



2025
Interim Report

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AUDIT COMMITTEE

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*Public Interest Entity Auditor registered in accordance with
the Accounting and Financial Reporting Council Ordinance*

CHAIR'S LETTER TO SHAREHOLDERS

Dear Stakeholders,

Thank you for joining us for another half-year on our journey.

Between January and June 2025, we have seen clear signs of stabilization across our markets, with improvements in both retail sales and rentals, and even modest growth in May and June. This is a welcome salve after 2024's drop, which was our first mainland China rental decline after 24 continuous years of growth. The fact is, as early as the end of 2024, we felt the atmosphere in our malls improving, starting with foot traffic, although at the time it was not yet reflected in sales figures. It is, therefore, with some relief that I can report that sales and rental revenues are finally beginning to catch up.

While I hope that the market will continue to improve, I remain cautious. The team will have to work especially hard in the second half of the year to try to eke out some growth, and there are still multiple areas of concern. Much of what is reported in the media is, of course, exaggerated, but the overall trends they highlight are mostly true. Some concerns of particular interest to Hang Lung are the “involution”-driven price wars (which is extreme competition that covers more than just products and services, but also employment, schooling, manufacturing, and more), the continued property market slump, pressure on luxury sales, youth unemployment, and the broader risk of deflation.

These concerns are partially offset by the fact that Chinese households, on average, still maintain a relatively high level of wealth. Already-high savings rates have been significantly elevated for at least five years, driven in part by COVID and also as a way to prepare for a rainy day. As such, many families have even more cash to spend. There remains both a desire and the ability to spend, but not in the same ways as before. Spending patterns are shifting, which has created a “new consumption” paradigm in China, focusing on emotional value as well as financial value.

In addition to trades such as travel and hospitality, the three widely acknowledged champions of this new consumption wave are Laopu Gold (gold and gold jewelry), POP MART (collectible LABUBU toys), and Mixue (milk tea and ice cream). Their success has been extensively researched (some of the best write-ups are by the Baiguan newsletter, which you can find on Substack), and their outstanding performance in an otherwise weak market has made them instant case studies. As a landlord, we have introduced these brands to our malls when it was appropriate and complementary. We have actually been a landlord to POP MART since 2014, when they opened at Riverside 66 in Tianjin upon its launch. Because of the strength of our relationship and the standing of our malls, POP MART recently decided to open their inaugural jewelry store, named POPOP, at Grand Gateway 66 (“GG66”). At the opening, one of the co-founders even showed me a photo that he had taken with our Honorary Chair back in 2014!

What is important to note is that each of these brands has built its success almost exclusively through physical stores rather than e-commerce. Besides these three well-known champions, many brands are moving from online “pure play” into offline stores, driven by the significantly greater cost of acquiring new customers online (“CAC”), high rates of product returns — often well over 80% on fashion items — and squeezed margins due to competition and platform fees. In just six months, I have personally fielded no fewer than three prospective online-only brands that are urgently looking for offline locations. This proves that offline, in-person retail is as important and influential as ever. In such a polarized market, it underscores the need for Hang Lung to be one of the very top landlords in each of our cities — a feature that has always been a priority for us.

Another key development for Hang Lung is our updated strategy, which Weber (our CEO) and I call “Hang Lung V.3,” or “HL V.3” for short. You may think of “HL V.1” as our launch and early operations with diverse businesses in Hong Kong, and “HL V.2” as our expansion into mainland China, focusing on mixed-use development. HL V.3, our next phase, represents our renewed focus on strengthening our positions in the cities in which we already own assets, through management contracts, additional construction, and asset enhancements. Many observers would likely consider this an addition of “asset-light” projects to our portfolio, but I want to stress the difference in our case: these are *strategic reinvestments in existing assets* that improve scale, visibility, and accessibility, rather than simply hanging as many of our logos on other people’s assets as possible. We are not merely pursuing opportunities to increase our footprint and revenue; we are being highly selective in our choice of projects, all of which are either adjoining, within, or in extremely close proximity to our existing assets. In fact, in some cases, it is not asset “light” at all.

Since 1992, Hang Lung has been making large, asset-heavy greenfield investments in mainland China. By purchasing land, building assets, and managing those assets, we have ensured the capture of both operational returns and capital appreciation, while retaining maximum autonomy and flexibility. That strategy served us well for over 30 years, proven by 24 consecutive years of mainland Chinese rental revenue growth up until 2023. However, for many reasons, the time is now ripe for us to embrace a more asset-efficient approach, which means strengthening our existing positions with accretive, strategic retail management contracts in some markets, and doubling down with additional capital investment in others.

Looking at the four projects that we have undertaken or announced to date, I will explain how these types of extensions add outsized value to our existing assets.

Although we are only highlighting HL V.3 now, this has, in fact, been occurring gradually since 2017, when we agreed to take over space owned by our JV partner in GG66 in Shanghai. While planning the renovation of GG66, Hang Lung decided to rent the portion of the GG66 North Building owned by our JV partners. This was an elegant solution to facilitate our overall mall renovation and to consolidate our leasing and management activities. It also produced additional income in the form of better leasing rates and a seamless new image throughout the mall.

In 2023, we began planning our Plaza 66 Pavilion project in Shanghai, which is a new building in the north-west corner of the existing site and connects to the mall via a basement tunnel. Slated for completion in 2026, the Pavilion will expand our leasable area by over 13%, which was only made possible by the increased flexibility of the government as a direct result of the sluggish real estate market and slowing economy. Although this is a capital-intensive project, its manageable scale allows us to reinforce our dominant position in the market without significantly increasing our overheads. Basically, we can operate the additional space without incurring any extra costs. It is also worth noting that there is virtually no additional project or operational risk, given the stellar track record of Plaza 66. When combined with the increased defensibility that the Pavilion brings to the broader project, this is truly a “no-brainer” for management and investors alike.

Last year, we embarked on our first genuinely independent asset-light expansion project in Kunming, adjacent to Spring City 66. There, we rented a series of street shops directly across the road from our project, in order to upgrade the retail and street environments. This not only improved the attractiveness and cleanliness of our immediate surroundings, but has also yielded additional revenue and profitability — both directly from the operations, and indirectly from the enhanced appeal to consumers. Both geographically and commercially, this increases our mass and, therefore, our defensibility.

The latest planned project was announced in a public filing by our partner three weeks before the date of this letter: a partnership in Hangzhou between Hang Lung and the Baida Group, which owns the department store abutting Westlake 66. The addition of Baida's property makes us dramatically more competitive by improving three key metrics for Westlake 66, namely expanding our leasable floor area by approximately 40%, increasing our street frontage by over 200%, and enhancing customer connectivity — all of which will be achieved with only the slightest increase of expenditures. The expansion strengthens my confidence in our competitive position in Hangzhou's highly lucrative — and highly competitive — market.

When considered individually, none of these projects represents a particularly large investment. However, when taken together — and especially if we emulate these in the future — this marks a critical juncture in Hang Lung's strategy. We have evolved from making purely capital-intensive investments to building a diverse portfolio of both asset-heavy and asset-light projects across multiple cities. We expect these new projects to deliver substantial impact on our return on capital and return on assets over a much shorter time frame than our investors are used to, thanks to the relatively small amount of construction and renovations needed. I look forward to building this new revenue stream and sharing the rewards with you before long.

Adriel Chan

Chair

Hong Kong, July 30, 2025

FINANCIAL HIGHLIGHTS

in HK\$ Million (unless otherwise stated)

RESULTS

	For the six months ended June 30							
	2025				2024			
	Property Leasing	Property Sales	Hotels	Total	Property Leasing	Property Sales	Hotels	Total
Revenue	4,912	161	129	5,202	5,081	1,228	70	6,379
– Mainland China	3,363	10	129	3,502	3,467	25	70	3,562
– Hong Kong	1,549	151	–	1,700	1,614	1,203	–	2,817
Operating profit/(loss)	3,499	(57)	(34)	3,408	3,627	(11)	(3)	3,613
– Mainland China	2,284	(26)	(34)	2,224	2,358	(20)	(3)	2,335
– Hong Kong	1,215	(31)	–	1,184	1,269	9	–	1,278
Underlying net profit/(loss) attributable to shareholders	1,231	(19)	(21)	1,191	1,296	(13)	(2)	1,281
Net decrease in fair value of properties attributable to shareholders	(494)	–	–	(494)	(393)	–	–	(393)
Net profit/(loss) attributable to shareholders	737	(19)	(21)	697	903	(13)	(2)	888

	At June 30, 2025	At December 31, 2024
Shareholders' equity	97,649	95,776
Net assets attributable to shareholders per share (HK\$)	\$71.7	\$70.3

Earnings and Dividend (HK\$)

	2025	2024
Earnings per share		
– Based on underlying net profit attributable to shareholders	\$0.87	\$0.94
– Based on net profit attributable to shareholders	\$0.51	\$0.65
Interim dividend per share	\$0.21	\$0.21

Financial Ratios

	At June 30, 2025	At December 31, 2024
Net debt to equity ratio	31.5%	30.8%
Debt to equity ratio	36.4%	37.9%

RESULTS HIGHLIGHTS

A challenging operating environment for the real estate sectors was present in both Hong Kong and mainland China during the first half of 2025. Overall market conditions were influenced by continuously soft economic sentiment in mainland China, coupled with evolving consumption pattern among Hong Kong residents. Despite these external pressures, Hang Lung Group Limited (the “Company”) and its subsidiaries (collectively known as “the Group”) sustained strong fundamentals in occupancy and operational execution. Despite Renminbi (RMB) being depreciated against the same period last year, core property leasing revenue remained resilient. Occupancy levels also stayed high across both Hong Kong and mainland China due in part to continuous tenant mix optimization.

In mainland China, our malls continued to perform steadily, revenue remained stable with occupancy staying above 90% in most of our malls, regardless of softened consumer sentiment affecting sales rent.

In Hong Kong, a stable occupancy rate in both retail and office portfolios was achieved due to proactive tenant retention initiatives. Benefiting from the government’s talent admission regime, occupancy and revenue of residential and serviced apartments segment rose by nine points and 11% against the same period last year, respectively.

The Group recorded total revenue of HK\$5,202 million (2024: HK\$6,379 million) in the first half of 2025. Overall operating profit was HK\$3,408 million (2024: HK\$3,613 million). Revenue and operating profit from property leasing were HK\$4,912 million (2024: HK\$5,081 million) and HK\$3,499 million (2024: HK\$3,627 million), respectively. Property sales revenue recorded HK\$161 million (2024: HK\$1,228 million). Hotel revenue reported HK\$129 million (2024: HK\$70 million).

In order to support long-term development, the Group has continued to make investments such as Phase Two development of Center 66 in Wuxi, Westlake 66 in Hangzhou, Plaza 66’s Pavilion Extension in Shanghai, the launch of the NET•WORK coworking space in Hong Kong, among others. In celebration of Hang Lung’s 65th anniversary, a variety of nationwide events and marketing campaigns have driven significant foot traffic and enhanced customers engagement. These initiatives are expected to improve sales and strengthen brand loyalty in the future.

