**(37,647)**	(38,969)	**(34,744)**	(35,239)
Capital element of lease rentals paid	23	**(17)**	(14)	**(15)**	(13)
Interest and other borrowing costs paid		**(2,009)**	(1,860)	**(1,840)**	(1,679)
Interest element of lease rentals paid	23	**(13)**	(14)	**(12)**	(12)
Dividends paid		**(1,164)**	(3,509)	**(1,080)**	(3,164)
Dividends paid to non-controlling interests		**(544)**	(514)	**(496)**	(472)
Net cash generated from/(used in) financing activities		**3,205**	(607)	**2,960**	(548)
Increase in cash and cash equivalents		**4,988**	165	**4,593**	140
Effect of foreign exchange rate changes		**(61)**	(42)	**192**	50
Cash and cash equivalents at January 1		**5,271**	5,148	**4,794**	4,604
Cash and cash equivalents at December 31	14	**10,198**	5,271	**9,579**	4,794

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Material Accounting Policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Material accounting policies adopted by the Group are set out below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(b) Basis of preparation of the financial statements

The consolidated financial statements comprise the Company and its subsidiaries (collectively referred to as the "Group") and the Group's interests in joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except as otherwise stated in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, 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 judgments 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 recognized 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.

Judgments made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 28.

The presentation currency of these consolidated financial statements is Hong Kong dollar. In view of the Group's significant business operations in mainland China, management has included additional financial information prepared in Renminbi in the consolidated financial statements. Such supplementary information is prepared according to note 1(w) as if the presentation currency is Renminbi.

1 Material Accounting Policies (Continued)

(c) 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 unrealized profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, 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. 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 in 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 recognized.

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 recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses (Note 1(m)).

1 Material Accounting Policies (Continued)

(d) Joint ventures

A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

The Group's interests in joint ventures are accounted for in the consolidated financial statements under the equity method and are initially recorded at cost and adjusted thereafter for the post-acquisition change in the Group's share of the joint ventures' net assets. The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the joint venture that forms part of the Group's equity investment. The consolidated statement of profit or loss includes the Group's share of the post-acquisition, post-tax results of the joint ventures for the year, whereas the Group's share of the post-acquisition, post-tax items of the joint ventures' other comprehensive income is recognized in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in 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 joint venture. For this purpose, the Group's interest in the joint venture is the carrying amount of the investment under the equity method together with the Group's long-term interest that in substance form part of the Group's net investment in the joint venture.

When the Group ceases to have 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 recognized in profit or loss. Any interest retained in that former investee at the date when joint control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

Unrealized profits and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint venture, except where unrealized losses provide evidence of an impairment of the asset transferred, in which case they are recognized immediately in profit or loss.

1 Material Accounting Policies (Continued)

(e) 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, including investment properties under development, are initially measured at cost and subsequently at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of investment properties is recognized in profit or loss.

The property is transferred to, or from, investment properties when, and only when, there is a change in use:

- When there is commencement of owner-occupation, or of development with a view to owner-occupation, the investment property is transferred to owner-occupied property under property, plant and equipment. The fair value at the date of change in use becomes the deemed cost for such property at initial recognition and it is subsequently measured in accordance with note 1(g).
- For a transfer from completed properties originally held for sale to investment properties that is evidenced for leasing purpose, any difference between the fair value of the property at the date of change in use and its previous carrying amount is recognised in profit or loss.

(f) Properties for sale

1. Properties under development for sale

Properties under development for sale are classified under current assets and stated at the lower of cost and net realizable value. Costs include the acquisition cost of land, aggregate cost of development, borrowing costs capitalized (Note 1(r)) and other direct expenses. Net realizable value represents the estimated selling price as determined by reference to management estimates based on prevailing market conditions less estimated costs of completion and costs to be incurred in selling the property.

2. Completed properties for sale

Completed properties for sale are classified under current assets and stated at the lower of cost and net realizable value. Cost is determined by apportionment of the total development costs, including borrowing costs capitalized (Note 1(r)), attributable to unsold properties. Net realizable value represents the estimated selling price as determined by reference to management estimates based on prevailing market conditions less costs to be incurred in selling the property.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses (Note 1(m)). Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

1 Material Accounting Policies (Continued)

(h) Leases

At inception of a contract, the Group assesses whether a 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 consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

1. As a lessee

At lease commencement date, the Group recognizes a right-of-use asset and a corresponding lease liability with respect to all leases, except for short-term leases (with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognizes the lease payments as expenses on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and the interest expense is calculated using the effective interest method.

The right-of-use asset recognized 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.

The right-of-use assets that meet the definition of investment property are subsequently stated at fair value in accordance with note 1(e). Otherwise, they are subsequently stated at cost less accumulated depreciation (Note 1(g)) and impairment losses (Note 1(m)).

Lease payments included in the measurement of the lease liability comprise the fixed payments (including in-substance fixed payments) less any lease incentives. Variable lease payments that do not depend on an index or rate are charged to profit or loss in the accounting period in which they are incurred.

2. As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

Rental income from operating leases is recognized in accordance with note 1(u)(1).

1 Material Accounting Policies (Continued)

(i) Depreciation

1. Investment properties and investment properties under development

No depreciation is provided for investment properties and investment properties under development.

2. Property, plant and equipment

Depreciation on property, plant and equipment is calculated to write off the cost, less their estimated residual value, if any, on a straight-line basis over their estimated useful lives as follows:

Hotel properties (Land and buildings)	Unexpired lease term
Buildings	50 years or unexpired lease term, whichever is shorter
Furniture and equipment	2 – 20 years
Motor vehicles	5 years

(j) Investments in equity instruments

Investments in equity instruments are classified and measured at fair value through profit or loss (FVTPL) except when the equity investment is not held for trading and an election is made to present the fair value changes in other comprehensive income (FVTOCI). This election is made on an investment-by-investment basis on initial recognition and is irrevocable. The gains or losses (both on subsequent measurement and derecognition) of investments that are measured at FVTPL are recognized in profit or loss. If the equity investment is designated as at FVTOCI, all gains and losses are recognized in other comprehensive income and are not subsequently reclassified to profit or loss, except for dividend income which is generally recognized in profit or loss in accordance with the policy set out in note 1(u)(6).

(k) Derivative financial instruments

Derivative financial instruments are recognized initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting (Note 1(l)(1)).

(l) Hedging

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates, and non-derivative financial liabilities as hedging instruments to hedge the foreign exchange risk on net investments in foreign operations.

1. Cash flow hedges

Where a derivative financial instrument is designated as a hedging instrument in a cash flow hedge of a recognized asset or liability or a highly probable forecast transaction, the effective portion of changes in fair value of the hedging instruments is recognized in other comprehensive income and accumulated in a hedging reserve as a separate component of equity. Any ineffective portion of changes in fair value is recognized immediately in profit or loss. The amount accumulated in the hedging reserve is reclassified from equity to profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss.

1 Material Accounting Policies (Continued)

(l) Hedging (Continued)

2. Hedge of net investments in foreign operations

When a non-derivative financial liability is designated as the hedging instrument in a hedge of net investment in a foreign operation, the effective portion of any foreign exchange gain or loss on the non-derivative financial liabilities is recognized in other comprehensive income and accumulated in the exchange reserve within equity until the disposal of the foreign operation, at which time the cumulative gain or loss is reclassified from equity to profit or loss. Any ineffective portion is recognized immediately in profit or loss.

(m) Impairment of assets

– For property, plant and equipment, investments in joint ventures and investments in subsidiaries in the Company's statement of financial position, an assessment is carried out at the end of each reporting period to determine whether there is objective evidence that these assets are impaired. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount 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. An impairment loss is recognized in profit or loss if the carrying amount exceeds the recoverable amount. An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

– For trade and other receivables and other financial assets measured at amortized cost (including cash and deposits with banks and advances to unlisted investee companies), the Group recognizes a loss allowance which is equal to 12-month expected credit losses unless the balance is a trade receivable or there has been a significant increase in credit risk of the financial asset since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime expected credit losses.

  Expected credit losses are a probability-weighted estimate of credit losses measured as the present value of all 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).

  At the end of each reporting period, the Group assesses whether the balances are credit-impaired (i.e. when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred, such as significant financial difficulty of the debtor).

  The allowance for expected credit losses is presented in the statement of financial position as a deduction from the gross carrying amount of the assets. The adjustment to the allowance for credit losses is recognized in profit or loss, as an impairment or reversal of impairment.

1 Material Accounting Policies (Continued)

(m) Impairment of assets (Continued)

The gross carrying amount is written off to the extent that there is no realistic prospect of recovery. Subsequent recoveries that were previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(n) Trade and other receivables

Trade and other receivables are initially recognized at fair value and thereafter stated at amortized cost using the effective interest method, except where the receivables are interest-free loans 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 (Note 1(m)).

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on 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. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for expected credit losses in accordance with the policy set out in note 1(m).

(p) Trade and other payables and contract liabilities

Trade and other payables are initially recognized at fair value. Subsequent to initial recognition, trade and other payables are stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the revenue arising from contract with customers within the scope of HKFRS 15, *Revenue from contracts with customers*. A contract liability would also be recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized.

(q) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost using the effective interest method. Interest expense is recognized in accordance with the Group's accounting policy for borrowing costs (Note 1(r)).

1 Material Accounting Policies (Continued)

(r) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalization 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. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying assets for its intended use or sale are interrupted or complete.

(s) 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.

Financial guarantees issued are initially recognized at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or 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 recognized 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 recognized in profit or loss.

Subsequent to initial recognition, the amount initially recognized as deferred income is amortized in profit or loss over the term of the guarantee as income from financial guarantees issued.

The Group monitors the risk that the specified debtor will default on the contract and recognizes a provision when expected credit losses on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees (i.e. the amount initially recognized, less accumulated amortization).

To determine expected credit losses, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month expected credit loss is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime expected credit loss is measured.

1 Material Accounting Policies (Continued)

(s) Financial guarantees issued (Continued)

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 expected credit loss 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.

(t) Provisions and contingent liabilities

Provisions are recognized when the Group has a legal or constructive obligation arising as a result of 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 effect of 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.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognized for any expected reimbursement that would be virtually certain. The amount recognized for the reimbursement is limited to the carrying amount of the provision.

(u) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of properties, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognized when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

1. Rental income

Rental income under operating leases is recognized on a straight-line basis over the terms of the respective leases, 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 recognized in profit or loss as an integral part of the aggregate net lease payment receivable. Variable lease payments that do not depend on an index or a rate are recognized as income in the accounting period in which they are earned.

1 Material Accounting Policies (Continued)

(u) Revenue and other income (Continued)

2. Sale of properties

Revenue arising from the sale of properties is recognized when the control over the ownership of the property is transferred to the customer, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property.

3. Hotel revenue

Hotel revenue from room rental is recognised over time during the period of stay for the hotel guests. Revenue from food and beverage sales and other ancillary services is recognised at the point in time when the services are rendered.

4. Building management fees and other income from property leasing

Building management fees and other income from property leasing are recognized when the related services are rendered.

5. Interest income

Interest income is recognized as it accrues using the effective interest method.

6. Dividends

Dividends are recognized when the right to receive payment is established.

(v) Taxation

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 recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized 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 respectively, 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 utilized, are recognized. 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 and liabilities that affect neither accounting nor taxable profits, 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.

1 Material Accounting Policies (Continued)

(v) Taxation (Continued)

When investment properties and investment properties under development are carried at fair value in accordance with the accounting policy set out in note 1(e), the amount of deferred tax recognized 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 recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognized when the liability to pay the related dividends is recognized.

Deferred tax is not recognized for those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development.

(w) Translation of foreign currencies

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (functional currency).

