

Hang Lung
Group Limited

Stock Code:00010



HANG LUNG GROUP

65

2025

ANNUAL REPORT





Contents

2	65 Years, One Vision
4	Corporate Milestones
8	Financial Highlights
12	Chair's Letter to Shareholders
18	Review of Operations
64	Financial Review
80	Sustainability
90	Corporate Governance Report
126	Profile of the Directors
132	Profile of Key Executive
133	Report of the Directors
143	Independent Auditor's Report
148	Financial Statements
214	Ten-Year Financial Summary
216	Glossary
218	Corporate Information
219	Financial Calendar
220	Listing Information

Corporate Profile



Our Vision

We create compelling spaces that enrich lives

Our Mission

We pursue sustainable growth by connecting our customers and communities

Our Values

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

INTEGRITY

SUSTAINABILITY

EXCELLENCE

OPENNESS

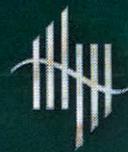
Hang Lung Group Limited (SEHK stock code: 00010) is one of Hong Kong's most established listed companies with more than 60 years of experience in the property development market.

Through our subsidiary Hang Lung Properties Limited (SEHK stock code: 00101), we have cultivated a leading reputation as a top-tier property developer in Hong Kong and Chinese Mainland with a recognized commitment to customer-centricity and quality. Our substantial Hong Kong portfolio comprises commercial, office, and residential developments for sale and lease in prominent locations.

In the early 1990's, we took a significant step in our expansion by making our first investment on the Mainland. Adhering to an ensuing strategy of developing prime sites in major cities, our diversified portfolio currently comprises properties in nine Mainland cities of Shanghai, Shenyang, Jinan, Wuxi, Tianjin, Dalian, Kunming, Wuhan and Hangzhou (listed by opening year). Through its premium positioning under the "66" brand, our Mainland portfolio has established a leading position as the "Pulse of the City."

We are leading the way in enhancing sustainability initiatives in the real estate industry, all the while driving sustainable growth by connecting customers and communities. Building on the successful conclusion of our 25 x 25 Sustainability Targets ("25 x 25") — launched in 2021 and achieved by the end of 2025 across four priorities, namely, Climate Resilience, Resource Management, Wellbeing, and Sustainable Transactions — we have set out 20 refreshed, more data-driven 2030 targets, guiding the next phase of our sustainability journey to deliver measurable impact. These targets also provide a clear agenda for our long-term ambition to become one of the most sustainable real estate companies in the world, and to and achieve net zero greenhouse gas emissions across the value chain by 2050.

Together with our subsidiary Hang Lung Properties, **We Do It Well.**

 HANG LUNG PROPERTIES

65



65 Years, One Vision



Hang Lung Board members and senior management at the Company's 65th anniversary cocktail celebration on September 22, 2025

As we celebrate 65 years of Hang Lung in 2025, the design of this annual report reflects an enduring legacy and forward momentum. The report covers of Hang Lung Group and Hang Lung Properties showcase a curated selection of our projects across 10 cities*, symbolizing the scale and strength of our footprint. For more than half a century, we have played an active role in shaping modern Hong Kong and, since the 1990s, strategically deepened our impact across the Chinese Mainland. From V.1, our Hong Kong foundations, through V.2, our Mainland expansion, we now transition into V.3 – a strategic framework defined by highly selected investments, leveraging existing assets in core cities to drive long-term values. As we enter our 66th year in 2026 with confidence, we remain committed to excellence in delivering sustainable growth that strengthens communities and enriches lives.

* Include Hong Kong, Shanghai, Shenyang, Jinan, Wuxi, Tianjin, Dalian, Kunming, Wuhan, and Hangzhou

Corporate Milestones



Hang Lung Development Company Limited founded by Mr. Chan Tseng-hsi

1960

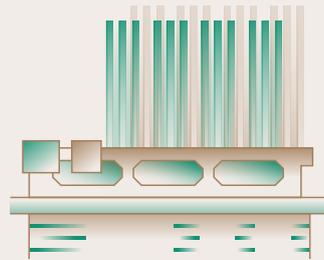
SEHK:10

Hang Lung Development Company Limited **listed on the Stock Exchange of Hong Kong**

1972

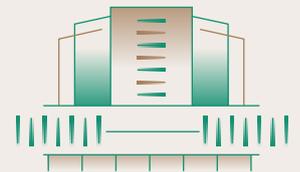
Development of **Telford Gardens** above MTR Kowloon Bay Station commenced

1976



Development of **Amoy Gardens** and **Amoy Plaza** commenced

1977



Development rights for nine MTR Island Line sites, including the **Kornhill** residential development, acquired by leading three consortia

1981

1965

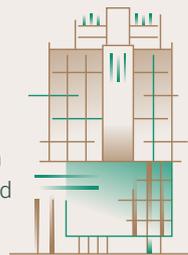
Hang Lung-Hakuyosha, a dry cleaning and laundry joint venture, opened

Sole agent status for Caltex liquid petroleum gas in Hong Kong and Macau acquired

1975

Hang Lung Centre in Causeway Bay opened

Hong Kong Matsuzakaya Department Store (50% owned by Hang Lung) at Hang Lung Centre opened

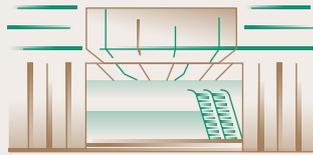


1980

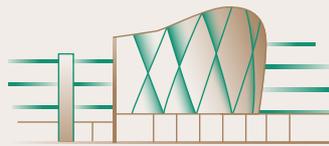
63% stake in **The Amoy Canning Corporation (Hong Kong) Limited** acquired

The Amoy Canning Corporation (Hong Kong) Limited renamed **Amoy Properties Limited**

1987

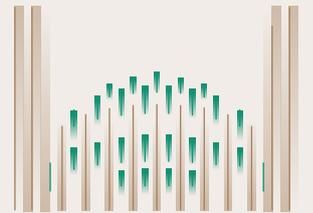


32,000 sq. m. commercial property in Causeway Bay (formerly Daimaru, now Fashion Walk) acquired



Peak site acquired, subsequently developed into **Peak Galleria**

1989



Grand Gateway (now Grand Gateway 66) in Shanghai opened

1999

1985

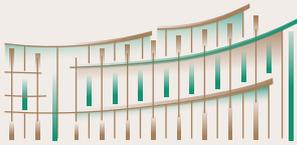
Hang Lung Development Company Limited became a **constituent stock of the Hang Seng Index**



1992

Standard Chartered Bank Building (now the headquarters of Hang Lung Group and Hang Lung Properties) purchased