CONSOLIDATED RESULTS

For the six months ended June 30, 2025, the total revenue of the Group dropped by 18% to HK\$5,202 million compared to the same period last year, mainly due to the decline in property sales revenue by 87% to HK\$161 million. Overall operating profit decreased by 6% to HK\$3,408 million. Revenue and operating profit from property leasing decreased by 3% to HK\$4,912 million and 4% to HK\$3,499 million, respectively, as a result of consumption slowdown and subdued office demand in both Hong Kong and mainland China persisted into 2025. Due to expansion of our hotel portfolio, revenue rose by 84% to HK\$129 million while operating loss after depreciation increased to HK\$34 million.

Underlying net profit attributable to shareholders dropped by 7% to HK\$1,191 million, mainly due to lower operating leasing profits and higher finance costs. Underlying earnings per share fell correspondingly to HK\$0.87.

When including a net revaluation loss on properties attributable to shareholders of HK\$494 million (2024: HK\$393 million), the Group reported a net profit attributable to shareholders of HK\$697 million (2024: HK\$888 million). The corresponding earnings per share was HK\$0.51 (2024: HK\$0.65).

Revenue and Operating Profit for the Six Months Ended June 30

	Revenue			Operating Profit/(Loss)		
	2025 HK\$ Million	2024 HK\$ Million	Change	2025 HK\$ Million	2024 HK\$ Million	Change
Property Leasing	4,912	5,081	-3%	3,499	3,627	-4%
Mainland China	3,363	3,467	-3%	2,284	2,358	-3%
Hong Kong	1,549	1,614	-4%	1,215	1,269	-4%
Property Sales	161	1,228	-87%	(57)	(11)	-418%
Mainland China	10	25	-60%	(26)	(20)	-30%
Hong Kong	151	1,203	-87%	(31)	9	N/A
Hotels (Mainland China)	129	70	84%	(34)	(3)	N/A
Total	5,202	6,379	-18%	3,408	3,613	-6%

DIVIDEND

The board of directors (the “Board”) of the Company has declared an interim dividend of HK21 cents per share for 2025 (2024: HK21 cents) to be paid in cash on September 24, 2025, to shareholders whose names are listed on the register of members of the Company on August 15, 2025.

PROPERTY LEASING

Overall rental revenue retreated by 3% to HK\$4,912 million for the six months ended June 30, 2025. The Group remains focused on long-term value creation and strategic growth against the backdrop of a complex market environment.

The high-end retail market in mainland China contends with challenges like shifting consumer behaviors, economic uncertainty and competitive pressures from both domestic and international markets. The possibility of a slowdown in economic growth has also increased as a result of the United States’ (U.S.) tactics on trade tariffs. Despite this backdrop, our mall portfolio demonstrated resilience following successful implementation of effective marketing effort and operational strategies. Due to cautious business sentiment and ongoing high supply volumes, the office market is still in a protracted recovery phase. As a result, Mainland portfolio rental revenue declined by 2% in RMB terms and 3% in HKD terms after considering the RMB depreciation against the same period last year.

In an effort to stimulate consumption and inbound tourism, the Chinese Central Government has intensified its stimulus policies including refining its instant tax refund policy. We are strategically aligning our business operations to take advantage of these supportive measures. In response to the government’s initiatives and to commemorate our Hang Lung’s 65th anniversary, a variety of nationwide events and marketing campaigns together with offerings and promotions via HOUSE 66—our customer relationship management (CRM) program—have been launched since early 2025.

Despite a decrease in tenant sales by 4% in RMB terms period-on-period, the overall rental revenue from our mall portfolio remained stable as a result of our leasing team's strategic efforts. Following continued strategic refinement of the tenant mix, overall occupancy level remained high and edged up one point to 94%. Due to oversupply in Shanghai Grade A office markets and competitors' aggressive strategies for maintaining occupancy, our office portfolio reported a 4% drop in revenue against the same period last year. That said, we have successfully upheld our high standards for property management service and made a concerted effort to keep our high-quality tenants in spite of these market difficulties.

The retail market in Hong Kong experienced a prolonged decline in the first half of 2025 as the evolving consumption behaviors of Chinese visitors and local residents continued to limit retail sales performance. Although the number of Mainland and overseas travelers has steadily increased, owing in part to the mega event economy, visitor spending has remained subdued. As a result, our Hong Kong portfolio saw a 4% decline in rental revenue, but improvement in the residential and serviced apartments segment helped offset the lower contribution from retail leasing.

On the positive side, the food and beverage industry stabilized as a result of increased tourist foot traffic, which mitigated the impact of reduced spendings. Overall rental revenue of retail portfolio and tenant sales retreated by 7% and 2%, respectively. By strategically optimizing the tenant mix and implementing targeted marketing initiatives through our "hello Hang Lung Malls Rewards Program", we were able to sustain high occupancy. Overall, the office market remained challenging, with high vacancies and declining rents due to a lack of demand for prime office space and an abundance of available premises. Our office segment recorded a 2% decrease in revenue during the period. However, the overall occupancy level remained stable at 88% at the end of the period, compared to 90% a year earlier, thanks to our proactive tenant retention strategies.

Mainland China¹

Property Leasing – Mainland Portfolio for the Six Months Ended June 30

	Revenue (RMB Million)		
	2025	2024	Change
Malls	2,412	2,414	–
Offices	638	668	-4%
Residential & Serviced Apartments	50	68	-26%
Total	3,100	3,150	-2%
<i>Total in HK\$ Million equivalent</i>	3,363	3,467	-3%

In RMB terms, overall rental revenue and operating profit both retreated by 2%. The decrease inflated to 3% in HKD terms, owing to the depreciation of the RMB during the period. Our malls sustained overall high occupancy rate and generated stable revenue, notwithstanding increasing outbound travel and softening consumer sentiment in mainland China. Our premium office portfolio fell by 4%, primarily due to the reduced demand for office spaces within a highly competitive market.

- *Malls*

In the first half of 2025, the overall revenue of our mall portfolio remained stable. To boost sales and foot traffic amidst cautious consumer spending in the high-end market, we strategically launched targeted marketing initiatives designed to cater to the preferences of distinct customer segments. Most of our malls experienced period-on-period revenue growth except for Riverside 66 in Tianjin, Heartland 66 in Wuhan and Forum 66 in Shenyang due to lower sales rents driven by peers' aggressive price and promotion strategies. Nevertheless, overall occupancy stayed at a high level by the end of the period.

Adhering to our customer-centric operating strategy, we have been significantly enhancing the brands mix among all our malls, to adapt to the evolving retail landscape and better align with consumer behavior changes. As a result, starting from 2025, we are refining the presentation of our Mainland portfolio by discontinuing the luxury and sub-luxury designations for malls.

¹ Percentage changes pertaining to the Mainland portfolio are expressed in RMB terms unless otherwise specified.

Property Leasing – Mainland Mall Portfolio for the Six Months Ended June 30

Name of Mall and City	Revenue			Period-end Occupancy Rate		
	(RMB Million)			June	December	June
	2025	2024	Change	2025	2024	2024
Plaza 66, Shanghai	822	819	–	98%	99%	100%
Grand Gateway 66, Shanghai	597	589	1%	99%	99%	97%
Center 66, Wuxi	245	226	8%	96%	99%	99%
Spring City 66, Kunming	162	152	7%	99%	98%	98%
Olympia 66, Dalian	159	144	10%	94%	94%	93%
Parc 66, Jinan	159	158	1%	94%	93%	92%
Palace 66, Shenyang	83	80	4%	96%	94%	92%
Riverside 66, Tianjin	82	84	-2%	94%	95%	94%
Heartland 66, Wuhan	76	119	-36%	88%	85%	83%
Forum 66, Shenyang	27	43	-37%	86%	87%	82%
Total	2,412	2,414	–			

At the end of the period, our flagship **Plaza 66** mall in Shanghai recorded a high occupancy rate of 98% while revenue stayed flat. Due to more restrained high-end spending among our customers, tenant sales declined by 8%. The mall hosted the global premiere of the renowned Japanese artist Takashi Murakami's Ohana Hatake Immersive Garden Experience, Goyard's Le Jardin Garden, as well as a variety of events curated by over 100 international brands. These activities gained significant traction on social media and boosted foot traffic, ultimately consolidating Plaza 66's leading position as Shanghai's top lifestyle landmark.

Grand Gateway 66, our other mall in Shanghai, recorded a growth in revenue and tenant sales of 1% and 10%, respectively. During the period, to enhance foot traffic and tenant sales, several first-to-market stores and various marketing campaigns were introduced, including an event collaboration with the globally popular IP "ButterBear" which generated widespread attention on social media and reinforced the mall's brand equity within youngsters and families. The occupancy rate stood high at 99% at the end of the period.

Despite a 4% decline in tenant sales, revenue of the **Center 66** mall in Wuxi increased by 8%. In celebration of Hang Lung's 65th anniversary, our marketing events "Wiggle We Go" attracted significant media coverage and foot traffic, especially among youngsters. At the end of the period, occupancy stayed high at 96%.

Spring City 66 mall in Kunming reported revenue growth of 7% while tenant sales slightly decreased by 1%. The occupancy rate rose one point to 99% at the end of the period. To provide exclusive high-end shopping experiences to HOUSE 66 members, our privileged VIC lounge, The Lounge, opened in November 2024. We expect the mall to further strengthen its position as a premier retail and lifestyle destination in Southwestern China, with the opening of Grand Hyatt Kunming in August 2024, as well as the newly opened bridge linking our mall to the hotel in March 2025.

Revenue and tenant sales of our signature development **Olympia 66** in Dalian rose 10% and 13%, respectively. The occupancy rate stayed high at 94% at the end of the period. Ongoing enhancements in brand and trade-mix upgrades across categories and floors drove the mall's robust growth. To celebrate our 65th anniversary with five other malls, Olympia 66 launched the "Wiggle We Go" campaign, which generated positive customer feedback and boosted foot traffic.

Parc 66 in Jinan achieved growth in both revenue and tenant sales by 1%. At the end of the period, the occupancy rate rose two points to 94%. In January 2025, the remaining phase of the Asset Enhancement Initiative (AEI) was completed, with a wider range of brands and exclusive stores introduced to improve customer flow. These enhancements have boosted the mall's attractiveness to visitors and are expected to contribute to long-term profitability.

Palace 66 in Shenyang reported an increase in revenue and tenant sales by 4% and 10%, respectively. The mall attracted a boarder customer base and boosted foot traffic by renovating the food court and diversifying food and beverage concepts. During the Golden Week of May, our effective marketing initiatives further improved customer spending and foot traffic. By the end of the period, the occupancy rate rose four points to 96%.

Revenue of **Riverside 66** in Tianjin decreased by 2%, but tenant sales grew by 2%. The occupancy rate stayed at 94%. Various marketing programs, such as Valentine's Day and the "Wiggle We Go" campaigns were successfully launched. Furthermore, we have been proactively improving the mall's tenant mix and enhancing our HOUSE 66 CRM program to increase foot traffic and customer loyalty.

Revenue and tenant sales of the **Heartland 66** mall in Wuhan dropped by 36% and 31%, respectively, as a result of the intense promotion competition in the city. We continue to fortify our market position and cultivate consumer loyalty through trade mix enhancement, our HOUSE 66 CRM program, and prestige services provided in The Lounge, our VIC lounge. In order to stand out in the highly competitive market, we also used proactive marketing. At the end of the period, the occupancy rate grew five points to 88%.