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 recognized in profit or loss, except those arising from the translation of non-derivative financial liabilities designated as the hedging instruments to hedge the foreign exchange risk on net investments in foreign operations. Such exchange gains or losses to the extent that the hedge is effective are recognized in other comprehensive income (Note 1(l)(2)).

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rate ruling at the transaction dates. The transaction date is the date on which the Group initially recognizes such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair values are translated using the foreign exchange rates ruling at the dates the fair value was determined.

1 Material Accounting Policies (Continued)

(w) Translation of foreign currencies (Continued)

The results and financial position of all operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

1. assets and liabilities are translated at the closing exchange rates at the end of the reporting period;
2. income and expenses are translated at the exchange rates approximating the exchange rates ruling at the dates of the transactions; and
3. all resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

(x) Related parties

1. 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. 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 joint venture of the other entity (or an associate or 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 (1).
   - (vii) A person identified in (1)(i) 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 a group of which it is a part, provides key management personnel services to the Group or the Group's parent.

Close members of the family 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.

1 Material Accounting Policies (Continued)

(y) Segment reporting

Operating segments are reported in a manner consistent with the Group's internal financial reporting 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 business and geographical locations. For disclosure purpose, a reportable segment comprises either one or more operating segments which can be aggregated together because they share similar economic characteristics and nature of the regulatory environment, or single operating segments which are disclosable separately because they cannot be aggregated or they exceed quantitative thresholds.

(z) Employee benefits

1. Short term employee benefits and contributions to defined contribution retirement schemes

Salaries, annual bonuses, paid annual leave, the cost of non-monetary benefits and obligation for contributions to defined contribution retirement schemes, including those payables in mainland China and Hong Kong under relevant legislation, are accrued in the year in which the associated services are rendered by employees of the Group.

2. Share-based payments

The fair value of share options granted to employees is measured at grant date, taking into account the terms and conditions upon which the options were granted, and is expensed on a straight-line basis over the vesting period taking into account the probability that the options will vest, with a corresponding increase in equity (employee share-based compensation reserve).

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognized in prior years is charged/credited to profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the employee share-based compensation reserve. On vesting date, the amount recognized as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the employee share-based compensation reserve).

At the time when the share options are exercised, the related employee share-based compensation reserve is transferred to share capital. If the options expire or lapse after the vesting period, the related employee share-based compensation reserve is transferred directly to retained profits.

2 Revenue and Segment Information

The Group manages businesses according to the nature of services and products provided. Management has determined property leasing, property sales and hotels to be the reportable operating segments for the measurement of performance and the allocation of resources.

Segment assets principally comprise all non-current assets and current assets directly attributable to each segment with the exception of interests in joint ventures, other assets, deferred tax assets and cash and deposits with banks.

2 Revenue and Segment Information (Continued)

(a) Disaggregation of revenue

For the year ended December 31, 2024

	Revenue from contracts with customers (HKFRS 15)			Leases (HKFRS 16)	Total
	recognized at a point in time	recognized over time	Subtotal		
Rental income (Note 11(b))	–	–	–	8,371	8,371
Sales of completed properties	1,538	–	1,538	–	1,538
Hotel revenue	77	112	189	–	189
Building management fees and other income from property leasing	–	1,144	1,144	–	1,144
	1,615	1,256	2,871	8,371	11,242

For the year ended December 31, 2023

	Revenue from contracts with customers (HKFRS 15)			Leases (HKFRS 16)	Total
	recognized at a point in time	recognized over time	Subtotal		
Rental income (Note 11(b))	–	–	–	8,997	8,997
Hotel revenue	65	89	154	–	154
Building management fees and other income from property leasing	–	1,165	1,165	–	1,165
	65	1,254	1,319	8,997	10,316

As of December 31, 2024, the aggregate amount of revenue expected to be recognized in the future arising from signed property pre-sale agreements amounted to HK$158 million (2023: HK$1,157 million), which is expected to be recognized in 2025 when control over the property has been transferred to buyers.

The Group has applied practical expedient in paragraph 121 of HKFRS 15 to exempt the disclosure of revenue expected to be recognized in the future arising from contracts with customers in existence at the reporting date to:

– building management fees and other income from property leasing, as the Group recognizes revenue at the amount to which it has a right to invoice, which corresponds directly with the value to the customer of the Group's performance completed to date;

– hotel revenue comprise room rental and food and beverages sales and other ancillary services which services are expected with duration of one year or less or are billed directly when the services are rendered; and

– revenue from sales of completed properties, as the performance obligation is part of a contract that has an original expected duration of one year or less.

2 Revenue and Segment Information (Continued)

(b) Revenue and results by segments

HK$ Million	2024				2023			
	Property Leasing	Property Sales	Hotels	Total	Property Leasing	Property Sales	Hotels	Total
Revenue								
– Mainland China	6,466	56	189	6,711	6,813	–	154	6,967
– Hong Kong	3,049	1,482	–	4,531	3,349	–	–	3,349
	9,515	1,538	189	11,242	10,162	–	154	10,316
Profit/(loss) from operations before changes in fair value of properties								
– Mainland China	3,990	(197)	(63)	3,730	4,337	(44)	1	4,294
– Hong Kong	2,158	(48)	–	2,110	2,465	3	–	2,468
	6,148	(245)	(63)	5,840	6,802	(41)	1	6,762
(Decrease)/increase in fair value of properties	(937)	–	–	(937)	(9)	–	–	(9)
– Mainland China	(587)	–	–	(587)	295	–	–	295
– Hong Kong	(350)	–	–	(350)	(304)	–	–	(304)
Net interest expense	(884)	–	–	(884)	(621)	–	–	(621)
– Interest income	42	–	–	42	71	–	–	71
– Finance costs	(926)	–	–	(926)	(692)	–	–	(692)
Share of profits of joint ventures	26	–	–	26	36	–	–	36
Profit/(loss) before taxation	4,353	(245)	(63)	4,045	6,208	(41)	1	6,168
Taxation	(1,369)	(19)	–	(1,388)	(1,573)	1	–	(1,572)
Profit/(loss) for the year	2,984	(264)	(63)	2,657	4,635	(40)	1	4,596
Net profit/(loss) attributable to shareholders	2,480	(264)	(63)	2,153	4,009	(40)	1	3,970

To conform to the information provided to the Group's most senior executive management, hotel operations were disclosed as a separate operating segment.

2 Revenue and Segment Information (Continued)

(c) Total segment assets

HK$ Million	2024				2023			
	Property Leasing	Property Sales	Hotels	Total	Property Leasing	Property Sales	Hotels	Total
Mainland China	130,171	6,636	2,544	139,351	130,768	6,447	2,151	139,366
Hong Kong	62,774	7,900	–	70,674	62,516	8,734	–	71,250
	192,945	14,536	2,544	210,025	193,284	15,181	2,151	210,616
Interests in joint ventures				1,104				1,116
Other assets				76				76
Deferred tax assets				140				142
Cash and deposits with banks				10,303				5,352
				221,648				217,302

3 Other Net Income

HK$ Million	2024	2023
Government grants	7	5
Gain/(loss) on disposal of property, plant and equipment	17	(12)
Net exchange (loss)/gain	(2)	5
Dividend income from equity investments measured at FVTOCI	2	2
Gain on disposal of investment properties	–	11
Others	11	13
	35	24

4 Net Interest Expense

HK$ Million	2024	2023
Interest income on bank deposits	42	71
Interest expense on bank loans and other borrowings	2,003	1,862
Interest on lease liabilities	13	14
Other borrowing costs	93	83
Total borrowing costs	2,109	1,959
Less: Borrowing costs capitalized (Note)	(1,183)	(1,267)
Finance costs	926	692
Net interest expense	(884)	(621)

Note:

The borrowing costs were capitalized at an average rate of 4.2% (2023: 4.2%) per annum to properties under development.

5 Profit Before Taxation

HK$ Million	2024	2023
Profit before taxation is arrived at after charging:		
Cost of properties sold	1,225	–
Provision for properties for sale	384	–
Staff costs (Note)	1,520	1,523
Depreciation	117	88
Auditors' remuneration		
– audit services	10	10
– non-audit services	2	3
and after crediting:		
Rental and related income from investment properties less direct outgoings of HK$2,752 million (2023: HK$2,722 million)	6,763	7,440

Note:

The staff costs included employee share-based payments of HK$74 million (2023: HK$83 million). If the amounts not recognized in the statement of profit or loss, including amounts capitalized, were accounted for, staff costs would have been HK$1,844 million (2023: HK$1,856 million).

6 Emoluments of Directors and Senior Management

The Nomination and Remuneration Committee consists of three Independent Non-Executive Directors. The Committee makes recommendation to the Board on the Independent Non-Executive Directors' remuneration packages and determines the remuneration package of individual Executive Directors. The emoluments of Executive Directors are determined by their scope of responsibility and accountability, and performance, taking into consideration of the Group's performance and profitability, market practice and prevailing business conditions, etc.

6 Emoluments of Directors and Senior Management (Continued)

(a) Directors' emoluments

Details of directors' emoluments are summarized below:

HK$ Million Name	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	The Group's contributions to retirement schemes	2024	2023
Executive Directors						
Adriel Chan	**1.0**	**18.6**	**2.4**	**1.9**	**23.9**	21.4
Weber W.P. Lo	**0.8**	**20.6**	**2.3**	**1.5**	**25.2**	32.7
Kenneth K.K. Chiu	**0.8**	**5.7**	**1.8**	**0.3**	**8.6**	9.3
Independent Non-Executive Directors						
Nelson W.L. Yuen	**1.0**	**–**	**–**	**–**	**1.0**	1.0
Philip N.L. Chen (Re-designated from non-executive director to independent non-executive director on January 31, 2023)	**0.9**	**–**	**–**	**–**	**0.9**	0.8
Andrew K.C. Chan	**1.1**	**–**	**–**	**–**	**1.1**	1.0
Anita Y.M. Fung	**1.2**	**–**	**–**	**–**	**1.2**	1.1
Holly T.F Li (Appointed as independent non-executive director on March 20, 2024)	**0.6**	**–**	**–**	**–**	**0.6**	–
Honorary Chair						
Ronnie C. Chan (Retired as executive director on April 26, 2024)	**0.3**	**9.9**	**0.1**	**1.0**	**11.3**	45.8
Ex-Directors						
Dominic C.F. Ho (Retired as independent non-executive director on April 26, 2024)	**0.4**	**–**	**–**	**–**	**0.4**	1.2
H.K. Chang (Retired as independent non-executive director on April 28, 2023)	**–**	**–**	**–**	**–**	**–**	0.4
2024	**8.1**	**54.8**	**6.6**	**4.7**	**74.2**	114.7
2023	9.0	70.0	29.7	6.0	114.7	

(b) Individuals with highest emoluments

Of the five individuals with the highest emoluments, four (2023: four) are existing or retired directors of the Company whose emoluments are disclosed in note 6(a). The emoluments in respect of the remaining one (2023: one) individual are as follows:

HK$ Million	2024	2023
Salaries, allowances and benefits in kind	**8.7**	8.7
Discretionary bonuses	**1.0**	1.2
The Group's contributions to retirement schemes	**0.4**	0.4
	10.1	10.3

6 Emoluments of Directors and Senior Management (Continued)

(c) In addition to the above emoluments, certain directors of the Company were granted share options under the share option schemes of the Company, details of which are disclosed in note 25(b).