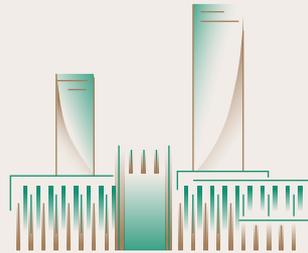
Palace 66 in Shenyang opened

2010



Forum 66 in Shenyang opened

2012



Center 66 in Wuxi opened

2013



Olympia 66 in Dalian opened

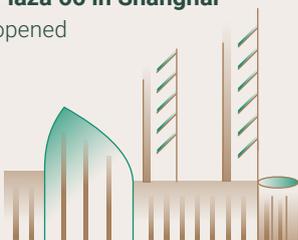
2016

2001

Hang Lung Development Company Limited renamed as **Hang Lung Group Limited**

Amoy Properties Limited renamed as **Hang Lung Properties Limited**

Plaza 66 in Shanghai opened



2011

Parc 66 in Jinan opened

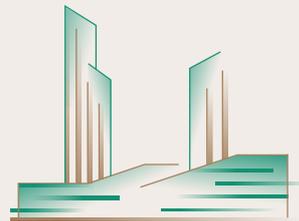


2014

Riverside 66 in Tianjin opened



2019



Spring City 66 in Kunming opened

Conrad Shenyang in Forum 66 opened

Self-operated multifunctional workspace, **HANGOUT**, launched at **Center 66 in Wuxi**

2020

Heartland Residences in Wuhan, the inaugural project of Hang Lung Residences, launched

2022

Grand Hyatt Kunming in Spring City 66 opened

2024

Refreshed **2030 Sustainability Targets** announced

Xi Zhe Wuxi, Curio Collection by Hilton at Center 66 scheduled for opening

Westlake 66 in Hangzhou scheduled for opening



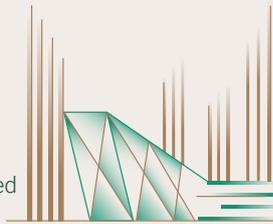
Pavilion Extension of Plaza 66 in Shanghai scheduled for opening

2026

2021

Heartland 66 in Wuhan Opened

25 x 25 Sustainability Targets announced



2023

Grand Hyatt Residences Kunming launched

HANGOUT launched at **Heartland 66 in Wuhan**

2025

Center Residences in Wuxi launched

Coworking space **NET•WORK** launched in Hong Kong

Office Tower E of Westlake 66 in Hangzhou launched

Financial Highlights

Results

in HK\$ Million (unless otherwise stated)

	2025				2024			
	Property Leasing	Hotels	Property Sales	Total	Property Leasing	Hotels	Property Sales	Total
Revenue	9,853	297	264	10,414	10,033	189	1,538	11,760
– Chinese Mainland	6,757	297	59	7,113	6,851	189	56	7,096
– Hong Kong	3,096	–	205	3,301	3,182	–	1,482	4,664
Operating profit/(loss)	6,972	(34)	(102)	6,836	7,134	(63)	(245)	6,826
– Chinese Mainland	4,568	(34)	(51)	4,483	4,656	(63)	(197)	4,396
– Hong Kong	2,404	–	(51)	2,353	2,478	–	(48)	2,430
Underlying net profit/(loss) attributable to shareholders	2,529	(73)	(49)	2,407	2,576	(84)	(165)	2,327
Net decrease in fair value of properties attributable to shareholders	(1,037)	–	–	(1,037)	(714)	–	–	(714)
Net profit/(loss) attributable to shareholders	1,492	(73)	(49)	1,370	1,862	(84)	(165)	1,613

	At December 31, 2025	At December 31, 2024
Shareholders' equity (HK\$ Million)	98,881	95,776
Net assets attributable to shareholders per share (HK\$)	\$72.6	\$70.3

Earnings and Dividends (HK\$)

	2025	2024
Earnings per share		
– Based on underlying net profit attributable to shareholders	\$1.77	\$1.71
– Based on net profit attributable to shareholders	\$1.01	\$1.18
Dividends per share	\$0.86	\$0.86
– Interim	\$0.21	\$0.21
– Final	\$0.65	\$0.65

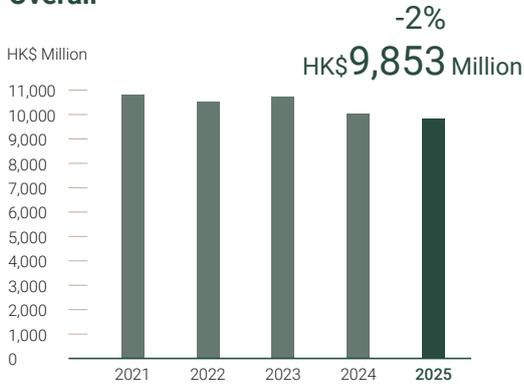
Financial Ratios

	2025	2024
Payout ratio (based on net profit attributable to shareholders)		
– Total	85%	73%
– Property leasing and Hotels	83%	66%
– Property leasing and Hotels (after deducting amount of interest capitalized)	122%	95%
Payout ratio (based on underlying net profit attributable to shareholders)		
– Total	49%	50%
– Property leasing and Hotels	48%	47%
– Property leasing and Hotels (after deducting amount of interest capitalized)	59%	60%

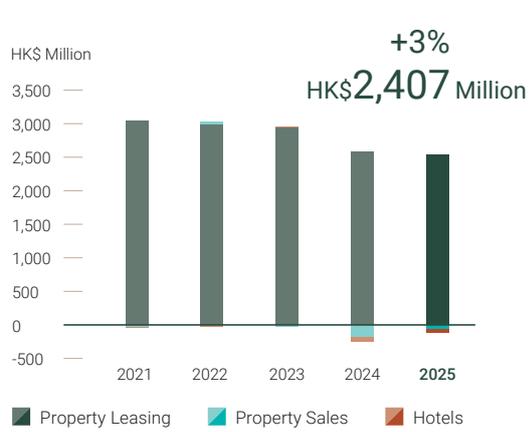
	At December 31, 2025	At December 31, 2024
Net debt to equity ratio	30.9%	30.8%
Debt to equity ratio	35.3%	37.9%