The **Forum 66** mall in Shenyang recorded a drop in revenue and tenant sales by 37% and 58%, respectively. Occupancy rate stayed at 86% at the end of the period. In 2025, the mall was undergoing a strategic transition by expanding food and beverage options and enriching its selection of lifestyle and trendy fashion and sports brands.

- *Offices*

In the face of economic uncertainties, the office leasing market remained sluggish. Due to lower occupancy rates and negative rental reversions, overall revenue decreased by 4% to RMB638 million against the same period last year. Our Grade A office towers at Plaza 66 in Shanghai accounted for 77% of the overall revenue drop as the city's Grade A office market is being actively reshaped by tenant relocations and changing demand patterns driven by cost-driven improvements. We successfully upheld our high standards for property management services and made a concerted effort to keep our high-quality tenants in spite of these market pressures.

Property Leasing – Mainland Office Portfolio for the Six Months Ended June 30

Name of Office and City	Revenue			Period-end Occupancy Rate		
	(RMB Million)			June	December	June
	2025	2024	Change	2025	2024	2024
Plaza 66, Shanghai	289	312	-7%	82%	87%	88%
Grand Gateway 66, Shanghai	110	112	-2%	87%	91%	87%
Spring City 66, Kunming	67	70	-4%	84%	86%	87%
Forum 66, Shenyang	60	61	-2%	89%	90%	90%
Center 66, Wuxi	60	60	–	83%	88%	89%
Heartland 66, Wuhan	52	53	-2%	63%	66%	68%
Total	638	668	-4%			

As a result of the fall in unit rent as local market conditions remained soft amid continued challenges, revenue from our two Grade A office towers at **Plaza 66** in Shanghai dropped by 7%. By the end of the period, the occupancy rate declined by six points to 82%. During the reporting period, Shanghai faced ongoing challenges from both oversupply of office and downward pressure on market rents.

Despite occupancy rate remaining at 87%, revenue of the office tower at **Grand Gateway 66** in Shanghai fell by 2% due to negative rental reversions. The weak market sentiment and escalating vacancies rate have put pressure on office unit rents.

Revenue of the office tower at **Spring City 66** in Kunming decreased by 4%, occupancy rate fell by three points to 84% at the end of the period. Leveraging our prime location together with our first-rate amenities and services, we maintained our market leadership position.

Office tower at **Forum 66** in Shenyang reported a decrease in revenue by 2%, affected by subdued demand and oversupply of new office premises in the district. At the end of the period, the occupancy rate fell by one point to 89%.

The two office towers at **Center 66** in Wuxi recorded stable revenue and drop in occupancy rate by six points to 83% during the reporting period. We managed to maintain a steady growth in unit rent during the period, by providing premium offerings and exclusive services, together with flexibility and diversity by our self-operated multifunctional workspace, HANGOUT.

Revenue of the office tower at **Heartland 66** in Wuhan declined by 2% and occupancy rate decreased by five points to 63% during the reporting period. Our self-operated multifunctional workspace, HANGOUT, will continue to offer flexible office layouts to cater to different types of tenants, adapting to the shifting needs of businesses and encouraging collaboration among tenants, despite of the challenging market conditions.

- *Residential & Serviced Apartments*

Revenue primarily from the residential towers and serviced apartments at Grand Gateway 66 in Shanghai dropped by 28% during the period. If excluding revenue contribution from the serviced apartment building which ceased business operations at the end of February 2025 for hotel redevelopment, the revenue from residential towers fell by 16%, which was ascribed to a decline in the occupancy rate by 13 points. The number of expatriate executives has not returned to pre-pandemic levels. We are expanding the target customer base to include Chinese employees under cross-provincial employment.

Hong Kong

In the first half of 2025, domestic consumption was still impacted by cautious spending patterns of Hong Kong residents and evolving travel habits of Mainland visitors. The office market remained challenging as weak economic sentiment and conservative business plans for expansion persistently constrained leasing demand.

Revenue and operating profit retreated by 4% to HK\$1,549 million and by 4% to HK\$1,215 million, respectively, with a rental margin of 78%.

Occupancy was well-managed and stayed at a high level due to the ongoing optimization of the tenant mix, which has been tailored to the preferences and behaviors of both locals and tourists.

Property Leasing – Hong Kong Portfolio for the Six Months Ended June 30

	Revenue			Period-end Occupancy Rate		
	(HK\$ Million)			June	December	June
	2025	2024	Change	2025	2024	2024
Retail	884	950	-7%	93%	94%	97%
Offices and Industrial/Office	553	563	-2%	88%	89%	90%
Residential & Serviced Apartments	112	101	11%	82%	88%	73%
Total	1,549	1,614	-4%			

- *Retail*

Revenue from our Hong Kong retail portfolio dropped by 7% to HK\$884 million. We further refined our leasing strategy and optimized our tenant mix to address weak consumer demand. The overall occupancy stayed high at 93% at the end of the period.

Tenant sales slightly decreased by 2%, due to weakened market sentiment. We will continue implementing targeted promotional campaigns under the “hello Hang Lung Malls Rewards Program” to boost consumption.

Due to negative rental reversions and lease restructurings that were concluded for some anchor tenants, the revenue from retail properties in **Central Business and Tourist District Portfolio** declined by 9%. Against the same period last year, occupancy stayed high at 95%.

Overall revenue of **Community Mall Portfolio** decreased by 5% against the same period last year, under a market environment where local residents are showing more prudent spending behavior. At the end of the period, the occupancy rate dropped to 94%.

- *Offices and Industrial/Office*

Due to negative rental reversions and pressure from declining rental prices caused by oversupply, revenue declined by 2% to HK\$553 million. To maintain a relatively high occupancy level of 88% at the end of the period, proactive initiatives such as offering fitted office or subdividing premises were implemented to cater to tenant needs.

At the end of the period, our **Hong Kong Island Portfolio** revenue remained stable with an increase in occupancy of one point to 83% period on period, despite encountering negative rental reversion amid an oversupplied office market. In the first half of the year, our dynamic and flexible office space, NET•WORK, was launched, strategically located inside Central's iconic Standard Chartered Bank Building. The market responded positively to the soft launch, resulting in a 64% occupancy rate at the end of the period.

Semi-retail operators remained cost-conscious and rental corrections continued. Revenue of our **Kowloon Portfolio** fell by 4% and occupancy dropped by two points to 92%.

- *Residential & Serviced Apartments*

Our residential and serviced apartments segment recorded a 11% increase in revenue against the same period of last year, thanks to the talent admission regime introduced by the Hong Kong government, an expanded customer base and the offering of flexible terms in serviced apartments.

PROPERTY SALES AND DISPOSAL OF INVESTMENT PROPERTIES

Revenue of HK\$161 million (2024: HK\$1,228 million) was recognized for the sale of 19 residential units at The Aperture in Hong Kong and one unit at Heartland Residences in Wuhan during the reporting period.

An operating loss from property sales of HK\$57 million was recorded in the first half of 2025, after taking into account the gross loss from the sale of properties in mainland China and Hong Kong and corresponding selling expenses, marketing expenses, and other operating expenditures.

As of June 30, 2025, the contracted property sales yet to be recognized amounted to HK\$47 million, including pre-sale of two units at The Aperture and two units at Grand Hyatt Residences Kunming. The revenue is expected to be recognized upon sale completion.

In the first half of 2025, the Company disposed of an investment property, a duplex unit at Summit at The Peak on Hong Kong Island. A gain on disposal of HK\$27 million was recognized under Other Net Income following the sale completion in the period.

HOTELS

(for the Six Months Ended June 30)

	Revenue (RMB Million)			Average Occupancy Rate	
	2025	2024	Change	2025	2024
Conrad Shenyang	62	64	-3%	70%	68%
Grand Hyatt Kunming [#]	57	–	N/A	59%	N/A
Total	119	64	86%		
<i>Total in HK\$ Million equivalent</i>	<i>129</i>	70	84%		

[#] opened in August 2024

Conrad Shenyang maintained its leading position in the rooms market despite a 3% drop in revenue against the same period last year. Due to a weaker market across the city and a decline in consumer spending, the hotel encountered challenges in both room revenue and food and beverage revenue.

Grand Hyatt Kunming, a five-star hotel offering 331 guestrooms and five distinct dining venues within the Spring City 66 mixed-use development, opened in August 2024. The hotel generated a revenue of RMB57 million during the reporting period. Room revenue is steadily increasing month by month and has attained market leadership despite food and beverage revenue being affected by weak consumer sentiment.

PROPERTY REVALUATION

As of June 30, 2025, the total value of our investment properties and those under development amounted to HK\$200,858 million, including the Mainland portfolio of HK\$136,689 million and the Hong Kong portfolio of HK\$64,169 million. These properties were appraised by Savills, an independent valuer, as of June 30, 2025.

A revaluation loss of HK\$269 million was recorded (2024: loss of HK\$715 million).

The Mainland portfolio recorded a revaluation loss of HK\$93 million (2024: loss of HK\$433 million), representing less than 1% of the portfolio value as of December 31, 2024.

The Hong Kong portfolio recorded a revaluation loss of HK\$176 million (2024: loss of HK\$282 million), representing less than 1% of the portfolio value as of December 31, 2024.

Net revaluation loss after tax and non-controlling interests of HK\$494 million was reported (2024: net revaluation loss of HK\$393 million).

PROPERTY DEVELOPMENT AND CAPITAL COMMITMENT

The aggregated values of our projects under development for leasing and sale were HK\$26,137 million and HK\$8,118 million, respectively. These comprised projects in Wuxi, Hangzhou, Shanghai and Shenyang in mainland China, 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\$12,555 million.

Mainland China

Center Residences in Wuxi and **Xi Zhe Wuxi, Curio Collection by Hilton**, a lifestyle hotel, form the Phase Two development of Center 66. The residences comprise two high-rise residential towers that house a total of over 500 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 the second half of 2025 onwards. The Center Residences pre-sale will launch in the third quarter of 2025, while the opening of the hotel 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**. The completion certificate was obtained in July 2025. 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 to be ready for use in phases from the second half of 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 3,080 square meters, comprising a three-story podium dedicated to retail and dining activities, as well as a basement level that connects to the existing shopping 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.

Kimpton Xujiahui Shanghai, a luxury boutique brand under InterContinental Hotels Group, has been introduced as part of Grand Gateway 66's ongoing revitalization project. Featuring 148 rooms, the hotel is scheduled to open in 2027, with construction work currently in progress.

For the remaining mixed-use development of **Forum 66** in Shenyang with a site area of 44,000 square meters, we are temporarily designating it for the development of an urban park to enhance community well-being while monitoring the market conditions. This area aims to provide vibrant gathering spaces for families and visitors, energize surrounding areas, and create foot traffic.

Hong Kong

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 luxury houses. Demolition work was completed in June 2025.

The acquisition of all units at 8-12A Wilson Road in Jardine's Lookout of Hong Kong Island was completed in January 2025. This redevelopment project, with an expected gross floor area of approximately 25,800 square feet, will consist of detached luxury houses with spacious gardens overlooking the east of Mid-Levels and the Central skyline. The development scheme was approved by government in May 2025.