7 Taxation in the Consolidated Statement of Profit or Loss

(a) Taxation in the consolidated statement of profit or loss represents:

HK$ Million	2024	2023
Current tax		
Hong Kong Profits Tax	**250**	288
Under-provision in prior years	**5**	5
	255	293
Mainland China Income Tax	**1,016**	1,026
Total current tax	**1,271**	1,319
Deferred tax		
Changes in fair value of properties	**20**	103
Other origination and reversal of temporary differences	**97**	150
Total deferred tax (Note 19(b))	**117**	253
Total income tax expense	**1,388**	1,572

Provision for Hong Kong Profits Tax is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the year. Mainland China Income Tax represents mainland China Corporate Income Tax calculated at 25% (2023: 25%) and mainland China withholding income tax calculated at the applicable rates. The withholding tax rate applicable to Hong Kong companies in respect of dividend distributions from foreign investment enterprises in mainland China was 5% (2023: 5%).

(b) Share of joint ventures' taxation for the year ended December 31, 2024 of HK$7 million (2023: HK$7 million) is included in the "share of profits of joint ventures".

(c) Reconciliation between actual tax expense and profit before taxation at applicable tax rates is as follows:

HK$ Million	2024	2023
Profit before taxation	**4,045**	6,168
Notional tax on profit before taxation at applicable rates	**659**	1,101
Tax effect of non-taxable income	**(159)**	(151)
Tax effect of non-deductible expenses	**351**	292
Tax effect of unrecognized temporary differences	**125**	(25)
Tax effect of unrecognized tax losses	**407**	350
Under-provision in prior years	**5**	5
Actual tax expense	**1,388**	1,572

7 Taxation in the Consolidated Statement of Profit or Loss (Continued)

(d) Both mainland China and Hong Kong in which our Group has business operations have not enacted new tax laws to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development for the year ended December 31, 2024. If the new tax laws had applied in both regions in 2024, the Group does not expect to be subject to a new top-up tax in relation to its operations in mainland China and Hong Kong.

8 Dividends

(a) Dividends attributable to the year

HK$ Million	**2024**	2023
Interim dividend declared and paid of HK12 cents (2023: HK18 cents) per share	**566**	810
Final dividend of HK40 cents (2023: HK60 cents) per share proposed after the end of the reporting period	**1,913**	2,699
	2,479	3,509

The dividend proposed after the end of the reporting period has not been recognized as a liability at the end of the reporting period.

The Board of Directors proposes that eligible shareholders be given the option to elect to receive the final dividend in cash, or in the form of new shares in lieu of cash in respect of part or all of such dividend (the "Scrip Dividend Arrangement"). The Scrip Dividend Arrangement is conditional upon: (1) the granting of a general mandate by the shareholders of the Company to the Board of Directors to allot, issue and deal with such additional shares of the Company representing 20% of the number of shares in issue on the date of passing such resolution at the Annual General Meeting to be held on April 30, 2025 (the "AGM"); (2) the approval of the proposed final dividend at the AGM; and (3) The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued pursuant to the Scrip Dividend Arrangement.

(b) The final dividend of HK$2,699 million (calculated based on HK60 cents per share and the total number of issued shares as of the dividend pay-out date) for the year ended December 31, 2023 were approved and paid in the year ended December 31, 2024 (2023: HK$2,699 million), of which HK$1,708 million was settled through scrip dividend pursuant to the Scrip Dividend Arrangement announced by the Company on January 30, 2024.

Included in 2024 interim dividend paid during the year, HK$393 million was settled through scrip dividend pursuant to the Scrip Dividend Arrangement announced by the Company on July 30, 2024.

9 Earnings Per Share

(a) The calculation of basic and diluted earnings per share is based on the following data:

HK$ Million	2024	2023
Net profit attributable to shareholders	**2,153**	3,970

	Number of shares	
	2024	2023
Weighted average number of shares used in calculating basic and diluted earningsper share (Note)	**4,635,426,372**	4,499,260,670

Note:

Diluted earnings per share was the same as the basic earnings per share for the years as there were no dilutive potential ordinary shares in existence during both years.

(b) The underlying net profit attributable to shareholders, which excluded changes in fair value of properties net of related income tax and non-controlling interests, is calculated as follows:

HK$ Million	2024	2023
Net profit attributable to shareholders	**2,153**	3,970
Effect of changes in fair value of properties	**937**	9
Effect of income tax for changes in fair value of properties	**20**	103
Effect of changes in fair value of investment properties of joint ventures	**11**	4
	968	116
Non-controlling interests	**(26)**	51
	942	167
Underlying net profit attributable to shareholders	**3,095**	4,137

The earnings per share based on underlying net profit attributable to shareholders was:

	2024	2023
Basic	**HK$0.67**	HK$0.92
Diluted	**HK$0.67**	HK$0.92

10 Investment Properties and Property, Plant and Equipment

HK$ Million	Investment properties	Investment properties under development	Property, Plant and Equipment: Hotel properties	Property, Plant and Equipment: Others	Total
Cost or valuation:					
At January 1, 2023	167,861	22,703	–	864	191,428
Exchange adjustment	(1,545)	(306)	–	(7)	(1,858)
Additions	965	2,648	–	115	3,728
Disposals	(8)	–	–	(191)	(199)
(Decrease)/increase in fair value	(185)	176	–	–	(9)
Transfer in/(out)	1,958	(1,958)	–	–	–
Transfer from properties for sale (Note 16)	–	347	–	–	347
At December 31, 2023 and January 1, 2024	169,046	23,610	–	781	193,437
Exchange adjustment	**(2,285)**	**(511)**	**(39)**	**(20)**	**(2,855)**
Additions	**657**	**3,087**	**110**	**60**	**3,914**
Disposals	**–**	**–**	**–**	**(23)**	**(23)**
Decrease in fair value	**(793)**	**(144)**	**–**	**–**	**(937)**
Transfer in/(out)	**(460)**	**(2,041)**	**2,501**	**–**	**–**
Transfer from properties for sale (Note 16)	**354**	**–**	**–**	**–**	**354**
At December 31, 2024	**166,519**	**24,001**	**2,572**	**798**	**193,890**
Accumulated depreciation:					
At January 1, 2023	–	–	–	544	544
Exchange adjustment	–	–	–	(3)	(3)
Charge for the year	–	–	–	88	88
Written back on disposals	–	–	–	(179)	(179)
At December 31, 2023 and January 1, 2024	–	–	–	450	450
Exchange adjustment	**–**	**–**	**–**	**(13)**	**(13)**
Charge for the year	**–**	**–**	**28**	**89**	**117**
Written back on disposals	**–**	**–**	**–**	**(17)**	**(17)**
At December 31, 2024	**–**	**–**	**28**	**509**	**537**
Net book value:					
At December 31, 2024	**166,519**	**24,001**	**2,544**	**289**	**193,353**
At December 31, 2023	169,046	23,610	–	331	192,987

Cost or valuation of investment properties and property, plant and equipment are as follows:

	Investment properties	Investment properties under development	Hotel properties	Others	Total
December 31, 2024					
Valuation	**166,519**	**24,001**	**–**	**–**	**190,520**
Cost	**–**	**–**	**2,572**	**798**	**3,370**
	166,519	**24,001**	**2,572**	**798**	**193,890**
December 31, 2023					
Valuation	169,046	23,610	–	–	192,656
Cost	–	–	–	781	781
	169,046	23,610	–	781	193,437

10 Investment Properties and Property, Plant and Equipment (Continued)

(a) The investment properties include right-of-use assets.

(b) Fair value measurement of properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's investment properties and investment properties under development measured at the end of the reporting period on a recurring basis, categorized into a three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified and determined with reference to the observability and significance of the inputs used in the valuation technique is 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

HK$ Million	**Fair value measurement at 2024**		
	Level 1	**Level 2**	**Level 3**
Investment properties	**–**	**166,519**	**–**
Investment properties under development	**–**	**–**	**24,001**

HK$ Million	Fair value measurement at 2023		
	Level 1	Level 2	Level 3
Investment properties	–	169,046	–
Investment properties under development	–	–	23,610

The Group's policy is to recognize transfers between levels of fair value hierarchy at the time at which they occur. During the year, other than the transfers from investment properties under development to investment properties upon their completion, there were no transfers between levels of fair value hierarchy.

The Group's investment properties and investment properties under development were revalued as of December 31, 2024 by Savills Valuation and Professional Services Limited, an independent qualified valuer, on a market value basis. Management has discussions with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of the Group's investment properties is determined by using income capitalization approach with reference to current market rents and capitalization rates using market data.

10 Investment Properties and Property, Plant and Equipment (Continued)

(b) Fair value measurement of properties (Continued)

(iii) Information about Level 3 fair value measurements

The fair value of investment properties under development is determined by using direct comparison approach, with reference to comparable market transactions as available in the market to derive the fair value of the property and, where appropriate, after deducting the following items:

– Estimated development costs to be expended to complete the properties that would be incurred by a market participant; and

– Estimated profit margin that a market participant would require to hold and develop the property to completion.

The higher the estimated development costs or profit margin, the lower the fair value of investment properties under development.

The main Level 3 unobservable inputs used by the Group are as follows:

The total estimated development costs to be incurred for each of the Group's investment properties under development ranged from HK$0.1 billion to HK$9.3 billion (2023: HK$0.2 billion to HK$9.6 billion). The estimates are largely consistent with the budgets developed internally by the Group based on management experience and knowledge of market conditions.

The movements in the investment properties under development during the year represent the movements in the balances of these Level 3 fair value measurements.

Fair value adjustments of investment properties and investment properties under development is recognized in "decrease in fair value of properties" in the consolidated statement of profit or loss.

(c) An analysis of net book value of investment properties and investment properties under development is as follows:

HK$ Million	Investment properties		Investment properties under development	
	2024	2023	**2024**	2023
In Hong Kong				
– long-term leases (over 50 years)	**36,612**	36,973	**–**	–
– medium-term leases (10 to 50 years)	**25,864**	24,854	**–**	352
Outside Hong Kong				
– long-term leases (over 50 years)	**–**	–	**–**	16
– medium-term leases (10 to 50 years)	**104,043**	107,219	**24,001**	23,242
	166,519	169,046	**24,001**	23,610

(d) An analysis of net book value of land and buildings under property, plant and equipment is as follows:

HK$ Million	Hotel properties		Other land and buildings	
	2024	2023	**2024**	2023
In Hong Kong				
– long-term leases (over 50 years)	**–**	–	**12**	13
Outside Hong Kong				
– long-term leases (over 50 years)	**–**	–	**9**	22
– medium-term leases (10 to 50 years)	**2,427**	–	**9**	3
	2,427	–	**30**	38

11 Leases

(a) As a lessee

The Group leases properties for property leasing business and administrative use.

Most of the Group's leased properties meet the definition of investment properties and are presented in the consolidated statement of financial position as investment properties. The Group did not recognize right-of-use assets and lease liabilities for other leases that are of short-term or of low-value assets.

Amounts recognized in profit or loss:

HK$ Million	**2024**	2023
Interest on lease liabilities	**13**	14
Expenses relating to short-term leases	**6**	9
	19	23

Lease liabilities recognized in the consolidated statement of financial position:

HK$ Million	**2024**	2023
Current liabilities	**23**	30
Non-current liabilities	**240**	248
	263	278

A maturity analysis of lease liabilities is disclosed in note 27(b).

Amounts included in the cash flow statement:

HK$ Million	**2024**	2023
Within operating cash flows	**(6)**	(9)
Within financing cash flows	**(30)**	(28)
	(36)	(37)

(b) As a lessor

The Group leases out investment properties under operating leases. The leases typically run for an initial period of two to five years, with an option to renew the lease after that date, at which time all terms are renegotiated. Certain long-term leases contain rent review or adjustment clauses and the Group has a regular proportion of leases up for renewal each year. Certain leases include variable lease payments calculated with reference to the revenue of tenants.

Lease income from lease contracts in which the Group acts as a lessor is as below:

HK$ Million	**2024**	2023
Operating leases		
Fixed or variable depending on an index or rate	**7,244**	7,452
Variable not depending on an index or rate	**1,127**	1,545
	8,371	8,997

11 Leases (Continued)

(b) As a lessor (Continued)

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments under non-cancellable operating leases to be received after the reporting date.