Property Leasing Revenue

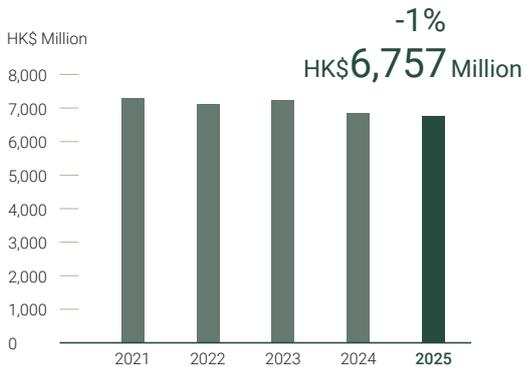
Overall*



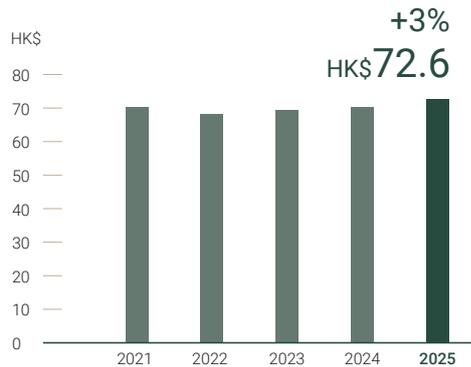
Underlying Net Profit*



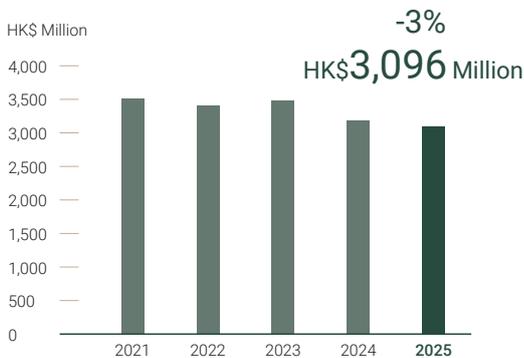
Chinese Mainland*



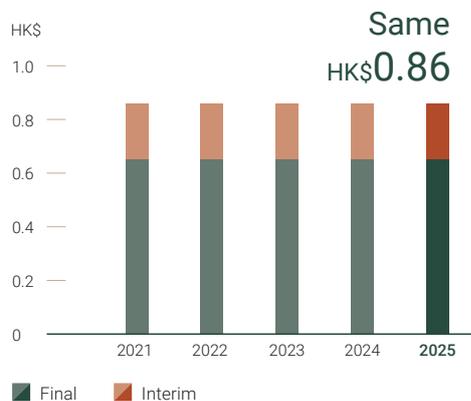
Net Assets Attributable to Shareholders per Share



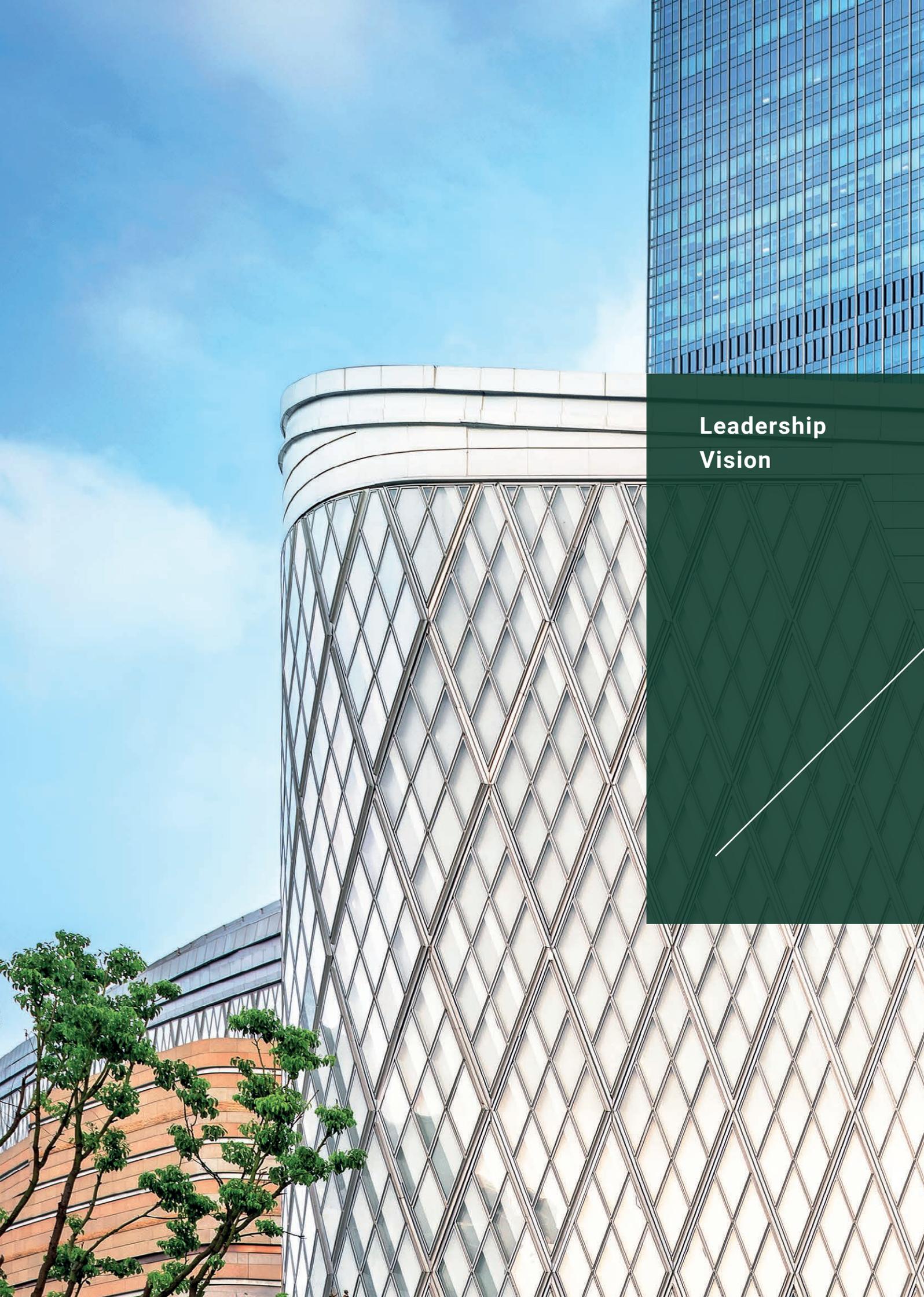
Hong Kong



Dividends per Share



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



**Leadership
Vision**



Accelerating
Strategic Growth &
Strengthening
Market Positioning

Heartland 66, Wuhan

Chair's Letter to Shareholders



Adriel Chan
Chair

It has been an eventful 2025, so there is no shortage of topics to discuss this year. I will pick the few that I feel are the most consequential to address in more detail.

In the second half of 2025, our Chinese Mainland portfolio continued to improve, showing strong retail sales growth led by the non-luxury segment. This encouraging trend builds on the first half of the year, which primarily saw a narrowing of the sales decline from the year before. As a result, we have now experienced five consecutive quarters of positive retail sales momentum. Some investors have asked when this will translate more noticeably into rental revenue, to which I responded that we have spent the last few years building up our base rents in order to be more resilient, purposely foregoing some of the less stable sales rents. As such, higher retail sales will not fully translate into higher rentals in the short term. In fact, management takes a conservative short- and medium-term view, believing it would be wiser to maintain a more defensive posture for longer, preferring more downside protection in lieu of some upside potential.