FINANCING MANAGEMENT

We maintain an appropriate capital structure with a variety of financing channels to ensure that financial resources are always available to meet operational needs and corporate expansions. There are enough standby banking facilities in place to protect the Group against unforeseen market dislocations.

All financial risk managements, including debt refinancing, foreign exchange exposure, and interest rate volatility, are centrally managed and controlled at the corporate level. We only employ interest rate and foreign currency swaps where necessary for hedging and risk management. In order to optimize the cost of funds while allowing for an appropriate level of financial flexibility and liquidity, funding needs are closely evaluated and diligently managed. Various sources of debt financing are in place to mitigate concentration risks and diversify the funding channels.

For debt portfolio management, we focus on mitigating foreign exchange, interest rate, and refinancing risks through a combination 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 June 30, 2025		At December 31, 2024	
	HK\$ Million	% of Total	HK\$ Million	% of Total
Denominated in:				
HKD	3,993	53%	8,415	78%
RMB	3,482	47%	2,400	22%
USD	1	–	2	–
Total cash and bank balances	7,476	100%	10,817	100%

All deposits are placed with banks carrying strong credit ratings with thresholds set for concentration management with counterparty risk is routinely monitored.

- *Debt Portfolio*

At the balance sheet date, total borrowings amounted to HK\$55,972 million (December 31, 2024: HK\$57,794 million), of which 42% was denominated in RMB, which acts 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 are converted to fixed-rate through the use of interest rate swaps. The percentage of fixed-rate borrowings accounted for 42% of total borrowings as of June 30, 2025. After excluding the onshore floating-rate debts, the percentage of fixed-rate borrowings would be 59% of total offshore borrowings as of June 30, 2025 (December 31, 2024: 55%).

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

(i) by currency (after currency swap):

	At June 30, 2025		At December 31, 2024	
	HK\$ Million	% of Total	HK\$ Million	% of Total
Denominated in:				
HKD	32,581	58%	37,123	64%
RMB	23,391	42%	20,671	36%
Total borrowings	55,972	100%	57,794	100%

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

	At June 30, 2025		At December 31, 2024	
	HK\$ Million	% of Total	HK\$ Million	% of Total
Fixed	23,399	42%	23,725	41%
Floating	32,573	58%	34,069	59%
Total borrowings	55,972	100%	57,794	100%

- Gearing Ratios*

At the balance sheet date, the net debt balance amounted to HK\$48,496 million (December 31, 2024: HK\$46,977 million). The net debt to equity ratio was 31.5% (December 31, 2024: 30.8%), and the debt to equity ratio was 36.4% (December 31, 2024: 37.9%). The increase in net debt to equity ratio was largely due to increased capital expenditures in both mainland China and Hong Kong.

Excluding the balances of Hang Lung Properties Limited and its subsidiaries (collectively known as “Hang Lung Properties”), the Company and its other subsidiaries had a net debt balance of HK\$634 million (December 31, 2024: net cash balance of HK\$96 million).

- *Maturity Profile and Refinancing*

At the balance sheet date, the average tenure of our debt portfolio was 3.1 years (December 31, 2024: 2.9 years). The maturity profile staggered over more than 11 years. Around 72% of our outstanding debt would be repayable after two years (December 31, 2024: 65%).

In January 2025, we successfully signed a HK\$10 billion five-year syndicated term loan and revolving credit facility, which lengthens our loan maturity profile and enhances our funding sources for business development.

	At June 30, 2025		At December 31, 2024	
	HK\$ Million	% of Total	HK\$ Million	% of Total
Repayable:				
Within 1 year	6,407	11%	9,340	16%
After 1 but within 2 years	9,563	17%	10,859	19%
After 2 but within 5 years	36,208	65%	33,713	58%
Over 5 years	3,794	7%	3,882	7%
Total borrowings	55,972	100%	57,794	100%

As of June 30, 2025, total undrawn committed banking facilities amounted to HK\$23,128 million (December 31, 2024: HK\$13,955 million). The available balances of the US\$4 billion (December 31, 2024: US\$4 billion) medium-term note program amounted to US\$2,398 million, equivalent to HK\$18,826 million (December 31, 2024: HK\$16,134 million).

Excluding the balances of Hang Lung Properties, the undrawn committed banking facilities of the Company and its other subsidiaries amounted to HK\$1,375 million (December 31, 2024: HK\$1,420 million).

- *Net Finance Costs and Interest Cover*

For the first half of 2025, gross finance costs decreased by 6% to HK\$1,002 million. The lower average effective cost of borrowing of 3.9% (2024: 4.4%) (attributed to the lower interest rate environment and the effective cost of borrowing management from the debt market) outweighed the higher interest from the increase in average borrowings which was primarily for capital expenditure.

The net amount charged to the statement of profit or loss (after excluding capitalized amounts) increased to HK\$511 million. A number of projects in Hong Kong and Mainland ceased capitalization of interests upon completion in 2024, which means fewer projects were eligible for interest capitalization.

Interest cover for the six months of 2025 was 3.2 times (2024: 3.2 times).

- *Foreign Exchange Management*

RMB fluctuations are our principal exchange rate risk. Our exposure is primarily determined by the currency translation risk from our subsidiaries' net assets in mainland China.

We refrain from speculating on the movement of the RMB against the HKD. Considering the cash inflows from local operations and RMB-denominated borrowings, we maintain an appropriate level of RMB-denominated resources to meet our capital needs in mainland China. We regularly conduct business reviews to assess the funding required for our mainland China projects, guided by regulatory restrictions, project development schedules, and the market environment. Our funding plan is modified to accommodate any changes in circumstances.

As of June 30, 2025, net assets denominated in RMB accounted for approximately 68% of our total net assets. RMB appreciated against the HKD by 1.5% compared to that as of December 31, 2024. The translation of these net assets from RMB into HKD at the exchange rate as of the reporting date resulted in a translation gain of HK\$1,529 million (2024: loss of HK\$725 million), recognized in other comprehensive income.

- *Charge of Assets*

None of the Group's assets were charged to third parties as of June 30, 2025.

- *Contingent Liabilities*

The Group had no material contingent liabilities as of June 30, 2025.

SUSTAINABILITY

80% of Hang Lung's Mainland Portfolio Is Fully Powered by Renewable Energy

Hang Lung's portfolio of renewable energy-powered properties has expanded in mainland China, increasing from 50% to 80% of our operating locations. The three additional properties—Forum 66 and Palace 66 in Shenyang, and Olympia 66 in Dalian—have fully transitioned to renewable energy sources as of May 1, 2025, and are the first commercial developments in Liaoning Province to achieve this significant milestone. The three properties have secured renewable energy from wind and solar sources through power purchase agreements aligned with mainland China's green energy policy framework. By the end of this year, the Group is expected to procure approximately 320 million kWh of renewable energy across eight properties—an achievement that far exceeds our sustainability target of 25% renewable energy for our mainland China portfolio by 2025.

Hang Lung's Groundbreaking Discussion Paper Drives Industry Dialogue on Net Zero Transition

The Group has published an innovative discussion paper, *Our Journey to Net Zero: Our Scenarios and Actions to Reduce Greenhouse Gas Emissions to 2050*, which investigates pathways and strategies for achieving our net zero targets. The paper shares findings from a decarbonization model we developed that incorporates over 1,000 internal and external data inputs. The analysis includes two main scenarios to reduce greenhouse gas (GHG) emissions between now and 2050. Starting from a baseline of around 1,000,000 tonnes of GHG in 2023, the Group's emissions could drop to fewer than 100,000 tonnes by 2050—and potentially even lower. The scale of new construction and the emissions intensity of available construction materials will play a critical role in shaping this reduction. The discussion paper also highlights our potential to achieve full net zero by 2050 through sustained effort, supplier collaboration, and leveraging technological advancements.

Changemakers Program Gains Traction as Hang Lung Partners With Tenants on Sustainability

Through Hang Lung's Changemakers: Tenant Partnerships on Sustainability Program (the "Changemakers Program"), we are intensifying our collaborative efforts with tenants to reduce energy use and waste, advance circularity, and improve community wellbeing. Our first recognition ceremony in April 2025 honored tenants for their sustainability initiatives over the previous year. As of June 2025, 42 tenants have joined our Changemakers community, representing a diverse range of sectors, including office, retail, and hospitality, across 17 properties in Hong Kong and mainland China, totaling over 238,000 square meters of leased floor area or 12% of the Group's leasable floor area.

We have also recently enhanced the Changemakers Program by offering tenants access to a comprehensive energy and carbon management platform, which provides real-time energy consumption analytics across the leased spaces, delivering data-driven, actionable insights to support the tenants' sustainability goals and optimize their operational performance.

Hang Lung and Tsinghua University Mark 15 Years of Shared Impact on Sustainable Urban Futures

2025 marks the 15th anniversary of the Hang Lung Center for Real Estate at Tsinghua University ("the Center"), a collaboration committed to advancing academic research and fostering industry-academia cooperation in the real estate sector. To commemorate the anniversary, the Center hosted a Forum on Sustainable Development of Cities and Real Estate on April 2, 2025, bringing together industry leaders, academics, and policymakers to discuss the sector's future. Approximately 3,000 participants attended the hybrid event, including industry representatives, business partners, Tsinghua professors and students, and national media.

Since 2010, the Group has donated more than RMB33 million to support Tsinghua University's real estate programs and the Center's academic research and exchanges. This alliance has emerged as one of the leading Asia-based partnerships in the real estate sector, uniting business and academia and playing a crucial role in shaping the industry's development in mainland China.

Hang Lung's Property Portfolio Empowers Hong Kong's Young Entrepreneurs

In partnership with the Hong Kong Housing Authority, the Group supported the second phase of the Well Being · Start-Up 2.0 Programme by offering young entrepreneurs six months of rent-free retail space at Peak Galleria, Kornhill Plaza, and Amoy Plaza. This initiative aims to empower the next generation to unleash their creativity and nurture their entrepreneurial spirit in a real-world environment, reaffirming our commitment to community investment.

Moving into their designated retail spaces in July, selected startups will benefit from proximity to high-profile businesses and participation in the Group's signature mall-wide promotional campaigns while receiving tailored marketing support from the Company.

OUTLOOK

The global economy is unclear as a result of the recent trade tensions and tightening restrictions between the U.S. and China. The Federal Reserve's anticipated interest rate cut may be halted by trade tariffs and inflationary pressures, which could potentially dampen consumer spending and business expansion.

In mainland China, consumers' confidence remains subdued as we move into 2025. However, we see some signs of stabilization. Demand is anticipated to rise moderately in upcoming months from fiscal expansion and the government's dedicated supportive measures. After the short-lived consumption upswing after the end of the pandemic, we have noticed that Chinese consumers are rationalizing their spending and giving quality-of-life upgrades priority. To obtain an advantage over their competitors, retailers are adapting to the evolving new market conditions. We are also strengthening our asset management capabilities and dynamically refining our operating strategies in order to remain competitive and navigate this changing market environment. Two instances of these initiatives are the Pavilion Extension project and the VIC Lounge refurbishment, both of which are ongoing in Plaza 66. In the face of supply pressure and rental corrections in the office leasing markets, particularly in first-tier cities like Shanghai, we are putting tenant-centric demands first in order to retain quality tenants. We are also nearing the phasal completion of our high-end commercial complex, Westlake 66 in Hangzhou, in the upcoming months. Pre-leasing activities in both retail and office leasing remain upbeat amid weak market sentiment. This endeavor is a step toward our broader goals of growth and excellence and reflects our dedication to innovation and community development.