HK$ Million	2024	2023
Within 1 year	**6,074**	6,218
After 1 year but within 2 years	**3,676**	3,956
After 2 years but within 3 years	**1,783**	2,204
After 3 years but within 4 years	**687**	838
After 4 years but within 5 years	**379**	339
After 5 years	**277**	254
	12,876	13,809

12 Interests in Joint Ventures

HK$ Million	2024	2023
Share of net assets	**1,104**	1,116

Details of joint ventures are set out in note 35. The aggregate financial information related to the Group's share of joint ventures that are not individually material are as follows:

HK$ Million	2024	2023
Non-current assets	**1,134**	1,148
Current assets	**4**	5
Non-current liabilities	**(10)**	(10)
Current liabilities	**(24)**	(27)
Net assets	**1,104**	1,116

HK$ Million	2024	2023
Revenue	**54**	59
Profits and total comprehensive income for the year	**26**	36

13 Other Assets

As of December 31, 2024, other assets comprised investments in unlisted equity instruments of HK$76 million (2023: HK$76 million), which were measured at fair value through other comprehensive income. These equity instruments are of Ever Light Limited, a company engaged in property leasing, and are expected to be held for long-term strategic purposes.

14 Cash and Deposits with Banks

HK$ Million	2024	2023
Cash at banks	**3,125**	2,379
Time deposits	**7,178**	2,973
Cash and deposits with banks in the consolidated statement of financial position	**10,303**	5,352
Less: Bank deposits with maturity greater than 3 months	**(105)**	(81)
Cash and cash equivalents in the consolidated cash flow statement	**10,198**	5,271

During the year, the Group's cash and deposits with banks were interest-bearing at an average rate of 1.7% (2023: 2.1%) per annum. The currencies of cash and deposits with banks at the year end date were as follows:

HK$ Million	2024	2023
Hong Kong Dollars	**8,367**	3,311
Hong Kong Dollar equivalent of:		
Renminbi	**1,934**	1,877
United States Dollars	**2**	164
	10,303	5,352

After deducting cash and deposits with banks from bank loans and other borrowings, the net debt position of the Group at the end of the reporting period was as follows:

HK$ Million	2024	2023
Bank loans and other borrowings (Note 17)	**57,376**	50,704
Less: Cash and deposits with banks	**(10,303)**	(5,352)
Net debt	**47,073**	45,352

15 Trade and Other Receivables

Included in trade and other receivables are trade receivables (based on the due date) with the following aging analysis:

HK$ Million	2024	2023
Not past due or less than 1 month past due	166	138
1 – 3 months past due	16	9
More than 3 months past due	2	1
	184	148

Provision for expected credit losses was assessed and adequately made on a tenant-by-tenant basis, based on the historical default experience and forward-looking information that may impact the tenants' ability to repay the outstanding balances. The details on the Group's credit policy are set out in note 27(c).

16 Properties for Sale

HK$ Million	2024	2023
In mainland China		
– Completed properties for sale	3,493	3,390
– Properties under development for sale	3,143	3,057
	6,636	6,447
In Hong Kong		
– Completed properties for sale	2,358	967
– Properties under development for sale	4,495	6,809
	6,853	7,776
	13,489	14,223

During the year ended December 31, 2024, certain completed properties for sale in mainland China with aggregate carrying amount of HK$354 million (2023: Nil) were transferred to investment properties upon the change in use from property for sale to property leasing (Note 10).

During the year ended December 31, 2023, certain properties under development for sale in Hong Kong with aggregate carrying amount of HK$347 million were transferred to investment properties under development upon the change in intended use (Note 10). The fair value of these properties at the date of transfer was HK$352 million. The difference between the fair value and carrying amount of these properties was included in "decrease in fair value of properties" in the consolidated statement of profit or loss.

All properties under development for sale are expected to be recovered after more than one year, except HK$17 million (2023: HK$770 million) of which are expected to be completed and handed over to buyers within one year after the end of the reporting period.

17 Bank Loans and Other Borrowings

At the end of the reporting period, bank loans and other borrowings were unsecured and repayable as follows:

HK$ Million	2024	2023
Bank loans (Note 17(a))		
Within 1 year or on demand	**3,751**	3,468
After 1 year but within 2 years	**9,067**	8,483
After 2 years but within 5 years	**26,351**	22,468
Over 5 years	**3,485**	2,816
	42,654	37,235
Other borrowings (Note 17(b))		
Within 1 year or on demand	**5,596**	970
After 1 year but within 2 years	**1,817**	5,632
After 2 years but within 5 years	**7,107**	5,466
Over 5 years	**400**	1,595
	14,920	13,663
	57,574	50,898
Less: unamortized front end fees	**(198)**	(194)
Total bank loans and other borrowings	**57,376**	50,704
Amount due within 1 year included under current liabilities	**(9,340)**	(4,434)
	48,036	46,270

(a) All bank loans are interest-bearing at rates ranging from 3.4% to 7.0% (2023: 3.7% to 6.9%) per annum.

Certain of the Group's borrowings with carrying amounts of HK$35,538 million (2023: HK$31,456 million) are attached with financial covenants which require that at any time, the Group's consolidated or its subsidiaries' tangible net worth is not less than and the ratio of borrowings to consolidated tangible net worth is not more than certain required levels. During the year, all these covenants have been complied with by the Group or its subsidiaries.

At December 31, 2024, the Group had HK$12,535 million (2023: HK$15,717 million) of undrawn committed banking facilities.

(b) Other borrowings represent bonds issued at coupon rates ranging from 2.00% to 5.00% (2023: 2.00% to 4.75%) per annum.

At December 31, 2024, the available balances of the Group's US$4 billion (2023: US$4 billion) Medium Term Note Program amounted to US$2,078 million (2023: US$2,251 million), equivalent to HK$16,134 million (2023: HK$17,584 million).

18 Trade and Other Payables

HK$ Million	2024	2023
Creditors and accrued expenses (Note 18(a))	**6,414**	6,950
Contract liabilities (Note 18(b))	**130**	510
Deposits received (Note 18(c))	**2,747**	2,756
	9,291	10,216

(a) Creditors and accrued expenses include retention money payable of HK$502 million (2023: HK$407 million) which is not expected to be settled within one year.

Included in trade and other payables is an amount of HK$601 million (2023: HK$601 million) due to a fellow subsidiary, which is the joint developer of a project in which the Group and the fellow subsidiary hold respective interests of 66.67% and 33.33%. The amount represents the contribution by the fellow subsidiary in proportion to its interest to finance the project, and is unsecured, non-interest bearing and has no fixed terms of repayment.

(b) Contract liabilities

(i) Building management fees and other income from property leasing received in advance of HK$85 million (2023: HK$83 million)

Building management fees and other rental related charges are due for payment on the first day of the service period. The fees and charges received before the payment due date are classified as contract liabilities and recognized as revenue when the services are rendered.

(ii) Property sales proceeds received in advance of HK$45 million (2023: HK$427 million)

Typically, the Group receives certain percentage of the consideration from buyers shortly after signing the preliminary sale and purchase agreement (S&P) of residential properties. The remaining balance is paid before or upon closing of contracts when legal titles are transferred to buyers. Proceeds received in advance are recognized as contract liabilities until the legal titles are transferred to buyers, at which time the contract liabilities are recognized as revenue.

None of the above balance is expected to be recognized as revenue after one year.

(iii) Movement in contract liabilities

HK$ Million	2024	2023
At 1 January	**510**	471
Decrease as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	**(485)**	(84)
Increase as a result of billing in advance of building management fees and other income from property leasing	**85**	83
Increase as a result of receiving property sales proceeds	**20**	40
At 31 December	**130**	510

18 Trade and Other Payables (Continued)

(c) In the amount of deposits received, HK$1,583 million (2023: HK$1,587 million) are not expected to be settled within one year.

Included in trade and other payables are trade creditors with the following aging analysis:

HK$ Million	2024	2023
Due within 3 months	1,368	2,053
Due after 3 months	2,647	2,289
	4,015	4,342

19 Taxation in the Consolidated Statement of Financial Position

(a) Current taxation

HK$ Million	2024	2023
Hong Kong Profits Tax	74	204
Mainland China Income Tax	220	253
	294	457

(b) Deferred taxation

HK$ Million	2024	2023
Deferred tax liabilities	13,374	13,524
Deferred tax assets	(140)	(142)
	13,234	13,382

The components of deferred tax liabilities/(assets) recognized in the consolidated statement of financial position and the movements during the year are as follows:

HK$ Million	Depreciation allowances in excess of related depreciation	Revaluation of properties	Future benefit of tax losses	Others	Total
At January 1, 2023	2,098	11,373	(151)	2	13,322
Exchange adjustments	(21)	(161)	–	–	(182)
Charged/(credited) to					
– profit or loss (Note 7(a))	133	103	21	(4)	253
– other comprehensive income	–	–	–	(11)	(11)
At December 31, 2023 and January 1, 2024	2,210	11,315	(130)	(13)	13,382
Exchange adjustments	(31)	(240)	–	(3)	(274)
Charged/(credited) to					
– profit or loss (Note 7(a))	128	20	(14)	(17)	117
– other comprehensive income	–	–	–	9	9
At December 31, 2024	**2,307**	**11,095**	**(144)**	**(24)**	**13,234**

19 Taxation in the Consolidated Statement of Financial Position (Continued)

(c) Deferred tax assets not recognized

The Group has not recognized deferred tax assets in respect of tax losses of HK$8,687 million (2023: HK$8,517 million) sustained in the operations of certain subsidiaries as the availability of future taxable profits against which the assets can be utilized is not probable at December 31, 2024. The tax losses arising from Hong Kong operations do not expire under current tax legislation. The tax losses arising from the operations in mainland China will expire at various dates up to 2029.

20 Share Capital

	2024		2023	
	Number of shares Million	Amount of share capital HK$ Million	Number of shares Million	Amount of share capital HK$ Million
Ordinary shares, issued and fully paid:				
At January 1	4,499	39,950	4,499	39,950
Shares issued in respect of scrip dividends	285	2,101	–	–
At December 31	4,784	42,051	4,499	39,950

On September 25, 2024, the Company issued and allotted a total of 72 million ordinary shares at an issue price of HK$5.516 per ordinary share to the shareholders who elected to receive shares in the Company in lieu of cash in respect of 2024 interim dividend pursuant to the scrip dividend arrangement announced by the Company on July 30, 2024. The new ordinary shares rank pari passu in all respects with existing ordinary shares of the Company.

On June 14, 2024, the Company issued and allotted a total of 213 million ordinary shares at an issue price of HK$8.012 per ordinary share to the shareholders who elected to receive shares in the Company in lieu of cash in respect of 2023 final dividend pursuant to the scrip dividend arrangement announced by the Company on January 30, 2024. The new ordinary shares rank pari passu in all respects with existing ordinary shares of the Company.