I am pleased to report that foot traffic across our malls also remains high, maintaining the strong numbers from the first half of 2025. Taken together with the retail sales trend mentioned above, this would be considered a very strong signal in any other market; however, I remain cautious for several reasons: Firstly, our performance appears to contradict the broadly held concerns of a slow economy. Secondly, I still see significant risks to business, from geopolitics and macroeconomics to technology, namely AI, and regulation. As an owner and operator of a long-cycle, asset-heavy business, I am keenly aware that even a single risk in any of these areas could significantly impact our business, let alone a combination of them. Accordingly, our corporate priorities remain unchanged to improve durable recurring revenues, reduce leverage, manage costs, and build a resilient and efficient organization.

After our 2025 interim results, we announced two more significant Version 3 (V.3) initiatives: one in Shanghai and one in Wuxi. As a reminder, Hang Lung V.3 is our asset-light business line that builds on our existing asset-heavy investments in the Chinese Mainland. These V.3 projects will materially increase our presence in some of our core cities and have a lasting impact on our future business.

I outlined the major reasons for undertaking V.3 in my interim letter, but will summarize them here for convenience and completeness.

Hang Lung V.1 was our founder and my late grandfather, Mr. Chan Tseng-hsi's, model of primarily residential build-for-sale (development properties) in Hong Kong. V.2 was the vision of our Honorary Chair, my father, Mr. Ronnie Chan, to expand into — and later shift our focus to — high-end retail and commercial build-for-lease (investment properties) in the Chinese Mainland. V.3, announced last year, is the addition of highly specific and strategic asset-light projects in cities where we already operate, in order to strengthen our existing owned assets while simultaneously leveraging them to operate newly leased assets.

Since V.3 mostly includes assets that Hang Lung will operate under long-term leases, it allows us to generate more revenue with significantly lower capex costs and much shorter timelines, meaning it will be accretive to our return profile. Notably, though, these new assets are mostly non-luxury properties, so the average rental rates will likely be lower than those of our existing assets, which is an intentional choice. One critique of our existing malls has been that insufficient

space and attention have been given to non-luxury brands and, broadly, “placemaking.” In response, we have invested time and effort in improving our non-luxury offerings (restaurants, cafes, athleisure, entertainment, and services), as well as our marketing and promotional activities. Ultimately, having a compelling non-luxury offering is also attractive to our luxury customers, and so we will increase such offerings through these V.3 platforms. In a way, V.3 can be equated with concurrently scaling up our placemaking endeavors and increasing our leasable floor area.

Other notable milestones included the achievement of our 25 x 25 Sustainability Targets, along with better-than-ever sustainability ratings from external assessors. We also issued a white paper on whether — and, if so, how — Hang Lung could achieve our net zero greenhouse gas emissions goals. This white paper is groundbreaking in several ways, including its detailed bottom-up analysis, the openness with which we disclosed our gaps and challenges, and the overall rigor of our approach to this exercise. It has achieved wide recognition in sustainability circles, and I am proud of the results and the message it sends.

With the completion of our 25 x 25 Sustainability Targets, we shift our focus to our 2030 targets, which mark the next milestone on our net zero journey. Further details are available in our sustainability report, which is published alongside to our financial report.

Looking ahead, the Year of the Horse will celebrate several important developments. We look forward to opening our Hangzhou project, Westlake 66, beginning in the second quarter with the mall and several of the attached office towers leading the way, followed by the Mandarin Oriental Hangzhou in 2027. We also expect to open our “urban park” concept at Forum 66 in Shenyang in the second half of 2026. This is a public space featuring sports, entertainment, and event



Center 66, Wuxi



facilities, and pop-up retail on the ground floor of our future serviced-apartment site. It is immediately adjacent to our mall and office tower, and will bring additional foot traffic, community space, and energy to the project. Plaza 66 in Shanghai will open its Pavilion Extension in the second half of 2026, marking its second significant enhancement in a decade — you may remember that we unveiled the fully renovated mall in September 2017. We will also open an upgraded VIC lounge and improved rooftop to accommodate more guests and to increase usable space shortly thereafter.

In Wuxi, we have already started pre-sales for Center Residences, located immediately to the south of our existing project, for which the response has been good. As of December 31, 2025, we have received commitments for 53 out of 573 units. This phase also houses Xi Zhe Wuxi, Curio Collection by Hilton — our 105-key boutique hotel operated by Hilton Worldwide under their Curio brand. With the opening slated for the second quarter of 2026, this marks the full completion of our initial vision for the Center 66 mixed-use site in Wuxi. Coupled with our newly announced V.3 project adjacent to the complex, timing has been impeccable. The former department store site, which has sat mostly vacant for over a decade, should be handed over to us in 2028, after which we will work full speed on the transformation and hope to open it within a year or two from then. Each and every addition and enhancement is expected to improve the performance, desirability, and defensibility of our properties, and we welcome stakeholders to come see them in person.

Beyond operations, in mid-December 2025, we also announced the upcoming retirement of our CEO, Mr. Weber Lo. While this news came as a surprise to many, it was less so to the Board, as Weber first shared his intentions with me in January 2025, and we have been making preparations since then. Although we do not have any announcements to make at this time, suffice it to say that machinations are well underway, and we will provide an update in due course. I will not detail Weber's long list of achievements at this juncture — that will be better saved for my next letter (or two). However, let me just express here, again, my deep appreciation for the excellence and commitment with which he has served this Company for the past eight years.

Along with Hang Lung's strong management team, I have full confidence that we will navigate any challenges that the year may bring, and I look forward to checking in with you again in six months.

Adriel Chan

Chair

Hong Kong, January 30, 2026



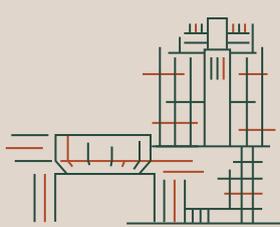
**Operational
Excellence**



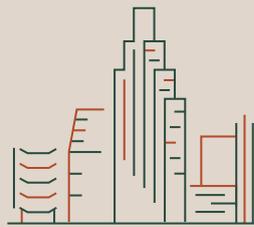
Deepening
Customer Centricity &
Elevating
Business Performance

Our Robust Property Portfolio

- 20 / Portfolio Key Facts
- 28 / Chinese Mainland Property Leasing
- 43 / Hong Kong Property Leasing
- 51 / Chinese Mainland Property Sales and Development
- 54 / Hong Kong Property Sales and Development
- 57 / Outlook
- 58 / Major Properties of the Group