The retail sector in Hong Kong is likely to remain challenging in the second half of 2025 due to continuous pressure from evolving consumption patterns and external economic factors. That said, while inbound travel has not yet returned to its pre-pandemic level, visitors are showing a strong interest in immersive, Instagrammable travel experiences and the range of mega events that the government is marketing. Although the duration of the economic downturn remains uncertain, we continue to have a positive outlook for the long-term business climate. We will keep concentrating on creating immersive shopping experiences, such as interactive displays and pop-up events, as well as collaborating with local businesses and artisans to create distinctive offerings that appeal to both local residents and tourists, fostering a sense of community and authenticity. We will also seek opportunities to optimize our Hong Kong portfolio through capital recycling exercises.

With respect to property sales, Center Residences in Wuxi is going to launch its first batch of pre-sale, garnering positive feedback for its marketing activities. Our Hang Lung Residences series, which includes Heartland Residences in Wuhan and Grand Hyatt Residences Kunming, targets both local residents seeking premium living standards and affluent buyers from other cities looking for business convenience. Our premium management services and superior product quality differentiate us from our peers, allowing us to attract discerning buyers in respective cities. Meanwhile, in Hong Kong, we continue to actively market our remaining residential units in The Aperture and houses in Blue Pool Road. Recent analyst reports suggest that the residential market is bottoming out and we are optimistic about achieving more sales when the economy recovers.

CORPORATE GOVERNANCE

We are committed to maintaining the highest standards of corporate governance. During the six months ended June 30, 2025, we adopted corporate governance principles that emphasize a qualified Board, sound internal controls, and effective risk management to enhance transparency and accountability towards our stakeholders. The general framework of our corporate governance practices is set out in our corporate governance report in the 2024 annual report, which is available on our website under “Financial Report” in the “Financial Information” subsection of the “Investor” section.

The Board

The Board comprises three Executive Directors, three Non-Executive Directors, and five Independent Non-Executive Directors. The Independent Non-Executive Directors accounts for approximately 46% of the Board, exceeding the requirement of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). An updated list of Board members with their roles and functions is maintained on both our website and the website of Hong Kong Exchanges and Clearing Limited (“HKEX”). The biographical details of the Board members are also available on our website under “Our Management” of the “Corporate Governance” section. There is a clear division of responsibilities between the Chair and the Chief Executive Officer to ensure a balance of power and authority. The Board generally meets six times a year and continues to review its practices from time to time, constantly seeking to improve the corporate governance procedures of the Company and its subsidiaries (the “Group”) in accordance with international best practices.

Nomination and Remuneration Committee

Our Nomination and Remuneration Committee comprises entirely of Independent Non-Executive Directors, and is chaired by an Independent Non-Executive Director. The Committee members meet at least once a year. Its duties include reviewing significant changes to the salary structure within the Group and the terms and conditions affecting Executive Directors and senior management. The Committee members also conduct regular reviews of the Board's structure, size and diversity, and make recommendations to the Board on the appointment, re-appointment and succession planning of Directors. The terms of reference of the Committee are available on both our website under “Nomination & Remuneration Committee” of the “Corporate Governance” section, and the website of HKEX.

Audit Committee

Our Audit Committee, which is chaired by an Independent Non-Executive Director, currently consists of three Independent Non-Executive Directors and one Non-Executive Director. The Committee members meet at least four times a year. Meetings are attended by external and internal auditors, the Chief Executive Officer, the Chief Financial Officer and the Company Secretary for the purposes of, *inter alia*, discussing the nature and scope of internal audit work and assessing the Company's internal controls. The terms of reference of the Committee, 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.

This unaudited interim financial report was reviewed by KPMG, our auditor, in accordance with the Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. The Independent Auditor's Review Report is set out on pages 40 and 41 of this interim report. The Audit Committee has reviewed this interim report, including the unaudited interim financial report for the six months ended June 30, 2025, and has recommended their adoption by the Board.

Compliance with Corporate Governance Code contained in Appendix C1 to the Listing Rules

During the six months ended June 30, 2025, the Company did not only comply with, but in certain areas also exceeded the requirements of, the code provisions set out in the Corporate Governance Code as stated in Appendix C1 of the Listing Rules.

Compliance with Model Code contained in Appendix C3 to the Listing Rules

We have adopted a code of conduct with regard to securities transactions by Directors (the "Code of Conduct") on terms that are no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules (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 throughout the six months ended June 30, 2025.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2025, 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 Securities and Futures Ordinance (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:

Name	Capacity	The Company (Long Positions)		Hang Lung Properties Limited (Long Positions)		
		Number of Shares	% of Total Number of Issued Shares	Number of Shares	% of Total Number of Issued Shares	Number of Share Options (Note 3)
Adriel Chan	Personal & Other	551,752,580 (Notes 1 & 2)	40.52	3,271,168,287 (Note 2)	65.40	15,050,000
Weber W.P. Lo	Personal	460,000	0.03	1,128,542	0.02	25,750,000
Gerald L. Chan	—	—	—	—	—	—
Simon S.O. Ip	—	—	—	—	—	—
P.W. Liu	Personal & Family	—	—	100,000	—	—
L.C. Tsui	—	—	—	—	—	—
Martin C.K. Liao	—	—	—	—	—	—
George K.K. Chang	—	—	—	—	—	—
Roy Y.C. Chen	—	—	—	—	—	—
May S.B. Tan	—	—	—	—	—	—
Kenneth K.K. Chiu	Personal	—	—	—	—	6,800,000

Notes:

- Other interests included 28,579,500 shares of the Company 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.
- Other interests included 522,423,080 shares of the Company and 3,270,474,753 shares of Hang Lung Properties Limited ("HLP") 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 750,000 shares of the Company and 693,534 shares of HLP respectively.
- Movements of Directors' share options under the share option scheme of HLP adopted on April 18, 2012 (the "2012 Share Option Scheme") and another share option scheme of HLP adopted on April 27, 2022 (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 June 30, 2025, 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 six months ended June 30, 2025 was the Company or any of its 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 2012 Share Option Scheme and the 2022 Share Option Scheme (together, the “Share Option Schemes”) are to enable HLP, the Company’s subsidiary, to grant options to selected participants as incentives or rewards for their contributions to HLP and its subsidiaries (the “HLP Group”), to attract skilled and experienced personnel, to incentivize them to remain with the HLP Group and to motivate them to strive for the future development and expansion of the HLP Group by providing them with the opportunity to acquire equity interest in HLP.

Under the Share Option Schemes, the board of directors of HLP is authorized to grant options to selected participants, including employees and directors of any company in the HLP Group, subject to the terms and conditions as the board of directors of HLP 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 HLP shares subject to each option under the Share Option Schemes are determined by the board of directors of HLP at the time of grant. The exercise price of the options is determined by the board of directors of HLP at the time of grant, and shall not be less than the higher of the nominal value of HLP shares, the closing price of HLP shares at the date of grant and the average closing price of HLP shares for the five business days immediately preceding the date of grant.

Pursuant to the resolutions passed by the shareholders of the Company and HLP 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, 2025, 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 six months ended June 30, 2025, 6,600,000 options were granted under the 2022 Share Option Scheme. As at June 30, 2025, the total number of share options available for grant under the 2022 Share Option Scheme was 276,275,550.

As at the date of this interim 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 164,714,500 and 51,659,000, respectively, representing approximately 3.3% and 1.0% of the total number of issued shares of HLP. As at the date of this interim report, the total number of shares available for issue in respect of which options may be granted under the 2022 Share Option Scheme was 276,275,550, representing approximately 5.5% of the total number of issued shares of HLP.

The total number of HLP 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 HLP shares in issue.

The number of HLP shares that may be issued in respect of options granted under the Share Option Schemes during the six months ended June 30, 2025 divided by the weighted average number of HLP ordinary shares in issue for the six months ended June 30, 2025 is 0.02.

Movements of the share options under the 2012 Share Option Scheme during the six months ended June 30, 2025 were set out below:

Date of Grant	Category of Participants (Note 1)	Number of Share Options				Exercise Price per Share HK\$	Closing Price Per Share on the Date of Grant HK\$	Vesting Dates (Note 2)	Expiry Date (Note 2)
		Outstanding as at Jan 1, 2025	Granted during the Period	Exercised during the Period	Lapsed/ Forfeited during the Period	Outstanding as at Jun 30, 2025			
Aug 10, 2017	Honorary Chair: Ronnie C. Chan (Note 3)	1,925,000	–	–	–	1,925,000	19.98	19.86	Aug 10, 2019: 10% Aug 10, 2020: 20% Aug 10, 2021: 30% Aug 10, 2022: 40%
	Director: Adriel Chan	1,850,000	–	–	–	1,850,000			
	Director of HLP	2,500,000	–	–	–	2,500,000			
	Employees	18,944,000	–	–	(735,000)	18,209,000			
		25,219,000	–	–	(735,000)	24,484,000			
May 16, 2018	Director: Weber W.P. Lo	10,000,000	–	–	–	10,000,000	18.98	18.98	May 16, 2020: 10% May 16, 2021: 20% May 16, 2022: 30% May 16, 2023: 40%
		10,000,000	–	–	–	10,000,000			
Jun 28, 2019	Honorary Chair: Ronnie C. Chan (Note 3)	3,025,000	–	–	–	3,025,000	18.58	18.58	Jun 28, 2021: 10% Jun 28, 2022: 20% Jun 28, 2023: 30% Jun 28, 2024: 40%
	Directors: Adriel Chan	2,200,000	–	–	–	2,200,000			
	Weber W.P. Lo	2,750,000	–	–	–	2,750,000			
	Employees	28,697,500	–	–	(1,789,000)	26,908,500			
		36,672,500	–	–	(1,789,000)	34,883,500			

Movements of the share options under the 2012 Share Option Scheme during the six months ended June 30, 2025 were set out below:

Date of Grant	Category of Participants (Note 1)	Number of Share Options				Exercise Price per Share HK\$	Closing Price Per Share on the Date of Grant HK\$	Vesting Dates (Note 2)	Expiry Date (Note 2)
		Outstanding as at Jan 1, 2025	Granted during the Period	Exercised during the Period	Lapsed/ Forfeited during the Period	Outstanding as at Jun 30, 2025			
May 12, 2021	<i>Honorary Chair:</i> Ronnie C. Chan (Note 3)	3,300,000	–	–	–	3,300,000	19.95	19.60	May 12, 2023: 10% May 12, 2024: 20% May 12, 2025: 30% May 12, 2026: 40%
	<i>Directors:</i> Adriel Chan	3,000,000	–	–	–	3,000,000			
	Weber W.P. Lo	3,000,000	–	–	–	3,000,000			
	<i>Employees</i>	40,106,000	–	–	(3,124,500)	36,981,500			
		49,406,000	–	–	(3,124,500)	46,281,500			
Oct 6, 2021	<i>Director:</i> Kenneth K.K. Chiu	2,000,000	–	–	–	2,000,000	17.65	17.58	Oct 6, 2023: 10% Oct 6, 2024: 20% Oct 6, 2025: 30% Oct 6, 2026: 40%
		2,000,000	–	–	–	2,000,000			
Feb 21, 2022	<i>Honorary Chair:</i> Ronnie C. Chan (Note 3)	3,300,000	–	–	–	3,300,000	16.38	16.32	Feb 21, 2024: 10% Feb 21, 2025: 20% Feb 21, 2026: 30% Feb 21, 2027: 40%
	<i>Directors:</i> 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			
	<i>Employees</i>	41,440,000	–	–	(2,950,000)	38,490,000			
		52,840,000	–	–	(2,950,000)	49,890,000			
	Honorary Chair	11,550,000	–	–	–	11,550,000			
	Directors	32,900,000	–	–	–	32,900,000			
	Director of HLP	2,500,000	–	–	–	2,500,000			
	Employees	129,187,500	–	–	(8,598,500)	120,589,000			
Total		176,137,500	–	–	(8,598,500)	167,539,000			

Movements of the share options under the 2022 Share Option Scheme during the six months ended June 30, 2025 were set out below:

Date of Grant	Category of Participants (Note 1)	Number of Share Options				Exercise Price per Share HK\$	Closing Price Per Share on the Date of Grant HK\$	Vesting Dates (Note 2)	Expiry Date (Note 2)
		Outstanding as at Jan 1, 2025	Granted during the Period	Exercised during the Period	Lapsed/ Forfeited during the Period				
Jun 28, 2023	Honorary Chair: Ronnie C. Chan (Note 3)	3,300,000	–	–	–	12.49	12.34	Jun 28, 2025: 20% Jun 28, 2026: 30% Jun 28, 2027: 50%	Jun 27, 2033
	Directors:								
	Adriel Chan	3,000,000	–	–	–				
	Weber W.P. Lo	3,000,000	–	–	–				
	Kenneth K.K. Chiu	2,100,000	–	–	–				
	Employees	36,724,000	–	–	(2,531,000)				
		48,124,000	–	–	(2,531,000)				
Jan 27, 2025	Directors:					6.21	6.21	Jan 27, 2027: 20% Jan 27, 2028: 30% Jan 27, 2029: 50%	Jan 26, 2035
	Adriel Chan	–	2,000,000	–	–				
	Weber W.P. Lo	–	4,000,000	–	–				
	Kenneth K.K. Chiu	–	600,000	–	–				
		–	6,600,000	–	–				
	Honorary Chair	3,300,000	–	–	–				
	Directors	8,100,000	6,600,000	–	–				
	Employees	36,724,000	–	–	(2,531,000)				
Total		48,124,000	6,600,000	–	(2,531,000)				

Notes:

- “Employees” include current and former employees of the HLP Group and persons who were granted share options as an incentive to enter into employment contracts with HLP and/or any of its subsidiaries.
- Exercise periods of the share options start from the respective vesting dates and end on the respective expiry dates.
- 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 13 to the consolidated 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 June 30, 2025, 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 5)
Adriel Chan	1	551,752,580	40.52
Chan Tan Ching Fen	2	522,423,080	38.37
Cole Enterprises Holdings (PTC) Limited	2	522,423,080	38.37
Merssion Limited	2	522,423,080	38.37
Kingswick Investment Limited	3	103,609,000	7.61
Silchester International Investors LLP	4	110,342,000	8.10
Dodge & Cox	4	105,320,900	7.73

Notes:

- These shares were the same parcel of shares held by two trusts, 522,423,080 shares of which were held by Merssion Limited under a trust and 28,579,500 shares of which were held by another trust. As Mr. Adriel Chan was a discretionary beneficiary (for 522,423,080 shares) of a trust and both a settlor and a discretionary beneficiary (for 28,579,500 shares) of another trust, he was deemed to be interested in such shares under the SFO. Mr. Adriel Chan was also personally interested in 750,000 shares of the Company.
- These shares were the same parcel of shares held by Merssion Limited which was held under a trust. As Ms. Chan Tan Ching Fen was the founder and Cole Enterprises Holdings (PTC) Limited was the trustee, they were deemed to be interested in such shares under the SFO. These shares were included in the 551,002,580 shares deemed to be interested by Mr. Adriel Chan.
- This company was a wholly-owned subsidiary of Merssion Limited, its interests were included in 522,423,080 shares held by Merssion Limited.
- These shares were held in the capacity of investment managers.
- Shareholding percentages were calculated based on the total number of issued shares of the Company as at June 30, 2025, being 1,361,618,242 shares.

Save as disclosed above, as at June 30, 2025, 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.

CHANGES IN INFORMATION OF DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Save as disclosed below, there is no other information required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules since the date of the 2024 annual report of the Company.

Mr. George K.K. Chang ceased to be a member of Corporate Development Committee of Crystal International Group Limited on January 1, 2025 and ceased to be the Managing Director of Morningside Group on March 31, 2025.

Prof. L.C. Tsui was appointed by the Government of the HKSAR as an expert advisor to Task Group on New Medical School on February 26, 2025.

Ms. May S.B. Tan was appointed as a member of the Nomination and Remuneration Committee of the Company on March 27, 2025.

Mr. Martin C.K. Liao ceased to be an independent non-executive director of Bank of China Limited on August 1, 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended June 30, 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities.

EMPLOYEES

As at June 30, 2025, the number of employees was 3,934 (comprising 906 Hong Kong employees and 3,028 mainland China employees). The total employee costs for the six months ended June 30, 2025, amounted to HK\$902 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 Group also has a share option scheme and provides professional and high-quality trainings for employees.



Review report to the Board of Directors of Hang Lung Group Limited

(Incorporated in the Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 43 to 66 which comprises the consolidated statement of financial position of Hang Lung Group Limited ("the Company") as at June 30, 2025 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at June 30, 2025 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG

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

July 30, 2025

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended June 30, 2025 (Unaudited)

				For information purpose only	
	Note	2025 HK\$ Million	2024 HK\$ Million	2025 RMB Million	2024 RMB Million
Revenue	2(a)	5,202	6,379	4,813	5,846
Direct costs and operating expenses		(1,794)	(2,766)	(1,660)	(2,544)
		3,408	3,613	3,153	3,302
Other net income	3	41	19	38	17
Administrative expenses		(320)	(346)	(299)	(319)
Profit from operations before changes in fair value of properties		3,129	3,286	2,892	3,000
Decrease in fair value of properties		(269)	(715)	(247)	(657)
Profit from operations after changes in fair value of properties		2,860	2,571	2,645	2,343
Interest income		24	40	22	36
Finance costs		(511)	(461)	(475)	(424)
Net interest expense	4	(487)	(421)	(453)	(388)
Share of profits of joint ventures		23	132	22	122
Profit before taxation	5	2,396	2,282	2,214	2,077
Taxation	6	(1,088)	(756)	(1,001)	(688)
Profit for the period	2(b)	1,308	1,526	1,213	1,389
Attributable to:					
Shareholders		697	888	648	807
Non-controlling interests		611	638	565	582
Profit for the period		1,308	1,526	1,213	1,389
Earnings per share	8(a)				
Basic		HK\$0.51	HK\$0.65	RMB0.48	RMB0.59
Diluted		HK\$0.51	HK\$0.65	RMB0.48	RMB0.59

The accompanying notes form part of the interim financial report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2025 (Unaudited)

	2025 HK\$ Million	2024 HK\$ Million	For information purpose only	
			2025 RMB Million	2024 RMB Million
Profit for the period	1,308	1,526	1,213	1,389
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	1,739	(808)	(1,365)	992
(Loss)/gain on net investment hedge	(210)	83	–	76
Movement in hedging reserve:				
Effective portion of changes in fair value	(145)	114	(136)	106
Net amount transferred to profit or loss	(6)	(34)	(5)	(32)
Deferred tax	24	(12)	22	(11)
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 period, net of tax	1,402	(656)	(1,484)	1,132
Total comprehensive income for the period	2,710	870	(271)	2,521
Attributable to:				
Shareholders	1,535	502	(361)	1,509
Non-controlling interests	1,175	368	90	1,012
Total comprehensive income for the period	2,710	870	(271)	2,521

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At June 30, 2025

		(Unaudited) June 30, 2025 HK\$ Million	(Audited) December 31, 2024 HK\$ Million	For information purpose only	
	Note			June 30, 2025 RMB Million	December 31, 2024 RMB Million
Non-current assets					
Investment properties	9	174,721	174,558	159,452	162,698
Investment properties under development	9	26,137	24,001	23,836	22,226
Property, plant and equipment		3,423	2,838	3,122	2,630
Interests in joint ventures		4,366	4,456	3,989	4,199
Other assets		1,434	1,434	1,310	1,351
Deferred tax assets		159	143	145	135
		210,240	207,430	191,854	193,239
Current assets					
Cash and deposits with banks		7,476	10,817	6,824	10,153
Trade and other receivables	10	3,140	3,211	2,866	2,994
Properties for sale		13,873	13,510	12,664	12,623
		24,489	27,538	22,354	25,770
Current liabilities					
Bank loans and other borrowings		6,407	9,340	5,851	8,749
Trade and other payables	11	8,715	9,189	7,952	8,550
Lease liabilities		26	23	24	21
Current tax payable		363	314	331	292
		15,511	18,866	14,158	17,612
Net current assets		8,978	8,672	8,196	8,158
Total assets less current liabilities		219,218	216,102	200,050	201,397
Non-current liabilities					
Bank loans and other borrowings		49,565	48,454	45,264	45,471
Lease liabilities		258	240	235	222
Deferred tax liabilities		15,417	14,720	14,060	13,642
		65,240	63,414	59,559	59,335
NET ASSETS		153,978	152,688	140,491	142,062
Capital and reserves					
Share capital	12	4,065	4,065	3,164	3,164
Reserves		93,584	91,711	85,936	85,987
Shareholders' equity		97,649	95,776	89,100	89,151
Non-controlling interests		56,329	56,912	51,391	52,911
TOTAL EQUITY		153,978	152,688	140,491	142,062

The accompanying notes form part of the interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2025 (Unaudited)

HK\$ Million

	Shareholders' equity				Non-controlling interests	Total equity
	Share capital (Note 12)	Other reserves (Note 14)	Retained profits (Note 14)	Total		
At January 1, 2025	4,065	5,273	86,438	95,776	56,912	152,688
Profit for the period	–	–	697	697	611	1,308
Exchange difference arising from translation to presentation currency	–	1,053	–	1,053	686	1,739
Loss on net investment hedge	–	(134)	–	(134)	(76)	(210)
Cash flow hedges: net movement in hedging reserve	–	(81)	–	(81)	(46)	(127)
Total comprehensive income for the period	–	838	697	1,535	1,175	2,710
Final dividend in respect of previous year	–	–	(885)	(885)	–	(885)
Employee share-based payments	–	12	8	20	11	31
Change from increase of the Group's shareholding in a subsidiary	–	1,203	–	1,203	(1,074)	129
Dividend paid to non-controlling interests	–	–	–	–	(695)	(695)
At June 30, 2025	4,065	7,326	86,258	97,649	56,329	153,978
At January 1, 2024	4,065	4,373	85,922	94,360	60,556	154,916
Profit for the period	–	–	888	888	638	1,526
Exchange difference arising from translation to presentation currency	–	(480)	–	(480)	(328)	(808)
Gain on net investment hedge	–	52	–	52	31	83
Cash flow hedges: net movement in hedging reserve	–	41	–	41	27	68
Net change in fair value of equity investments	–	1	–	1	–	1
Total comprehensive income for the period	–	(386)	888	502	368	870
Final dividend in respect of previous year	–	–	(885)	(885)	–	(885)
Employee share-based payments	–	21	5	26	16	42
Change from increase of the Group's shareholding in a subsidiary	–	1,827	–	1,827	(1,898)	(71)
Dividend paid to non-controlling interests	–	–	–	–	(1,046)	(1,046)
At June 30, 2024	4,065	5,835	85,930	95,830	57,996	153,826

The accompanying notes form part of the interim financial report.