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

21 Reserves

(a) The Group

HK$ Million	Other reserves						
	Exchange reserve	Hedging reserve	Investment revaluation reserve	Employee share-based compensation reserve	Total	Retained profits	Total reserves
At January 1, 2023	(4,005)	50	77	570	(3,308)	96,739	93,431
Profit for the year	–	–	–	–	–	3,970	3,970
Exchange difference arising from translation to presentation currency	(1,434)	–	–	–	(1,434)	–	(1,434)
Loss on net investment hedge	(9)	–	–	–	(9)	–	(9)
Cash flow hedges: net movement in hedging reserve	–	(73)	–	–	(73)	–	(73)
Net change in fair value of equity investments	–	–	(1)	–	(1)	–	(1)
Total comprehensive income for the year	(1,443)	(73)	(1)	–	(1,517)	3,970	2,453
Final dividend in respect of previous year	–	–	–	–	–	(2,699)	(2,699)
Interim dividend in respect of current year	–	–	–	–	–	(810)	(810)
Employee share-based payments	–	–	–	(104)	(104)	187	83
At December 31, 2023 and January 1, 2024	(5,448)	(23)	76	466	(4,929)	97,387	92,458
Profit for the year	**–**	**–**	**–**	**–**	**–**	**2,153**	**2,153**
Exchange difference arising from translation to presentation currency	**(2,083)**	**–**	**–**	**–**	**(2,083)**	**–**	**(2,083)**
Gain on net investment hedge	**148**	**–**	**–**	**–**	**148**	**–**	**148**
Cash flow hedges: net movement in hedging reserve	**–**	**51**	**–**	**–**	**51**	**–**	**51**
Total comprehensive income for the year	**(1,935)**	**51**	**–**	**–**	**(1,884)**	**2,153**	**269**
Final dividend in respect of previous year	**–**	**–**	**–**	**–**	**–**	**(2,699)**	**(2,699)**
Interim dividend in respect of current year	**–**	**–**	**–**	**–**	**–**	**(566)**	**(566)**
Employee share-based payments	**–**	**–**	**–**	**(42)**	**(42)**	**116**	**74**
At December 31, 2024	**(7,383)**	**28**	**76**	**424**	**(6,855)**	**96,391**	**89,536**

21 Reserves (Continued)

(a) The Group (Continued)

The retained profits of the Group at December 31, 2024 included HK$925 million (2023: HK$924 million) in respect of statutory reserves of the subsidiaries in mainland China.

The exchange reserve of the Group comprises exchange differences arising from the translation of the Group's operations in mainland China and the effective portion of any foreign exchange differences arising from hedging of net investments in foreign operations (Note 1(l)(2)).

The hedging reserve comprises the Group's share of effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss (Note 1(l)(1)).

The table below provides a reconciliation of the hedging reserve in respect of interest rate risk (Note 27(a)) and currency risk (Note 27(d)):

HK$ Million	Interest rate risk	Currency risk	Total
At January 1, 2023	50	–	50
Effective portion of cash flow hedge recognized in other comprehensive income	18	(16)	2
Amount reclassified to profit or loss	(86)	–	(86)
Related tax	11	–	11
At December 31, 2023 and January 1, 2024	(7)	(16)	(23)
Effective portion of cash flow hedge recognized in other comprehensive income	**115**	**5**	**120**
Amount reclassified to profit or loss	**(62)**	**2**	**(60)**
Related tax	**(9)**	**–**	**(9)**
At December 31, 2024	**37**	**(9)**	**28**

The investment revaluation reserve comprises the cumulative net change in the fair value of equity investments measured at FVTOCI (Note 1(j)).

The employee share-based compensation reserve comprises the fair value of share options granted which are not yet exercised, as explained in note 1(z).

21 Reserves (Continued)

(b) The Company

HK$ Million	Employee share-based compensation reserve	Retained profits	Total reserves
At January 1, 2023	570	23,559	24,129
Profit and total comprehensive income for the year	–	3,833	3,833
Final dividend in respect of previous year	–	(2,699)	(2,699)
Interim dividend in respect of current year	–	(810)	(810)
Employee share-based payments	(104)	187	83
At December 31, 2023 and January 1, 2024	466	24,070	24,536
Profit and total comprehensive income for the year	**–**	**3,548**	**3,548**
Final dividend in respect of previous year	**–**	**(2,699)**	**(2,699)**
Interim dividend in respect of current year	**–**	**(566)**	**(566)**
Employee share-based payments	**(42)**	**116**	**74**
At December 31, 2024	**424**	**24,469**	**24,893**

The aggregate amount of the Company's reserves available for distribution to equity shareholders of the Company at December 31, 2024 was HK$24,469 million (2023: HK$24,070 million).

(c) 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 it can continue to provide returns for shareholders and benefits to other stakeholders, and to secure access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in the light of changes in the Group's business portfolio and economic conditions.

The Group monitors its capital structure by reviewing its leveraging ratio (net debt to equity ratio and debt to equity ratio) and cash flow requirements, taking into account future financial obligations and commitments. Net debt represents bank loans and other borrowings less cash and deposits with banks. Equity comprises shareholders' equity and non-controlling interests.

The Group has a net debt position as of December 31, 2024 (Note 14). Net debt to equity ratio and debt to equity ratio as of December 31, 2024 were 33.4% (2023: 31.9%) and 40.7% (2023: 35.7%), respectively. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

22 Cash Generated from Operations

HK$ Million	2024	2023
Profit before taxation	**4,045**	6,168
Adjustments for:		
(Gain)/loss on disposal of property, plant and equipment	**(17)**	12
Dividend income from equity investments measured at FVTOCI	**(2)**	(2)
Employee share-based payments	**74**	83
Depreciation	**117**	88
Provision for properties for sale	**384**	–
Decrease in fair value of properties	**937**	9
Interest income on bank deposits	**(42)**	(71)
Finance costs	**926**	692
Share of profits of joint ventures	**(26)**	(36)
Gain on disposal of investment properties	**–**	(11)
Decrease/(increase) in properties for sale	**159**	(2,573)
Decrease in trade and other receivables	**221**	60
(Decrease)/increase in creditors and accrued expenses and contract liabilities	**(421)**	563
Increase in deposits received	**32**	25
Cash generated from operations	**6,387**	5,007

23 Reconciliation of Liabilities Arising from Financing Activities

HK$ Million	Bank loans and other borrowings (Note 17)	Lease liabilities (Note 11)	Total
At January 1, 2023	45,524	293	45,817
Cash flows	5,304	(28)	5,276
Non-cash changes:			
Entering into new leases	–	3	3
Unwind of discount and amortization of transaction costs	69	14	83
Exchange adjustment	(193)	(4)	(197)
At December 31, 2023 and January 1, 2024	50,704	278	50,982
Cash flows	**6,952**	**(30)**	**6,922**
Non-cash changes:			
Entering into new leases	**–**	**8**	**8**
Unwind of discount and amortization of transaction costs	**76**	**13**	**89**
Exchange adjustment	**(356)**	**(6)**	**(362)**
At December 31, 2024	**57,376**	**263**	**57,639**

24 Commitments

At the end of the reporting period, capital commitments not provided for in the financial statements were as follows:

HK$ Million	2024	2023
Contracted for	**4,926**	6,279
Authorized but not contracted for	**8,416**	9,145
	13,342	15,424

The above commitments include mainly the construction related costs to be incurred in respect of the Group's development of investment properties in various cities in mainland China.

25 Employee Benefits

(a) Retirement benefits

Staff of the Group's entities operating in Hong Kong are offered either an MPF Exempted Occupational Retirement Scheme (the "ORSO Scheme") or a master trust Mandatory Provident Fund Scheme (the "MPF Scheme"). The eligibility for membership of the ORSO and MPF schemes is identical for new employees. In addition, the employees employed under the Hong Kong Employment Ordinance are also entitled to long service payment (LSP) if the eligibility criteria are met.

The ORSO Scheme is a defined contribution provident fund scheme, the assets of which are held separately from those of the Group by an independent corporate trustee and managed by professional fund managers. Contributions are made by both the employer and the employees at a certain percentage of employees' basic salaries, the percentage varying with their length of service. When an employee leaves the scheme prior to his or her interest in the Group's contributions being fully vested, forfeited contributions are refunded to the Group. Total contributions made by the Group for the year amounted to HK$33 million (2023: HK$35 million) and forfeited sums refunded to the Group amounted to HK$2 million (2023: HK$2 million).

The MPF Scheme is operated by an independent service provider. Mandatory contributions are made by both the employer and the employees at 5% of the employees' monthly relevant income, up to a limit of HK$30,000. The Group's contributions will be fully and immediately vested in the employees' accounts as their accrued benefits in the scheme. Total MPF contributions made by the Group for the year amounted to HK$7 million (2023: HK$8 million).

Staff of the Group's mainland China subsidiaries are members of a retirement benefits scheme (the "Mainland RB Scheme") operated by the local municipal government in mainland China. The only obligation of the subsidiaries in mainland China is to contribute a certain percentage of their payroll to Mainland RB Scheme to fund the retirement benefits. The local municipal government in mainland China undertakes to assume the retirement benefits obligations of all existing and future retired employees of subsidiaries in mainland China. Total contributions made by subsidiaries in mainland China for the year amounted to HK$71 million (2023: HK$69 million).

25 Employee Benefits (Continued)

(b) Equity compensation benefits

The share option scheme adopted by the Company on April 18, 2012 (the "2012 Share Option Scheme") was terminated upon the adoption of a new share option scheme on April 27, 2022 (the "2022 Share Option Scheme", together with the 2012 Share Option Scheme are referred to as the "Schemes"). The 2022 Share Option Scheme became valid and effective for a period of ten years commencing from the date of adoption. Upon termination of the 2012 Share Option Scheme, no further share options could be granted under the 2012 Share Option Scheme but in all other respects the provisions of the 2012 Share Option Scheme remain in full force and effect, and all share options granted prior to such termination and not exercised nor forfeited/lapsed at the date of termination remain valid.

The purposes of the Schemes are to enable the Company to grant options to selected participants as incentives or rewards for their contributions to the Group, to attract skilled and experienced personnel, to incentivize them to remain with the Group and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interest in the Company.

Under the Schemes, the board of directors of the Company (the "Board") is authorized to grant options to selected participants, including employees and directors of any company in the Group, subject to the terms and conditions such as performance targets as the Board may specify on a case-by-case basis or generally. The exercise price of the options is determined by the Board at the time of grant, and shall not be less than the higher of the nominal value of the shares, the closing price of the shares at the date of grant and the average closing price of the shares for the five business days immediately preceding the date of grant. The period open for acceptance of the option and amount payable thereon, the vesting period, the exercisable period and the number of shares subject to each option are determined by the Board at the time of grant.

The share options granted under the Schemes to the directors and employees of the Company and its subsidiaries are at nominal consideration and each share option gives the holder the right to subscribe for one share of the Company.

As of the date of this annual report, the total number of shares of the Company available for issue under the 2022 Share Option Scheme is 282,875,550 shares, representing approximately 5.9% of the total number of issued shares of the Company. The total number of shares issued and to be issued upon exercise of options (including both exercised and outstanding) granted to each participant under the 2022 Share Option Scheme in any 12-month period shall not exceed 1% of the shares of the Company in issue.

25 Employee Benefits (Continued)

(b) Equity compensation benefits (Continued)

The movements of share options during the year are as follows:

(i) 2012 Share Option Scheme

Date granted	Number of share options: Outstanding on January 1, 2024	Forfeited/ Lapsed	Outstanding on December 31, 2024	Period during which share options are exercisable	Exercise price (HK$)
December 5, 2014	18,750,000	(18,750,000)	–	December 5, 2016 to December 4, 2024	22.60
August 10, 2017	27,655,000	(2,436,000)	**25,219,000**	August 10, 2019 to August 9, 2027	19.98
May 16, 2018	10,000,000	–	**10,000,000**	May 16, 2020 to May 15, 2028	18.98
June 28, 2019	39,691,100	(3,018,600)	**36,672,500**	June 28, 2021 to June 27, 2029	18.58
May 12, 2021	54,521,000	(5,115,000)	**49,406,000**	May 12, 2023 to May 11, 2031	19.95
October 6, 2021	2,000,000	–	**2,000,000**	October 6, 2023 to October 5, 2031	17.65
February 21, 2022	59,140,000	(6,300,000)	**52,840,000**	February 21, 2024 to February 20, 2032	16.38
Total	211,757,100	(35,619,600)	**176,137,500**		

All the above share options may vest after two to five years of the grant date and are exercisable up to the tenth anniversary of the date of grant, after which they will lapse. No share options were granted, exercised or cancelled during the year.