Causeway Bay Portfolio



Central Portfolio



Amoy Plaza



Mongkok Portfolio

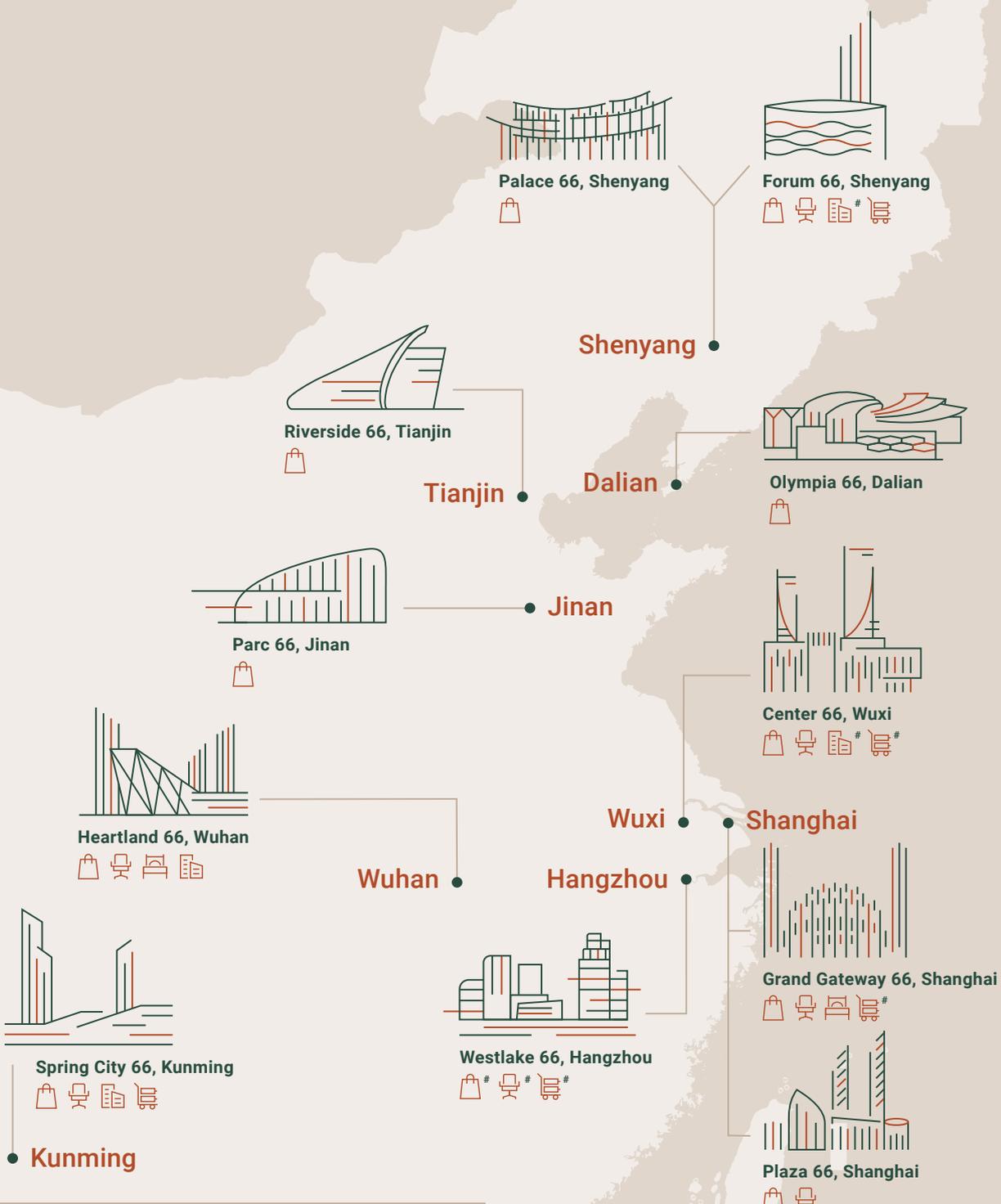


Hong Kong East Portfolio



Peak Galleria





Hong Kong



- Retail
- Office
- Residential & Serviced Apartments
- Apartments/Houses for Sale
- Hotel

Under Development

Portfolio Key Facts / Chinese Mainland



Plaza 66, Shanghai

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

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

Plaza 66 has been powered by renewable energy since April 2024.

Total Gross Floor Area

213,255 sq.m.



No. of Car Parking Spaces

804



Grand Gateway 66, Shanghai

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

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

The high-end serviced apartments offer more than 500 suites that continue to attract families, executives, and entrepreneurs. Among these is the terraced serviced apartment tower, which will be converted to the Kimpton Xujiahui Shanghai. The new hotel will feature 149 rooms and suites.

Grand Gateway 66 has been powered by renewable energy since April 2024.

Total Gross Floor Area

277,869 sq.m.



No. of Car Parking Spaces

752

Under Development



Retail



Office



Residential & Serviced Apartments



Apartments/Houses for Sale



Hotel



Palace 66, Shenyang

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

Palace 66 has been powered by renewable energy since May 2025.

Total Gross Floor Area

109,307 sq.m.

100%



No. of Car Parking Spaces

844



Forum 66, Shenyang

Located in Shenyang's core commercial area, Forum 66 houses a curated selection of lifestyle, food & beverage, and trendy sports brands.

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

The remaining mixed-use development of Forum 66, with a site area of 44,000 square meters, is temporarily designated for the development of an urban park to enhance community well-being while monitoring market conditions.

Forum 66 has been powered by renewable energy since May 2025.

Total Gross Floor Area

293,905 sq.m.

32%



44%



24%



No. of Car Parking Spaces

2,001



Parc 66, Jinan

Situated in Jinan’s commercial center, Parc 66 is one of the city’s largest and most prestigious malls. It is an established contemporary lifestyle hub offering 350 stores, including international brands, chic fashion labels and entertainment services, global gourmet dining, a premium cosmetics zone, and a curated outdoor sports brands zone, with several flagship stores making their debut in Jinan. The Asset Enhancement Initiative was completed in January 2025, resulting in improved customer flow and a broadened mix of brands.

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

Total Gross Floor Area

171,074 sq.m.

100%



No. of Car Parking Spaces

785



Center 66, Wuxi

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

In December 2025, the Company announced the Center 66 Expansion project, which will increase the total retail area of the complex by 38% to approximately 169,000 square meters, and introduce over 80 curated brands across dining, fashion, and lifestyle categories, all seamlessly integrated with Center 66.

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

Center Residences and Xi Zhe Wuxi, Curio Collection by Hilton, form the Phase Two development of Center 66. The residences, currently available for sale, are scheduled for handover in phases from the end of 2026. The hotel is expected to open in the first half of 2026.

Total Gross Floor Area

368,088 sq.m.

33%



37%



28%



2%



No. of Car Parking Spaces

2,267





Retail



Office



Residential & Serviced Apartments



Apartments/Houses for Sale



Hotel



Riverside 66, Tianjin

Strategically located in the heart of Tianjin's central business district, Riverside 66 is a trendsetting lifestyle destination with close to 280 international and local brands that offer a full-fledged contemporary consumer experience encompassing shopping, dining, leisure, and entertainment. The mall integrates the adjoining century-old Zhejiang Xingye Bank building serves as a city-level cultural and tourist spot.