For information purpose only

RMB Million

	Shareholders' equity				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained profits	Total		
At January 1, 2025	3,164	13,762	72,225	89,151	52,911	142,062
Profit for the period	–	–	648	648	565	1,213
Exchange difference arising from translation to presentation currency	–	(935)	–	(935)	(430)	(1,365)
Cash flow hedges: net movement in hedging reserve	–	(74)	–	(74)	(45)	(119)
Total comprehensive income for the period	–	(1,009)	648	(361)	90	(271)
Final dividend in respect of previous year	–	–	(810)	(810)	–	(810)
Employee share-based payments	–	11	7	18	11	29
Change from increase of the Group's shareholding in a subsidiary	–	1,102	–	1,102	(984)	118
Dividend paid to non-controlling interests	–	–	–	–	(637)	(637)
At June 30, 2025	3,164	13,866	72,070	89,100	51,391	140,491
At January 1, 2024	3,164	10,725	71,772	85,661	54,947	140,608
Profit for the period	–	–	807	807	582	1,389
Exchange difference arising from translation to presentation currency	–	614	–	614	378	992
Gain on net investment hedge	–	49	–	49	27	76
Cash flow hedges: net movement in hedging reserve	–	38	–	38	25	63
Net change in fair value of equity investments	–	1	–	1	–	1
Total comprehensive income for the period	–	702	807	1,509	1,012	2,521
Final dividend in respect of previous year	–	–	(824)	(824)	–	(824)
Employee share-based payments	–	19	5	24	15	39
Change from increase of the Group's shareholding in a subsidiary	–	1,721	–	1,721	(1,787)	(66)
Dividend paid to non-controlling interests	–	–	–	–	(974)	(974)
At June 30, 2024	3,164	13,167	71,760	88,091	53,213	141,304

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended June 30, 2025 (Unaudited)

			For information purpose only	
	2025 HK\$ Million	2024 HK\$ Million	2025 RMB Million	2024 RMB Million
Operating activities				
Cash generated from operations	2,979	2,855	2,743	2,608
Income tax paid	(553)	(666)	(510)	(606)
Net cash generated from operating activities	2,426	2,189	2,233	2,002
Investing activities				
Payment for investment properties	(384)	(411)	(351)	(376)
Payment for investment properties under development	(805)	(1,040)	(744)	(952)
Payment for property, plant and equipment	(171)	(53)	(158)	(48)
Repayment from a joint venture	–	48	–	44
Dividends from joint ventures	113	23	105	21
Increase in bank deposits with maturity greater than 3 months	(174)	(33)	(160)	(30)
Other cash flows arising from investing activities	175	63	164	56
Net cash used in investing activities	(1,246)	(1,403)	(1,144)	(1,285)
Financing activities				
Proceeds from new bank loans and other borrowings	24,130	22,595	22,458	20,863
Repayment of bank loans and other borrowings	(26,456)	(19,483)	(24,628)	(17,991)
Interest and other borrowing costs paid	(953)	(1,011)	(885)	(925)
Dividend paid	(885)	(885)	(810)	(824)
Dividend paid to non-controlling interests	(566)	(991)	(519)	(924)
Decrease in non-controlling interests in a subsidiary	–	(134)	–	(121)
Other cash flows used in financing activities	(13)	(15)	(12)	(13)
Net cash (used in)/generated from financing activities	(4,743)	76	(4,396)	65
(Decrease)/increase in cash and cash equivalents	(3,563)	862	(3,307)	782
Effect of foreign exchange rate changes	46	(20)	(181)	106
Cash and cash equivalents at January 1	10,712	6,262	10,056	5,694
Cash and cash equivalents at June 30	7,195	7,104	6,568	6,582
Analysis of the balance of cash and cash equivalents				
Cash and deposits with banks	7,476	7,218	6,824	6,686
Less: Bank deposits with maturity greater than 3 months	(281)	(114)	(256)	(104)
Cash and cash equivalents at June 30	7,195	7,104	6,568	6,582

Notes to the Consolidated Financial Statements

1. BASIS OF PREPARATION

The unaudited interim financial report has been prepared in accordance with Hong Kong Accounting Standard (HKAS) 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The preparation of interim financial report in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on pages 40 to 41.

The HKICPA has issued certain amendments to HKFRS Accounting Standards (HKFRSs) that are first effective for the current accounting period of the Company and its subsidiaries (collectively the "Group"). These developments have no material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements.

1. BASIS OF PREPARATION (Continued)

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 on the same basis as 2024 as if the presentation currency is Renminbi.

The financial information relating to the financial year ended December 31, 2024 included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended December 31, 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

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.

(a) Disaggregation of revenue

For the six months ended June 30, 2025

HK\$ Million	Revenue from contracts with customers (HKFRS 15)			Leases (HKFRS 16)	Total
	recognized at a point in time	recognized over time	Subtotal		
Rental income	–	–	–	4,302	4,302
Sales of completed properties	161	–	161	–	161
Hotel revenue	48	81	129	–	129
Building management fees and other income from property leasing	–	610	610	–	610
	209	691	900	4,302	5,202

For the six months ended June 30, 2024

HK\$ Million	Revenue from contracts with customers (HKFRS 15)			Leases (HKFRS 16)	Total
	recognized at a point in time	recognized over time	Subtotal		
Rental income	–	–	–	4,464	4,464
Sales of completed properties	1,228	–	1,228	–	1,228
Hotel revenue	28	42	70	–	70
Building management fees and other income from property leasing	–	617	617	–	617
	1,256	659	1,915	4,464	6,379

2. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Revenue and results by segments

HK\$ Million	2025				2024			
	Property Leasing	Property Sales	Hotels	Total	Property Leasing	Property Sales	Hotels	Total
Revenue								
– Mainland China	3,363	10	129	3,502	3,467	25	70	3,562
– Hong Kong	1,549	151	–	1,700	1,614	1,203	–	2,817
	4,912	161	129	5,202	5,081	1,228	70	6,379
Profit/(loss) from operations before changes in fair value of properties								
– Mainland China	2,088	(26)	(34)	2,028	2,153	(20)	(3)	2,130
– Hong Kong	1,105	(4)	–	1,101	1,147	9	–	1,156
	3,193	(30)	(34)	3,129	3,300	(11)	(3)	3,286
Decrease in fair value of properties	(269)	–	–	(269)	(715)	–	–	(715)
– Mainland China	(93)	–	–	(93)	(433)	–	–	(433)
– Hong Kong	(176)	–	–	(176)	(282)	–	–	(282)
Net interest expense	(487)	–	–	(487)	(421)	–	–	(421)
– Interest income	24	–	–	24	40	–	–	40
– Finance costs	(511)	–	–	(511)	(461)	–	–	(461)
Share of profits of joint ventures	23	–	–	23	132	–	–	132
Profit/(loss) before taxation	2,460	(30)	(34)	2,396	2,296	(11)	(3)	2,282
Taxation	(1,088)	–	–	(1,088)	(745)	(11)	–	(756)
Profit/(loss) for the period	1,372	(30)	(34)	1,308	1,551	(22)	(3)	1,526
Net profit/(loss) attributable to shareholders	737	(19)	(21)	697	903	(13)	(2)	888

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	June 30, 2025				December 31, 2024			
	Property Leasing	Property Sales	Hotels	Total	Property Leasing	Property Sales	Hotels	Total
Mainland China	138,823	7,052	3,139	149,014	136,440	6,640	2,544	145,624
Hong Kong	64,424	7,856	–	72,280	64,577	7,917	–	72,494
	203,247	14,908	3,139	221,294	201,017	14,557	2,544	218,118
Interests in joint ventures				4,366				4,456
Other assets				1,434				1,434
Deferred tax assets				159				143
Cash and deposits with banks				7,476				10,817
				234,729				234,968

3. OTHER NET INCOME

HK\$ Million	2025	2024
Government grants	15	6
Gain on disposal of investment properties	27	–
Gain on disposal of property, plant and equipment	–	14
Net exchange loss	(2)	(2)
Others	1	1
	41	19

4. NET INTEREST EXPENSE

HK\$ Million	2025	2024
Interest income on bank deposits	24	40
Interest expense on bank loans and other borrowings	932	1,012
Interest on lease liabilities	6	7
Other borrowing costs	64	50
Total borrowing costs	1,002	1,069
Less: Borrowing costs capitalized	(491)	(608)
Finance costs	511	461
Net interest expense	(487)	(421)

5. PROFIT BEFORE TAXATION

HK\$ Million	2025	2024
Profit before taxation is arrived at after charging:		
Cost of properties sold	164	1,012
Staff costs (Note)	757	783
Depreciation	76	46

Note: The staff costs included employee share-based payments of HK\$31 million (2024: HK\$42 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\$902 million (2024: HK\$936 million).

6. TAXATION IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Provision for Hong Kong Profits Tax is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits for the period. Mainland China Income Tax represents mainland China Corporate Income Tax calculated at 25% (2024: 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% (2024: 5%).

HK\$ Million	2025	2024
Current tax		
Hong Kong Profits Tax	130	139
Mainland China Income Tax	468	486
Total current tax	598	625
Deferred tax		
Changes in fair value of properties	366	12
Other origination and reversal of temporary differences	124	119
Total deferred tax	490	131
Total income tax expense	1,088	756

On May 28, 2025, the Hong Kong government enacted legislation to implement the Pillar Two Model rules (the Global Anti-Base Erosion Rules, or GloBE rules) published by the Organization for Economic Co-operation and Development (OECD). The legislation is effective on June 6, 2025, and takes retrospective effect for the Group's financial year beginning on January 1, 2025. The new legislation includes an income inclusion rule and a domestic minimum tax, which together are designed to ensure a minimum effective tax rate of 15% in each of Hong Kong and mainland China where the Group operates. The Group is in scope of the enacted legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes.

Although mainland China has yet to introduce its draft legislation for implementation on the GloBE rules, the Company as the ultimate parent entity domiciled in Hong Kong will be liable to pay a top-up tax for the difference between its GloBE effective tax rate per jurisdiction and the minimum effective tax rate of 15%. Based on the latest financial information, the Group has no top-up tax exposure for the six months ended June 30, 2025.