During the year, 18,139,600 share options (2023: 13,029,600 share options) were forfeited upon cessations of the grantees' employments and 17,480,000 share options (2023: 21,910,000 share options) lapsed due to the expiry of the period for exercising the share options.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2024		2023	
	Weighted average exercise price (HK$)	**Number of options**	Weighted average exercise price (HK$)	Number of options
Outstanding at January 1	**18.87**	**211,757,100**	19.69	246,696,700
Forfeited	**18.67**	**(18,139,600)**	18.66	(13,029,600)
Lapsed	**22.60**	**(17,480,000)**	28.20	(21,910,000)
Outstanding at December 31	**18.52**	**176,137,500**	18.87	211,757,100
Exercisable at December 31	**19.09**	**92,730,500**	20.04	86,085,600

25 Employee Benefits (Continued)

(b) Equity compensation benefits (Continued)

(i) 2012 Share Option Scheme (Continued)

The weighted average remaining contractual life of share options outstanding at the end of the reporting period was 5.5 years (2023: 6.0 years).

(ii) 2022 Share Option Scheme

	Number of share options				
Date granted	Outstanding on January 1, 2024	Forfeited/ Lapsed	**Outstanding on December 31, 2024**	Period during which share options are exercisable	Exercise price (HK$)
June 28, 2023	52,978,000	(4,854,000)	**48,124,000**	June 28, 2025 to June 27, 2033	12.49
Total	52,978,000	(4,854,000)	**48,124,000**		

All the above share options may vest after two to four years of the grant date and are exercisable up to the tenth anniversary of the date of grant, after which they will lapse. No share options were granted, exercised or cancelled during the year.

During the year, 4,854,000 share options (2023: 1,591,000 share options) were forfeited upon cessations of the grantees' employments.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2024		2023	
	Weighted average exercise price (HK$)	**Number of options**	Weighted average exercise price (HK$)	Number of options
Outstanding at January 1	**12.49**	**52,978,000**	–	–
Granted	**–**	**–**	12.49	54,569,000
Forfeited	**12.49**	**(4,854,000)**	12.49	(1,591,000)
Outstanding at December 31	**12.49**	**48,124,000**	12.49	52,978,000
Exercisable at December 31	**–**	**–**	–	–

The weighted average remaining contractual life of share options outstanding at the end of the reporting period was 8.5 years (2023: 9.5 years).

The fair value of share options granted was estimated at the date of grant using the Black-Scholes pricing model taking into account the terms and conditions upon which the options were granted.

25 Employee Benefits (Continued)

(b) Equity compensation benefits (Continued)

(ii) 2022 Share Option Scheme (Continued)

In respect of the share options granted in 2023, the fair value, terms and conditions, and assumptions were as follows:

Fair value at grant date	HK$1.64
Share price at grant date	HK$12.34
Exercise price	HK$12.49
Risk-free interest rate	3.44%
Expected life (in years)	6
Expected volatility	27.02%
Expected dividends per share	HK$0.78

Note:

No share options were granted in 2024.

The expected volatility is based on the historical volatility and the expected dividends per share are based on historical dividends. Changes in the above assumptions could materially affect the fair value estimate.

(iii) In respect of share options granted to the directors, the related charge recognized for the year ended December 31, 2024, estimated in accordance with the Group's accounting policy in note 1(z)(2) was as follows:

(1) Mr. Ronnie C. Chan (retired on April 26, 2024), HK$5.2 million (2023: HK$5.7 million);
(2) Mr. Adriel Chan, HK$4.7 million (2023: HK$5.0 million);
(3) Mr. Weber W.P. Lo, HK$4.7 million (2023: HK$6.0 million); and
(4) Mr. Kenneth K.K. Chiu, HK$3.1 million (2023: HK$2.9 million).

26 Material Related Party Transactions

Except for the emoluments to directors and key management personnel disclosed in notes 6 and 25(b) and the transactions and balances already disclosed elsewhere in the financial statements, the Group did not have any material related party transactions in the ordinary course of business.

None of the above related party transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided on page 137 in the Report of the Directors.

27 Financial Risk Management Objectives and Policies

Exposure to interest rate, liquidity, credit and currency risks arises in the normal course of the Group's business. The Group has policies and practices approved by management as described below in managing these risks.

(a) Interest rate risk

The Group's interest rate risk arises primarily from deposits with banks and floating rate bank borrowings. Interest rate trends and movements are closely monitored and, if appropriate, existing borrowings will be replaced with new bank facilities when favorable pricing opportunities arise.

The Group enters into floating-for-fixed interest rate swaps to manage its exposure to interest rate risk. In addition, the Group maintains the Medium Term Note Program which facilitates the Group to mitigate future interest rate volatility and re-financing risks.

The Group has designated the interest rate swaps in their entirety as the hedging instruments of the interest rate risk on variability in cash flows arising from certain floating rate bank loans. The table below summarizes the details of hedging instruments as of the end of the reporting period and the effect of the hedge accounting during the year:

HK$ Million	**2024**	2023
Notional amount of hedging instruments	**5,700**	4,900
Carrying amount of hedging instruments		
– Trade and other receivables	**44**	5
– Trade and other payables	**–**	(14)
Change in fair value used for measuring hedge ineffectiveness		
– Hedging instruments	**115**	18
– Hedged items	**(115)**	(18)
Change in fair value of hedging instruments recognized in other comprehensive income	**115**	18
Amount reclassified from hedging reserve to profit or loss that are credited to finance costs	**62**	86

These interest rate swaps will mature during 2026 to 2028, of which the Group receives Hong Kong Interbank Offered Rate and pays fixed rates ranging from 2.90% to 3.39% (2023: 3.06% to 3.39%). The hedge ratio is determined to be 1:1 as the Group uses interest rate swaps to match the critical terms of the bank loans, including the notional amounts, benchmark interest rates, interest repricing dates and interest payment/receipt dates. Hedge ineffectiveness is expected to be insignificant.

After taking into account the effect of interest rate swaps, the interest rate risk profile of the Group's borrowings at the end of the reporting period is as follows:

HK$ Million	**2024**	2023
Fixed	**23,725**	18,576
Floating	**33,651**	32,128
Total borrowings	**57,376**	50,704

27 Financial Risk Management Objectives and Policies (Continued)

(a) Interest rate risk (Continued)

Based on the simulations performed at year end in relation to the Group's bank deposits as disclosed in note 14 and floating rate borrowings as listed above, it was estimated that the impact of a 100 basis-point increase in market interest rates from the rates applicable at the year end date, with all other variables held constant, would increase the Group's annual net interest payments by approximately HK$235 million (2023: HK$269 million).

This analysis is based on a hypothetical situation, as in practice market interest rates rarely change in isolation, and should not be considered a projection of likely future profits or losses. The analysis assumes the following:

– changes in market interest rates affect the interest income and interest expense of floating rate financial instruments and bank loans (after taking into account the effect of interest rate swaps); and

– all other financial assets and liabilities are held constant.

The analysis was performed on the same basis for 2023.

(b) Liquidity risk

The Group manages surplus cash centrally and the liquidity risk of the Company and subsidiaries at the corporate level. The Group maintains adequate amount of cash and undrawn committed bank facilities to meet all funding requirements. Significant flexibility is achieved through diverse sources of committed credit lines for capturing future expansion opportunities.

HK$ Million		Contractual undiscounted cash flow				
	Carrying amount	**Total**	**Within 1 year or on demand**	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**
Bank loans and other borrowings	**57,376**	**65,676**	**11,672**	**12,822**	**36,248**	**4,934**
Trade and other payables	**9,291**	**9,291**	**7,708**	**750**	**742**	**91**
Lease liabilities	**263**	**362**	**24**	**24**	**75**	**239**
At December 31, 2024	**66,930**	**75,329**	**19,404**	**13,596**	**37,065**	**5,264**

HK$ Million		Contractual undiscounted cash flow				
	Carrying amount	Total	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
Bank loans and other borrowings	50,704	58,773	6,703	16,017	30,628	5,425
Trade and other payables	10,216	10,216	8,222	1,033	919	42
Lease liabilities	278	388	30	24	73	261
At December 31, 2023	61,198	69,377	14,955	17,074	31,620	5,728

27 Financial Risk Management Objectives and Policies (Continued)

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables with tenants and deposits held with reputable banks and financial institutions.

The Group maintains a defined credit policy including stringent credit evaluation on and payment of a rental deposit from tenants. In addition to the payment of rental deposits, tenants are required to pay monthly rents in respect of leased properties in advance. Receivables are regularly reviewed and closely monitored to minimize any associated credit risk.

Surplus cash is placed with reputable banks and financial institutions in accordance with pre-determined limits based on credit ratings and other factors to minimize concentration risk.

The Group does not provide any financial guarantee which would expose the Group to material credit risk.

There are no significant concentrations of credit risk within the Group.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

The Group measures loss allowances for trade receivables with tenants in accordance with note 1(m).

(d) Currency risk

The Group adopts a conservative risk management policy to manage foreign currency exposure. The level of hedge is decided through cost and benefit analysis with reference to prevailing market situation. If appropriate, the Group may use derivative financial instruments solely for hedging purposes. These derivatives reduce the uncertainty of interest payments and principal repayments of foreign currency debts and can be entered into on or after the issuance of a foreign currency debt.

Currency risk arises from assets and liabilities denominated in a currency other than the functional currency of the Group's entities to which they related. The Group has bonds outstanding amounting to US$50 million (2023: US$50 million). The currency risk arising from the USD denominated bonds is hedged by back-to-back USD/HKD cross currency swaps, at exchange rate of 7.75 HKD/USD and fixed interest rates at 2.03% (2023: 2.03%) per annum. These swaps will mature in 2028.

27 Financial Risk Management Objectives and Policies (Continued)

(d) Currency risk (Continued)

The Group has designated the cross currency swaps in their entirety as the hedging instruments of the foreign currency risk arising from the USD denominated bonds. The table below summarizes the details of hedging instruments as of the end of the reporting period and the effect of the hedge accounting during the year:

HK$ Million	2024	2023
Notional amount of hedging instruments	388	388
Carrying amount of hedging instruments		
– Trade and other payables	(8)	(13)
Change in fair value used for measuring hedge ineffectiveness		
– Hedging instruments	5	(16)
– Hedged items	(5)	16
Change in fair value of hedging instruments recognized in other comprehensive income	5	(16)
Amount reclassified from hedging reserve to profit or loss that are charged to other net income	2	–

The hedge ratio is determined to be 1:1 as the Group uses cross currency swaps to match the critical terms of the bonds, including the notional amounts, currencies, interest payment/receipt dates and maturity dates. Hedge ineffectiveness is expected to be insignificant.

The Group engages in property development and investments in mainland China through local subsidiaries whose net carrying values are exposed to currency risk. In addition, the Group has Renminbi deposits of RMB1,791 million (2023: RMB1,701 million), for which there are currency risks but which are held to meet ongoing Renminbi payment obligations in relation to development projects in mainland China. Where appropriate, the Group seeks to minimize the exposure to currency risk in mainland China through borrowings denominated in Renminbi.

The Group has designated its Renminbi denominated borrowings outside mainland China as a hedging instrument for the changes in the value of the net investment in mainland China attributable to changes in the HKD/RMB spot rate. It is the Group's policy to monitor the currency risk arising from the net investment in mainland China and to adjust the hedging strategy when necessary. The risk management policy and hedging strategy are reviewed in light of the changes in the value of the Group's total net investment in mainland China.

The carrying amount of the Renminbi denominated borrowings designated as hedging instruments at December 31, 2024 was HK$5,711 million (2023: HK$1,182 million). The hedge was determined to be fully effective as the carrying value of the hedged item did not drop below the carrying amount of the hedging instrument throughout the hedging period. A foreign exchange gain of HK$148 million (2023: loss of HK$9 million) was recognized in the Group's other comprehensive income for the year on translation of the Renminbi denominated borrowings to Hong Kong dollars.