Total Gross Floor Area

152,831 sq.m.

100%



No. of Car Parking Spaces

800



Olympia 66, Dalian

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

Olympia 66 has been powered by renewable energy since May 2025.

Total Gross Floor Area

221,900 sq.m.

100%



No. of Car Parking Spaces

1,214





Spring City 66, Kunming

Designed to “Bring the Best to Kunming; Showcase the Best of Kunming to the World”, Spring City 66 houses a portfolio of prestigious international and local brands, with around 30% of its tenants making their debuts in Kunming and Yunnan Province.

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

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

Total Gross Floor Area
437,118 sq.m.



No. of Car Parking Spaces
1,959



Heartland 66, Wuhan

Situated in Wuhan’s central commercial area with high accessibility, Heartland 66 is our first large-scale commercial development in Central China. The mall features a comprehensive mix of world-class retail, leisure, and entertainment offerings, and houses approximately 240 brands, including numerous first-in-town flagship and specialty stores.

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

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

Total Gross Floor Area
460,105 sq.m.



No. of Car Parking Spaces
2,789

Portfolio Key Facts / Hong Kong



Causeway Bay Portfolio

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

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

Total Gross Floor Area

70,487 sq.m.



No. of Car Parking Spaces

126



Central Portfolio

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

The Standard Chartered Bank Building is a prestigious Grade A office tower located in the heart of Central's financial district, distinguished by its superb architecture that blends functionality and aesthetics. The building serves as the headquarters of Hang Lung Group and Hang Lung Properties, as well as Standard Chartered Bank (Hong Kong). It also houses NET•WORK, our self-operated premium coworking space.

1 Duddell Street, Printing House, and Baskerville House contain influential tenants from the financial and professional services sectors and are also known for their fine-dining establishments.

Total Gross Floor Area

50,041 sq.m.



No. of Car Parking Spaces

16



Peak Galleria

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

Total Gross Floor Area
12,446 sq.m.

100%

No. of Car Parking Spaces
493



Hong Kong East Portfolio

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

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

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

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

Total Gross Floor Area
108,687 sq.m.

50% 18% 32%

No. of Car Parking Spaces
1,069



Retail



Office



Residential & Serviced Apartments



Apartments/Houses for Sale



Hotel



Mongkok Portfolio

Optimally located at the junction of Dundas Street and Nathan Road with high footfall, Gala Place houses a diverse array of merchants, including the mega lifestyle concept store AEON STYLE, along with a 15,000-square-foot dining space at the basement level and an 18,000-square-foot restaurant floor on the eighth level. Gala Place has positioned itself as a one-stop shopping and dining destination.

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

Total Gross Floor Area

89,815 sq.m.

32%



68%



No. of Car Parking Spaces

518



Amoy Plaza

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

Total Gross Floor Area

49,006 sq.m.

100%



No. of Car Parking Spaces

620

Review of Operations

Chinese Mainland Property Leasing



Plaza 66, Shanghai

Our operations in Chinese Mainland property leasing demonstrated remarkable agility and resilience amid a complex operating environment in 2025, navigating market headwinds while capitalizing on emerging opportunities.

Retail

Unstable economic sentiment weighed on consumer confidence and spending patterns, leading to a heightened price sensitivity among middle-class consumers and affecting the frequency of their premium purchases.

However, we saw encouraging signs of stabilization, with quarter-over-quarter improvements in the consumption environment. Government policy stimulus, supported by robust domestic visitor

numbers and steadily rebounding inbound tourism, helped lift market confidence in the second half of the year. This evolving landscape points toward renewed engagement and emerging opportunities. Consumer preferences are clearly shifting, with shoppers increasingly drawn to experiential retail and lifestyles products that deliver emotional value. A growing sense of national pride also bolstered the appeal of rising domestic brands. These trends are reshaping the retail landscape and creating new avenues for growth.

Our portfolio demonstrated resilience during the year, maintaining strong occupancy levels underpinned by our commitment to operational excellence. In response to the evolving retail landscape and consumer behavior shifts, we enhanced the brand mix across all our malls, adhering to our customer-centric operating strategy. To meet diverse and personalized consumer demands, we recalibrated our retail strategies with a focus on customer engagement and exclusive experiences. We curated more distinctive

retail spaces to capture evolving trends, injecting renewed vitality into our mall portfolio. Throughout the year, we launched nationwide initiatives, along with exclusive HOUSE 66 offerings and promotions, to commemorate Hang Lung's 65th anniversary and strengthen customer loyalty and engagement.

Customer Relationship Management (CRM)

Our HOUSE 66 CRM program continued to enhance our unique market position and serve as a comprehensive, integrated platform for our members. By offering premium experiences crafted for diverse categories and consumer groups, the program proved instrumental in accelerating member sales growth and fostering customer loyalty. This success was bolstered by exclusive, high-profile experiential events, as well as diverse strategic partnerships with third parties, which significantly expanded our member base and drove sales. Tailored incentives and a cohesive omnichannel strategy also resulted in a notable increase in active spending from our members.

Office

The office leasing market was characterized by rising vacancies and declining rents from oversupply and subdued demand in major cities like Shanghai. Leasing activity was dominated by existing tenants opting for downsizing or relocating in pursuit of greater cost efficiencies, a trend further compounded by slower-than-anticipated expansion from key economic sectors including finance, professional services, and technology. This confluence of factors underscored a cautious corporate outlook throughout the year.

For our office portfolio, beyond offering rental incentives and upholding our top property management service standards, we differentiated our offerings by incorporating vibrant social interaction areas, flexible workspaces, green design features, and smart technology to attract and retain high-quality, ESG-focused tenants. Our Changemakers: Tenant Partnerships on Sustainability Program, fostering collaboration and community engagement, also played a significant role in our commitment to sustainable communities during the year, adding a valuable dimension to our tenant-focused approach.