7. DIVIDENDS

(a) Interim dividend

HK\$ Million	2025	2024
Declared after the end of the reporting period: HK21 cents (2024: HK21 cents) per share	286	286

The dividend declared after the end of the reporting period has not been recognized as a liability at the end of the reporting period.

(b) Final dividend approved and paid during the six months ended June 30, 2025

HK\$ Million	2025	2024
2024 final dividend of HK65 cents (2023: HK65 cents) per share	885	885

8. EARNINGS PER SHARE

(a) The calculation of basic and diluted earnings per share is based on the following data:

HK\$ Million	2025	2024
Net profit attributable to shareholders	697	888

	Number of shares	
	2025	2024
Weighted average number of shares used in calculating basic and diluted earnings per share (Note)	1,361,618,242	1,361,618,242

Note: Diluted earnings per share was the same as the basic earnings per share for the periods as there were no dilutive potential ordinary shares in existence during both periods.

8. EARNINGS PER SHARE (Continued)

- (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	2025	2024
Net profit attributable to shareholders	697	888
Effect of changes in fair value of properties	269	715
Effect of income tax for changes in fair value of properties	366	12
Effect of changes in fair value of investment properties of joint ventures	44	(71)
	679	656
Non-controlling interests	(185)	(263)
	494	393
Underlying net profit attributable to shareholders	1,191	1,281

The earnings per share based on underlying net profit attributable to shareholders was:

	2025	2024
Basic	HK\$0.87	HK\$0.94
Diluted	HK\$0.87	HK\$0.94

9. INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES UNDER DEVELOPMENT

(a) Additions

During the six months ended June 30, 2025, additions to investment properties and investment properties under development amounted to HK\$1,045 million (2024: HK\$1,925 million).

(b) Valuation

The investment properties and investment properties under development of the Group were revalued as of June 30, 2025 by Savills Valuation and Professional Services Limited, on a market value basis.

10. TRADE AND OTHER RECEIVABLES

- (a) Included in trade and other receivables are trade receivables (based on the due date) with the following aging analysis:

HK\$ Million	June 30, 2025	December 31, 2024
Not past due or less than 1 month past due	118	166
1 – 3 months past due	17	16
More than 3 months past due	3	2
	138	184

10. TRADE AND OTHER RECEIVABLES (Continued)

- (b) 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.

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.

11. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors with the following aging analysis:

HK\$ Million	June 30, 2025	December 31, 2024
Due within 3 months	786	1,404
Due after 3 months	2,669	2,660
	3,455	4,064

12. SHARE CAPITAL

	At January 1, 2025 and June 30, 2025		At January 1, 2024 and December 31, 2024	
	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:	1,362	4,065	1,362	4,065

There was no movement in the share capital of the Company during the year ended December 31, 2024 and the six months ended June 30, 2025.

13. SHARE OPTION SCHEMES

Pursuant to the resolutions passed by the shareholders of the Company and the Company's subsidiary, Hang Lung Properties Limited ("HLP"), at their respective annual general meetings held on April 27, 2022, a new share option scheme (the "2022 Share Option Scheme") was adopted and became valid and 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 share option scheme adopted by HLP on April 18, 2012 (the "2012 Share Option Scheme", together with the 2022 Share Option Scheme are referred to as the "Schemes") was terminated upon its expiry. 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 share options granted under the Schemes to the directors and employees of HLP and its subsidiaries are at nominal consideration and each share option gives the holder the right to subscribe for one share of HLP.

13. SHARE OPTION SCHEMES (Continued)

The movements of share options of HLP during the six months ended June 30, 2025 are as follows:

(a) 2012 Share Option Scheme

Date granted	Number of share options		Outstanding on June 30, 2025	Period during which share options are exercisable	Exercise price (HK\$)
	Outstanding on January 1, 2025	Forfeited/ Lapsed			
August 10, 2017	25,219,000	(735,000)	24,484,000	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	36,672,500	(1,789,000)	34,883,500	June 28, 2021 to June 27, 2029	18.58
May 12, 2021	49,406,000	(3,124,500)	46,281,500	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	52,840,000	(2,950,000)	49,890,000	February 21, 2024 to February 20, 2032	16.38
Total	176,137,500	(8,598,500)	167,539,000		

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 exercised or cancelled during the six months ended June 30, 2025.

During the six months ended June 30, 2025, 8,598,500 share options (2024: 9,900,500 share options) were forfeited upon cessations of the grantees' employments and no share options (2024: Nil) lapsed due to the expiry of the period for exercising the share options.

13. SHARE OPTION SCHEMES (Continued)

(b) 2022 Share Option Scheme

Date granted	Number of share options			Outstanding on June 30, 2025	Period during which share options are exercisable	Exercise price (HK\$)
	Outstanding on January 1, 2025	Granted	Forfeited/ Lapsed			
June 28, 2023	48,124,000	–	(2,531,000)	45,593,000	June 28, 2025 to June 27, 2033	12.49
January 27, 2025	–	6,600,000	–	6,600,000	January 27, 2027 to January 26, 2035	6.21
Total	48,124,000	6,600,000	(2,531,000)	52,193,000		

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 exercised or cancelled during the six months ended June 30, 2025.

During the six months ended June 30, 2025, 2,531,000 share options (2024: 3,284,000 share options) were forfeited upon cessations of the grantees' employments and no share options (2024: Nil) lapsed due to the expiry of the period for exercising the share options.

In respect of the share options granted during the six months ended June 30, 2025, the closing share price immediately before the date of grant was HK\$5.95.

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 share options were granted. The fair value, terms and conditions, and assumptions were as follows:

Fair value at grant date	HK\$0.75
Share price at grant date	HK\$6.21
Exercise price	HK\$6.21
Risk-free interest rate	3.68%
Expected life (in years)	7
Expected volatility	31.10%
Expected dividends per share	HK\$0.52

13. SHARE OPTION SCHEMES (Continued)

(b) 2022 Share Option Scheme (Continued)

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.

14. RESERVES

HK\$ Million

	Other reserves						Total	Retained profits	Total reserves
	Exchange reserve	Hedging reserve	Investment revaluation reserve	Employee share-based compensation reserve	General reserve	Other capital reserve			
At January 1, 2025	(4,608)	18	64	270	275	9,254	5,273	86,438	91,711
Profit for the period	–	–	–	–	–	–	–	697	697
Exchange difference arising from translation to presentation currency	1,053	–	–	–	–	–	1,053	–	1,053
Loss on net investment hedge	(134)	–	–	–	–	–	(134)	–	(134)
Cash flow hedges:									
net movement in hedging reserve	–	(81)	–	–	–	–	(81)	–	(81)
Total comprehensive income for the period	919	(81)	–	–	–	–	838	697	1,535
Final dividend in respect of previous year	–	–	–	–	–	–	–	(885)	(885)
Employee share-based payments	–	–	–	12	–	–	12	8	20
Change from increase of the Group's shareholding in a subsidiary (Note)	–	–	–	7	–	1,196	1,203	–	1,203
At June 30, 2025	(3,689)	(63)	64	289	275	10,450	7,326	86,258	93,584
At January 1, 2024	(3,247)	(12)	61	285	275	7,011	4,373	85,922	90,295
Profit for the period	–	–	–	–	–	–	–	888	888
Exchange difference arising from translation to presentation currency	(480)	–	–	–	–	–	(480)	–	(480)
Gain on net investment hedge	52	–	–	–	–	–	52	–	52
Cash flow hedges:									
net movement in hedging reserve	–	41	–	–	–	–	41	–	41
Net change in fair value of equity investments	–	–	1	–	–	–	1	–	1
Total comprehensive income for the period	(428)	41	1	–	–	–	(386)	888	502
Final dividend in respect of previous year	–	–	–	–	–	–	–	(885)	(885)
Employee share-based payments	–	–	–	21	–	–	21	5	26
Change from increase of the Group's shareholding in a subsidiary (Note)	–	–	2	10	–	1,815	1,827	–	1,827
At June 30, 2024	(3,675)	29	64	316	275	8,826	5,835	85,930	91,765

Note: During the six months ended June 30, 2025, the Group's equity interests in its subsidiary, HLP, increased from 63.7% to 64.8% through distribution of scrip dividend from HLP.

During the six months ended June 30, 2024, the Group's equity interests in its subsidiary, HLP, increased from 61.2% to 63.2% through purchase of HLP's share from third parties and distribution of scrip dividend from HLP.

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The fair value of the Group's financial instruments is 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

(a) Financial assets and liabilities measured at fair value

(i) *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
	June 30, 2025	December 31, 2024	
Financial assets			
Trade and other receivables			
Interest rate swaps (cash flow hedges)	–	44	Level 2
Other assets			
Investment in equity instruments	92	92	Level 3
Financial liabilities			
Trade and other payables			
Cross currency swaps (cash flow hedges)	(8)	(8)	Level 2
Interest rate swaps (cash flow hedges)	(103)	–	Level 2

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

(i) *The level of fair value hierarchy within which the fair value measurements are categorized and analyzed below: (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.

(ii) *Transfers of instruments between the three-level fair value hierarchy*

During the six months ended June 30, 2025, 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.

(b) 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, 2024 and June 30, 2025.

16. COMMITMENTS

At the end of the reporting period, capital commitments not provided for in the financial statements were as follows:

HK\$ Million	June 30, 2025	December 31, 2024
Contracted for	5,397	4,931
Authorized but not contracted for	7,158	8,424
	12,555	13,355

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.

17. REVIEW AND APPROVAL OF INTERIM FINANCIAL REPORT

The interim financial report is unaudited, but has been reviewed by the Audit Committee. It was authorized for issue by the Board of Directors on July 30, 2025.

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 period (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

Basic earnings per share	=	$\frac{\text{Net profit attributable to shareholders}}{\text{Weighted average number of shares in issue during the period}}$	Debt to equity	=	$\frac{\text{Total borrowings}}{\text{Total equity}}$
Net assets attributable to shareholders per share	=	$\frac{\text{Shareholders' equity}}{\text{Number of shares issued at the end of the reporting period}}$	Net debt to equity	=	$\frac{\text{Net debt}}{\text{Total equity}}$
Interest cover	=	$\frac{\text{Profit from operations before changes in fair value of properties}}{\text{Finance costs before capitalization less interest income}}$			

FINANCIAL CALENDAR

Financial period	January 1, 2025 to June 30, 2025
Announcement of interim results	July 30, 2025
Latest time for lodging transfers	4:30 p.m. on August 14, 2025
Closure of share register	August 15, 2025
Record date for interim dividend	August 15, 2025
Interim dividend payment date	September 24, 2025

SHARE LISTING

As at June 30, 2025, 1,361,618,242 shares are listed on The Stock Exchange of Hong Kong Limited. It has a sponsored American Depositary Receipt (ADR) Program in the New York market.

STOCK CODE

Hong Kong Stock Exchange: 00010

Reuters: 0010.HK

Bloomberg: 10HK

CUSIP Number/Ticker Symbol for ADR Code: 41043E102/HNLGY

SHARE INFORMATION

Share price as at June 30, 2025: HK\$13.66 per share

Market capitalization as at June 30, 2025: HK\$18.60 billion

SHARE REGISTRAR

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