27 Financial Risk Management Objectives and Policies (Continued)

(d) Currency risk (Continued)

Management estimated that a 5% (2023: 5%) appreciation/depreciation of Renminbi against Hong Kong dollar would increase/decrease the Group's equity attributable to shareholders by HK$4,436 million (2023: HK$4,701 million).

The above analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and that all other variables, in particular interest rates, remain constant. The analysis was performed on the same basis for 2023.

(e) Fair value

The fair value of the Group's financial instruments is measured at the end of the reporting period on a recurring basis, categorized 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 and determined with reference to the observability and significance of the inputs used in the valuation technique is 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

(i) Financial assets and liabilities measured at fair value

(1) The level of fair value hierarchy within which the fair value measurements are categorized and analyzed below:

HK$ Million	Fair value		Fair value measurements categorized into
	2024	2023	
Financial assets			
Trade and other receivables			
Interest rate swaps (cash flow hedges)	**44**	5	Level 2
Other assets			
Investment in equity instruments	**76**	76	Level 3
Financial liabilities			
Trade and other payables			
Cross currency swaps (cash flow hedges)	**(8)**	(13)	Level 2
Interest rate swaps (cash flow hedges)	**–**	(14)	Level 2

27 Financial Risk Management Objectives and Policies (Continued)

(e) Fair value (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

The fair value of the cross currency swaps and interest rate swaps is determined based on the amount that the Group would receive or pay to terminate the swaps at the end of the reporting period taking into account current interest rates and current creditworthiness of the swap counter-parties.

The fair value of non-publicly traded equity investments is determined by reference to the net asset value of these investments.

(2) Transfers of instruments between the three-level fair value hierarchy

During the year, there were no transfers of instruments between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as of the end of the reporting period in which they occur.

(ii) Fair value of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortized cost were not materially different from their fair values as of December 31, 2023 and 2024.

28 Significant Accounting Estimates and Judgments

Key sources of estimation uncertainty

Note 10(b) contains information about the assumptions and the risk relating to valuation of investment properties and investment properties under development.

Besides, the Group determines the net realizable value of properties for sale based on estimation of future selling price less estimated costs of completion and costs to be incurred in relation to the sale, with reference to the prevailing market data and market survey reports available from independent property valuers.

29 Company-Level Statement of Financial Position

At December 31, 2024

HK$ Million	Note	2024	2023
Non-current assets			
Interests in subsidiaries	30	**67,936**	65,510
Current assets			
Cash and deposits with banks		**2**	1
Trade and other receivables		**4**	4
		6	5
Current liabilities			
Trade and other payables		**17**	21
Net current liabilities		**11**	16
Total assets less current liabilities		**67,925**	65,494
Non-current liabilities			
Amounts due to subsidiaries	30(c)	**981**	1,008
NET ASSETS		**66,944**	64,486
Capital and reserves			
Share capital	20	**42,051**	39,950
Reserves	21(b)	**24,893**	24,536
TOTAL EQUITY		**66,944**	64,486

Weber W.P. Lo
Chief Executive Officer

Kenneth K.K. Chiu
Chief Financial Officer

30 Interests in Subsidiaries and Amounts due to Subsidiaries

HK$ Million	2024	2023
Non-current assets		
Unlisted shares, at cost	**8**	8
Amounts due from subsidiaries (Note 30(b))	**67,928**	65,502
	67,936	65,510

(a) Details of principal subsidiaries are set out in note 34.

(b) Amounts due from subsidiaries are unsecured, interest-free with no fixed terms of repayment and classified as non-current assets as they are not expected to be recoverable within the next 12 months.

(c) Amounts due to subsidiaries are unsecured, interest-free with no fixed terms of repayment and classified as non-current liabilities as they are not expected to be repaid within the next 12 months.

31 Ultimate Holding Company

The ultimate holding company is Hang Lung Group Limited, a company incorporated in Hong Kong.

32 Possible Impact of Amendments, New Standards and Interpretations Issued but not yet Effective for the Year Ended December 31, 2024

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard which are not yet effective for the year ended December 31, 2024 and which have not been adopted in these financial statements.

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 financial statements.

33 Approval of Financial Statements

The financial statements were approved and authorized for issue by the Board of Directors on January 24, 2025.

34 Principal Subsidiaries

At December 31, 2024

Company	Issued Share Capital (HK$)	% Held by the Group	% Held by the Company	Activity	Place of Incorporation and Operations
Antonis Limited*	10,000	100	100	Property leasing	Hong Kong
AP City Limited	2	100	–	Property leasing	Hong Kong
AP Joy Limited	2	100	–	Property leasing	Hong Kong
AP Properties Limited				Property leasing	Hong Kong
'A' shares	34	100	–		
'B' shares	6	100	–		
AP Star Limited*	2	100	–	Investment holding	Hong Kong
AP Success Limited	2	100	–	Property leasing	Hong Kong
AP Universal Limited*	2	100	–	Property leasing	Hong Kong
AP Win Limited*	1,000,000	100	–	Property leasing	Hong Kong
AP World Limited	2	100	100	Property leasing	Hong Kong
Bonna Estates Company Limited	1,000,000	100	100	Property leasing	Hong Kong
Caddo Enterprises, Limited*	4,000,000	100	–	Property leasing	Hong Kong
Country Bond Development Limited				Investment holding	Hong Kong
'A' shares	990	79.8	–		
'B' share	1	100	–		
Dokay Limited*	2	100	–	Property leasing	Hong Kong
Easegood Enterprises Limited*	2	100	–	Investment holding	Hong Kong
Fu Yik Company Limited*	3	100	–	Property leasing	Hong Kong
Gala Ruby Limited*	2	100	100	Investment holding	Hong Kong
Grand Centre Limited	4	100	–	Property leasing	Hong Kong
Grand Hotel Group Limited	10,200	100	–	Apartment operating & management	Hong Kong
Grand Hotel Holdings Limited*				Investment holding	Hong Kong
'A' shares	1,004,834,694	100	–		
'B' shares	6,000,000	100	–		
Hang Chui Company Limited	2	100	–	Property leasing	Hong Kong
Hang Far Company Limited*	2	100	–	Investment holding	Hong Kong
Hang Fine Company Limited	200	100	–	Property leasing	Hong Kong
Hang Kwok Company Limited*	10,000	100	–	Property leasing	Hong Kong
Hang Lung (Administration) Limited	10,000	100	100	Management services	Hong Kong
Hang Lung (Dalian) Limited*	1	100	–	Investment holding	Hong Kong
Hang Lung (Jiangsu) Limited*	1	100	–	Investment holding	Hong Kong
Hang Lung (Jinan) Limited*	1	100	–	Investment holding	Hong Kong

34 Principal Subsidiaries (Continued)

At December 31, 2024

Company	Issued Share Capital (HK$)	% Held by the Group	% Held by the Company	Activity	Place of Incorporation and Operations
Hang Lung (Kunming) Limited*	1	100	–	Investment holding	Hong Kong
Hang Lung (Liaoning) Limited*	1	100	–	Investment holding	Hong Kong
Hang Lung (Shenyang) Limited*	2	100	–	Investment holding	Hong Kong
Hang Lung (Tianjin) Limited*	2	100	–	Investment holding	Hong Kong
Hang Lung (Wuhan) Limited*	1	100	–	Investment holding	Hong Kong
Hang Lung (Wuxi) Limited*	1	100	–	Investment holding	Hong Kong
Hang Lung Gala Place Limited	2	100	–	Property leasing	Hong Kong
Hang Lung Project Management Limited*	10,000	100	100	Project management	Hong Kong
Hang Lung Property Management Limited*	100,000	100	–	Property management	Hong Kong
Hang Lung Real Estate Agency Limited*	2	100	100	Property agencies	Hong Kong
Hang Top Limited*	3	66.7	–	Investment holding	Hong Kong
Hang Wise Company Limited*	200	66.7	–	Property development	Hong Kong
HLP (China) Administrative Limited	1	100	–	Management services	Hong Kong
HLP (China) Limited*	2	100	100	Investment holding	Hong Kong
HLP Finance Limited#	US$1	100	100	Financial services	British Virgin Islands
HLP Financial Services Limited	RMB1	100	–	Financial services	Hong Kong
HLP Treasury Limited	2	100	100	Financial services	Hong Kong
HLP Treasury Services Limited*	2	100	–	Financial services	Hong Kong
Hoi Sang Limited*	2	100	–	Investment holding	Hong Kong
Lockoo Limited*	1,000,002	100	–	Property development	Hong Kong
Mansita Limited*	2	100	–	Property leasing	Hong Kong
Modalton Limited	2	100	–	Property leasing	Hong Kong
Palex Limited*	2	100	–	Property leasing	Hong Kong
Passion Success Limited*	1	100	–	Investment holding	Hong Kong
Pocaliton Limited	2	100	–	Property leasing	Hong Kong
Rago Star Limited	2	100	–	Property leasing	Hong Kong
Stooket Limited	2	100	100	Property leasing	Hong Kong
Superlane Development Limited	1,000	66.7	–	Property development	Hong Kong
Tegraton Limited	2	100	–	Property leasing	Hong Kong
Total Select Limited	1	100	–	Property development	Hong Kong
Wai Luen Investment Company, Limited*	100,000	100	–	Property leasing	Hong Kong
Yangli Limited*	2	100	–	Property leasing	Hong Kong

34 Principal Subsidiaries (Continued)

At December 31, 2024

Wholly Foreign Owned Enterprises in Mainland China	Registered Capital	% Held by the Group	% Held by the Company	Activity	Place of Incorporation and Operations
Dalian Hang Lung Properties Ltd.	RMB5,786,877,355	100	–	Property development & leasing	Mainland China
Hangzhou Hang Lung Properties Ltd.	RMB11,767,500,000	100	–	Property & hotel development	Mainland China
Hubei Hang Lung Property Development Co., Ltd.	RMB7,900,000,000	100	–	Property development & leasing	Mainland China
Kunming Hang Ying Properties Ltd.	RMB8,455,634,575	100	–	Property development, leasing & Hotel Investment	Mainland China
Liaoning Hang Lung Properties Ltd.	RMB8,640,096,324	100	–	Property development, leasing & Hotel Investment	Mainland China
Shandong Hang Lung Properties Ltd.	US$385,000,000	100	–	Property development & leasing	Mainland China
Shenyang Hang Lung Properties Ltd.	US$349,990,000	100	–	Property development & leasing	Mainland China
Tianjin Hang Lung Properties Ltd.	HK$5,329,600,000	100	–	Property development & leasing	Mainland China
Wuxi Hang Lung Properties Ltd.	RMB4,691,746,261	100	–	Property development & leasing	Mainland China
Wuxi Hang Ying Properties Ltd.	RMB1,411,000,000	100	–	Property & hotel development	Mainland China

Equity Joint Ventures in Mainland China	Registered Capital (US$)	% Held by the Group	% Held by the Company	Activity	Place of Incorporation and Operations
Shanghai Hang Bond Property Development Co., Ltd.	167,004,736	82	–	Property development & leasing	Mainland China
Shanghai Kong Hui Property Development Co., Ltd.	165,000,000	69.3^	–	Property development & leasing	Mainland China

Operated in Hong Kong

* Not audited by KPMG

^ Represents the Group's attributable interest in the commercial portion of the properties held either directly or indirectly by the subsidiary

The above list gives the principal subsidiaries of the Group which in the opinion of the directors, principally affect the profit and assets of the Group.