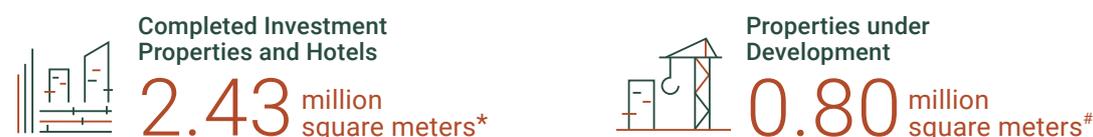
Year-on-Year Change in Leasing and Hotel Revenue on the Mainland

(in RMB terms)



Gross Floor Area of Our Chinese Mainland Properties

(excluding car park area)

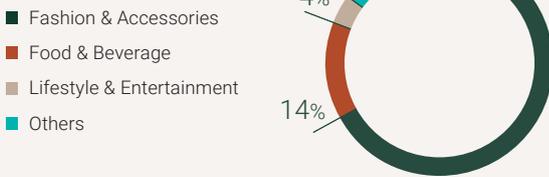


* For a detailed breakdown of gross floor area of our completed investment properties and hotels, please refer to table "C. Major Investment Properties and Hotels" on page 59

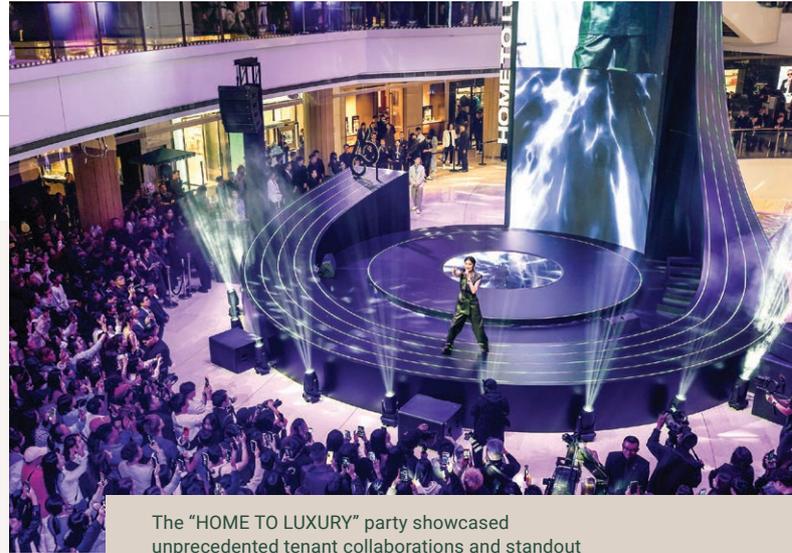
For a detailed breakdown of gross floor area of our properties under development, please refer to table "A. Major Properties under Development" on page 58

Plaza 66, Shanghai

Retail Segment Distribution (by Leased Floor Area)



Occupancy Rate



The "HOME TO LUXURY" party showcased unprecedented tenant collaborations and standout performances, creating a one-of-a-kind experience

Number of mall tenants **130**
(at year-end)

Mall

Plaza 66, our flagship mall, adapted strategically to 2025's evolving market. Tenant sales remained largely consistent, supported by a stabilized market environment and a positive second-half trend, despite a slight decline in footfall influenced by changing customer travel patterns. Our focused strategy on enhancing experiential and curated offerings resonated with customers.

While occupancy was temporarily affected by the Pavilion Extension, strategic initiatives were implemented to elevate the retail experience and enrich the lifestyle offerings. This was reflected in a curated tenant mix that introduced notable brands. Following an 18-month renovation, Chanel reopened its landmark boutique, presenting its first worldwide complete "Chanel ecosystem" encompassing fashion, watches and fine jewelry, Les Ateliers, Les Salons Privé, and beauty and fragrances boutiques. Zegna Salotto also made its debut in East China. BERNARDAUD and Frette opened their first direct-operating stores in China, while Saint-Louis debuted its first store in Shanghai. The openings of LAOPU GOLD and Rolex by Bucherer, the return of Prada further enhanced the mall's brand portfolio.

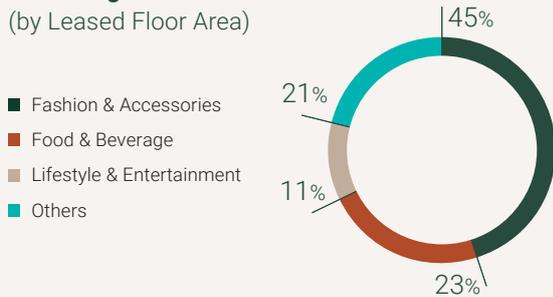
The "HOME TO LUXURY" party 2025, a marquee event with record tenant participation, significantly boosted tenant sales by nearly 50% year-on-year and reinforced customer loyalty. Other key initiatives, including the China-exclusive Jellycat pop-up concept and the global premiere of Takashi Murakami's Ohana Hatake Immersive Garden Experience, delivered distinctive experiences, increased sales, and deepened customer relationships.

Office Towers

Plaza 66's Grade A office towers remain a preferred address for top-tier multinationals, despite Shanghai's high vacancy rates and new supply exerting downward pressure on rent and occupancy. We maintained a strong leasing position in West Nanjing Road amidst increasing competition. Our commitment to exceptional property management and prime location sustains competitiveness, attracting and retaining high-quality tenants.

Grand Gateway 66, Shanghai

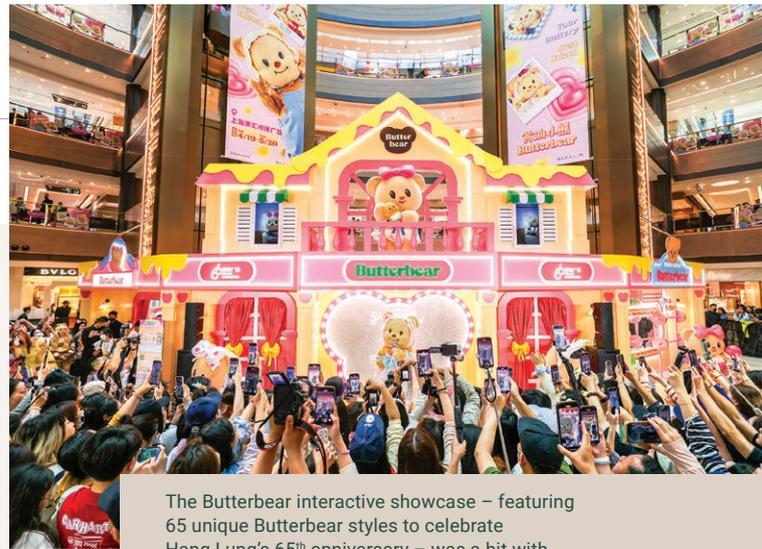
Retail Segment Distribution (by Leased Floor Area)



Occupancy Rate

Category	Rate
Retail	100%
Office	89%
Residential & Serviced Apartments [#]	71%

Number of mall tenants 390 [#] Exclude the terraced serviced apartment under revitalization
(at year-end)



The Butterbear interactive showcase – featuring 65 unique Butterbear styles to celebrate Hang Lung’s 65th anniversary – was a hit with Gen Z customers

Mall

In the face of intensified market competition in Shanghai, Grand Gateway 66 delivered a positive performance in 2025. The mall leveraged first-to-market openings and effective marketing strategies, achieving impactful increases in both its revenue and tenant sales.