35 Joint Ventures

At December 31, 2024

Company	Issued Share Capital (HK$)	% Held by the Group	% Held by the Company	Activity	Place of Incorporation and Operations
Country Link Enterprises Limited	5,000,000	36.8	–	Investment holding	Hong Kong
Ease Smart Development Limited				Investment holding	Hong Kong
'A' share	1	–	–		
'B' share	1	100	–		
Star Play Development Limited*	3	33.3	–	Property leasing	Hong Kong

* Not audited by KPMG.

TEN-YEAR FINANCIAL SUMMARY

in HK$ million (unless otherwise stated)	2024	2023	2022
CONSOLIDATED STATEMENT OF PROFIT OR LOSS			
Revenue			
Property leasing	9,515	10,162	9,946
Property sales	1,538	–	316
Hotels	189	154	85
	11,242	10,316	10,347
Operating profit			
Property leasing	6,763	7,440	7,206
Property sales	(245)	(52)	87
Hotels	(63)	1	(40)
	6,455	7,389	7,253
Underlying net profit attributable to shareholders	3,095	4,137	4,199
Effect of changes in fair value of properties	(942)	(167)	(363)
Net (loss)/profit attributable to shareholders	2,153	3,970	3,836
Dividends for the year	(2,479)	(3,509)	(3,509)
	(326)	461	327
CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Net assets employed (Note 1)			
Investment properties	166,519	169,046	167,861
Investment properties under development	24,001	23,610	22,703
Property, plant and equipment	2,833	331	320
Properties for sale	13,489	14,223	11,668
Other assets	4,503	4,740	4,907
	211,345	211,950	207,459
Other liabilities	(23,222)	(24,475)	(24,018)
	188,123	187,475	183,441
Financed by			
Shareholders' equity	131,587	132,408	133,381
Non-controlling interests	9,463	9,715	9,765
Net debt	47,073	45,352	40,295
	188,123	187,475	183,441
Number of shares issued (in million)	4,784	4,499	4,499
PER SHARE DATA			
Basic earnings/(loss) (HK$)	$0.46	$0.88	$0.85
Dividends (HK cents)	52¢	78¢	78¢
Interim	12¢	18¢	18¢
Final	40¢	60¢	60¢
Net assets attributable to shareholders (HK$)	$27.5	$29.4	$29.6
FINANCIAL INDICATORS			
Dividend payout ratio	115%	88%	91%
Underlying dividend payout ratio	80%	85%	84%
Net debt to equity	33.4%	31.9%	28.1%
Debt to equity	40.7%	35.7%	31.8%
Interest cover (times)	2.8	3.6	4.6
Return on average shareholders' equity	1.6%	3.0%	2.8%

Note:

1. Net assets employed are presented by excluding net debt/cash.

2021	2020	2019	2018	2017	2016	2015
10,208	8,820	8,524	8,181	7,779	7,737	7,751
–	62	296	1,227	3,420	5,322	1,197
113	91	32	–	–	–	–
10,321	**8,973**	**8,852**	**9,408**	**11,199**	**13,059**	**8,948**
7,482	6,453	6,336	6,060	5,672	5,710	5,704
(91)	44	162	762	2,238	3,209	844
(20)	(16)	(11)	–	–	–	–
7,371	**6,481**	**6,487**	**6,822**	**7,910**	**8,919**	**6,548**
4,365	**4,201**	**4,474**	**4,093**	**5,530**	**6,341**	**4,387**
(497)	(6,772)	1,698	3,985	2,594	(146)	705
3,868	**(2,571)**	**6,172**	**8,078**	**8,124**	**6,195**	**5,092**
(3,509)	(3,418)	(3,418)	(3,374)	(3,374)	(3,373)	(3,373)
359	**(5,989)**	**2,754**	**4,704**	**4,750**	**2,822**	**1,719**
177,456	164,322	159,534	136,676	134,444	125,421	129,425
22,399	27,544	27,602	31,186	21,592	17,282	16,709
290	253	234	216	220	327	336
10,790	7,988	5,642	2,442	1,612	2,352	3,830
4,785	4,890	3,662	3,570	3,612	5,200	2,429
215,720	204,997	196,674	174,090	161,480	150,582	152,729
(26,156)	(25,211)	(22,495)	(15,606)	(16,521)	(15,680)	(16,355)
189,564	**179,786**	**174,179**	**158,484**	**144,959**	**134,902**	**136,374**
141,719	138,295	138,669	137,561	136,158	126,565	128,989
10,665	9,893	9,143	6,033	6,087	5,580	5,903
37,180	31,598	26,367	14,890	2,714	2,757	1,482
189,564	179,786	174,179	158,484	144,959	134,902	136,374
4,499	4,498	4,498	4,498	4,498	4,498	4,497
$0.86	($0.57)	$1.37	$1.80	$1.81	$1.38	$1.13
78¢	76¢	76¢	75¢	75¢	75¢	75¢
18¢	17¢	17¢	17¢	17¢	17¢	17¢
60¢	59¢	59¢	58¢	58¢	58¢	58¢
$31.5	$30.7	$30.8	$30.6	$30.3	$28.1	$28.7
91%	N/A	55%	42%	42%	54%	66%
80%	81%	76%	82%	61%	53%	77%
24.4%	21.3%	17.8%	10.4%	1.9%	2.1%	1.1%
30.0%	25.6%	20.1%	19.0%	17.4%	20.5%	24.3%
4.8	4.3	4.4	7.2	11.1	15.8	16.1
2.8%	N/A	4.5%	5.9%	6.2%	4.8%	3.9%

GLOSSARY

Financial Terms

Finance costs
Total of interest expense on total borrowings and other borrowing costs, net of amount capitalized

Total borrowings
Total of bank loans and other borrowings, net of unamortized other borrowing costs

Net debt
Total borrowings net of cash and deposits with banks

Net profit attributable to shareholders
Profit for the year (after tax) less amounts attributable to non-controlling interests

Underlying net profit attributable to shareholders
Net profit attributable to shareholders excluding changes in fair value of properties net of related income tax and non-controlling interests

Financial Ratios

$$\text{Basic earnings per share} = \frac{\text{Net profit attributable to shareholders}}{\text{Weighted average number of shares in issue during the year}}$$

$$\text{Debt to equity} = \frac{\text{Total borrowings}}{\text{Total equity}}$$

$$\text{Net assets attributable to shareholders per share} = \frac{\text{Shareholders' equity}}{\text{Number of shares issued at the end of the reporting period}}$$

$$\text{Net debt to equity} = \frac{\text{Net debt}}{\text{Total equity}}$$

$$\text{Interest cover} = \frac{\text{Profit from operations before changes in fair value of properties}}{\text{Finance costs before capitalization less interest income}}$$

$$\text{Payout ratio} = \frac{\text{Dividends attributable to the year}}{\text{Net profit attributable to shareholders}}$$

General Terms

2012 Share Option Scheme	the share option scheme of the Company adopted on April 18, 2012
2022 Share Option Scheme	the share option scheme of the Company adopted on April 27, 2022
AGM	annual general meeting of the Company
Articles of Association	the articles of association of the Company
Board	board of directors of the Company
CEO	chief executive officer
CFO	chief financial officer
CG Code	Corporate Governance Code contained in Appendix C1 to the Listing Rules
Companies Ordinance	Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
Company	Hang Lung Properties Limited
CRM	customer relationship management
Director(s)	director(s) of the Board
ERM	enterprise risk management
ESG	environmental, social and governance
ESG Guide	Environmental, Social and Governance Reporting Guide contained in Appendix C2 to the Listing Rules
Executive Director(s)	executive Director(s) of the Board
Group	the Company and its subsidiaries
HKEX	Hong Kong Exchanges and Clearing Limited
HKSAR	the Hong Kong Special Administrative Region of the People's Republic of China
HLG	Hang Lung Group Limited, the ultimate listed holding company of the Company
INED(s)	independent non-executive Director(s)
Listing Rules	Rules Governing the Listing of Securities on the Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
RMB	Renminbi
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share Option Schemes	the 2022 Share Option Scheme and the 2012 Share Option Scheme (as the case maybe)
Stock Exchange	The Stock Exchange of Hong Kong Limited

CORPORATE INFORMATION

Honorary Chair

Ronnie C. Chan *GBM*

Directors

Adriel Chan *(Chair)*
Weber W.P. Lo *(Chief Executive Officer)*
Nelson W.L. Yuen*
Philip N.L. Chen*
Andrew K.C. Chan *BBS, JP**
Anita Y.M. Fung *BBS, JP**
Holly T.F. Li* *(appointed as an Independent Non-Executive Director on March 20, 2024)*
Kenneth K.K. Chiu *(Chief Financial Officer)*

* *Independent Non-Executive Director*

Audit Committee

Anita Y.M. Fung *BBS, JP (Chair)*
Philip N.L. Chen
Andrew K.C. Chan *BBS, JP*

Nomination and Remuneration Committee

Nelson W.L. Yuen *(Chair)*
Andrew K.C. Chan *BBS, JP*
Anita Y.M. Fung *BBS, JP*

Authorized Representatives

Weber W.P. Lo
Winnie Ma

Company Secretary

Winnie Ma

Registered Office

28th Floor, 4 Des Voeux Road Central, Hong Kong
Tel: 2879 0111
Fax: 2868 6086
Website: http://www.hanglung.com
Email: HLProperties@hanglung.com

Auditor

KPMG
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

FINANCIAL CALENDAR

2024

July

Announcement of interim results	July 30, 2024

September

Interim dividend paid	September 25, 2024

2025

January

Announcement of annual results	January 24, 2025

April

Latest time for lodging transfers (for attending and voting at annual general meeting)	4:30 p.m. on April 24, 2025
Closure of share register (for attending and voting at annual general meeting)	April 25 to 30, 2025 (both days inclusive)
Annual general meeting (Details are set out in the notice of annual general meeting accompanying this annual report)	10:00 a.m. on April 30, 2025

May

Latest time for lodging transfers (for final dividend)	4:30 p.m. on May 8, 2025
Closure of share register (for final dividend)	May 9, 2025

June

Last day for lodging form of election for scrip dividend	4:30 p.m. on June 4, 2025
Proposed final dividend payable	June 16, 2025

LISTING INFORMATION

At December 31, 2024

4,783,681,530 shares listed on The Stock Exchange of Hong Kong Limited

Stock Code

Hong Kong Stock Exchange: 00101
Reuters: 0101.HK
Bloomberg: 101 HK

Board Lot Size (Share)

1,000

American Depositary Receipt (ADR)

Sponsored Level-1 (Over the Counter)
CUSIP Number/Ticker Symbol: 41043M104/HLPPY
ADR to Underlying Share Ratio: 1:5
Depositary Bank: The Bank of New York Mellon
Website: http://www.adrbnymellon.com

Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wan Chai, Hong Kong
Tel: 2862 8555
Fax: 2865 0990

Investor Relations Contact

Joyce Kwock
Email: ir@hanglung.com

SHARE INFORMATION

	Share Price		Total Trading Volume
	High HK$	Low HK$	Number of Shares ('000)
2024			
First quarter	11.00	7.80	540,366
Second quarter	9.12	6.52	1,198,818
Third quarter	7.94	5.28	964,178
Fourth quarter	9.05	6.11	819,693
Share Price as at December 31, 2024:			**HK$6.23**
Market Capitalization as at December 31, 2024:			**HK$29.80 billion**

	Share Price		Total Trading Volume
	High HK$	Low HK$	Number of Shares ('000)
2023			
First quarter	16.28	14.34	253,960
Second quarter	15.22	12.00	283,478
Third quarter	12.38	9.80	385,638
Fourth quarter	11.68	9.74	299,837
Share Price as at December 31, 2023:			**HK$10.88**
Market Capitalization as at December 31, 2023:			**HK$48.95 billion**

If there is any discrepancy or inconsistency between the English and the Chinese versions, the English version shall prevail.

STOCK CODE

00101

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