Despite challenges, the tenant mix was strengthened by compelling tenant upgrades and the debut of more than 20 new-to-market brands. Key tenant upgrades included Moncler’s duplex store, LAOPU GOLD, POP MART, as well as the concept stores of CHOW TAI FOOK Luxury Store, On, Nike Rise 2.0, KOLON KRAFT, The North Face, and Brooks Running, among others. Debuting brands include Popop, Chantecaille, Florasis, Gerog Jensen Home, KEADA, Gregory, Vaude and others. The mall’s food & beverage offerings were further enriched by new restaurants such as Avocado Tree, Rama 9, Ning and Yeego, which proved notably successful. The new tenants brought excitement to customers and even attracted queues during festive periods.

Our strategic marketing endeavors, characterized by bespoke events and campaigns, generated a substantial uplift in both footfall and tenant sales. A pivotal initiative in the first half of 2025 was the Shanghai debut of the globally popular IP “Butterbear,” specifically engineered to captivate Gen Z audiences by adeptly leveraging the IP’s emotional resonance through highly photogenic and interactive installations and experiences. During the event’s launch weekend, Grand Gateway 66 recorded a week-on-week foot traffic increase of 32% and sales growth of 36%. Additionally,

the signature “Gateway To Inspiration” anniversary celebration featured the exclusive China debut of Ireland’s iconic dance drama “Riverdance” 30th Anniversary Special Curation. With these and other creative initiatives, Grand Gateway 66 continues to cultivate cultural roots by integrating local and international elements to enrich the unique vitality and impact of the Xujiahui area.

Office Tower

As a landmark development in Xuhui District and a headquarters for prominent professional services and trading firms, the Grade A office tower at Grand Gateway 66 performed resiliently. Despite a market characterized by soft demand, substantial new supply, and competitive rent pressures, the towers successfully maintained high occupancy. The upcoming addition of a luxury hotel, Kimpton Xujiahui Shanghai, to Grand Gateway 66 is set to further enhance the asset’s overall appeal and convenience.

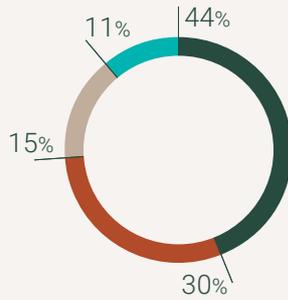
Residential & Serviced Apartments

The Grand Gateway 66 Serviced Apartments comprise two residential towers and one serviced apartment building. The serviced apartment building ceased operations at the end of February 2025 to facilitate the hotel redevelopment of Kimpton Xujiahui Shanghai, which is expected to attract affluent tourists, business travelers, and visitors to Grand Gateway 66. Meanwhile, the two residential towers remain in operation. We are refining our leasing strategy for these towers to broaden our customer base and enhance business performance.

Palace 66, Shenyang

Retail Segment Distribution (by Leased Floor Area)

- Fashion & Accessories
- Food & Beverage
- Lifestyle & Entertainment
- Others



Occupancy Rate

Retail
 98%



The “Tonghang Alley – Hand in Hand” activation created a festive extravaganza with vibrant installations for young people and families

Number of mall tenants
(at year-end) **244**

Palace 66 delivered a modest performance in 2025, achieving record-high full-year tenant sales and a positive trend in its occupancy rate, cementing its status as a retail destination in Shenyang and nearby cities.

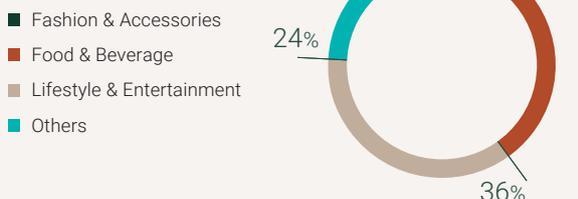
A significant contributor to the mall’s positive performance was its dynamic strategy of tenant mix enhancement and customer experience elevation. This included the introduction of 40 new brands, notably seven first-in-Shenyang concepts. A key part of this strategy was the expansion of the athleisure cluster, which was substantially enhanced with the first-in-Northeast-China Salomon flagship, KOLON KRAFT store, and new additions such as Kailas, HELLY HANSEN and ASICS. The overall customer experience was also elevated by reinvestments and upgrades from brands like POP MART, FILA, UGG, IT, and MLB.

Complementing these efforts, the food & beverage, local designer and lifestyle selections tailored to younger tastes were broadened and proved effective in driving business.

Themed events at Palace 66 produced exceptional results. A major marketing highlight was the “Tonghang Alley – Hand in Hand” and “Tonghang Alley Dressed in Snow” events, which yielded significant year-on-year increase in tenant sales and revitalized the Alley with strong youth appeal. Festive campaigns during long holidays further boosted footfall and sales in the area. Further engaging the young community, a music festival held during the Qixi Festival contributed to increased sales.

Forum 66, Shenyang

Retail Segment Distribution (by Leased Floor Area)



Occupancy Rate



The City Basketball Games engaged the city’s young, active community through interactive and social placemaking, with more than 200 teams competing in over 300 matches

Number of mall tenants 136
(at year-end)

Mall

Forum 66’s strategic repositioning aims to transform it into a vibrant urban hub for consumers with active lifestyles. In line with this undertaking, which is a necessary step for optimizing its long-term asset value, the reporting period saw a temporary impact on performance. This repositioning involved a deliberate enrichment of our tenant mix with a curated selection of lifestyle, food & beverage, and trendy athleisure brands.

While this period saw an overall tenant sales decline, the strategic enhancement of our food & beverage offerings proved successful, with relevant sales progressively increasing year-on-year since March. This tenant mix evolution, geared towards active lifestyle customers, included the introduction of first-in-Shenyang concepts such as BAAN TEPA and Cheér, more casual food & beverage options, and the addition of sports giants like adidas and Nike, creating a dynamic atmosphere and boosting traffic.

Our community engagement strategy was effective. The National Day celebrations significantly boosted tenant sales, footfall, and brand visibility. Our partnership with government bodies, Conrad

Shenyang, and local communities for events like the City Basketball Competitions and the Christmas Market successfully drew new and younger customers, enhanced Forum 66’s community ties, and drove significant footfall with a record-breaking daily turnout during Christmas.

Office Tower

Facing weak demand and new supply in the market, the office tower remained focused on driving active tenant engagement and upholding premium property management standards. Forum 66 will continue deepening the synergy with Conrad Shenyang and the mall to cultivate a vibrant community for office tenants, businesses, and leisure travelers.

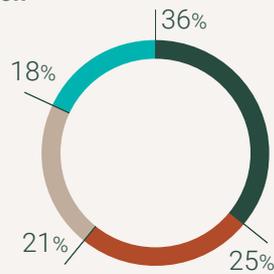
Hotel

Conrad Shenyang was again recognized as one of China’s top 10 hotels by *Condé Nast Traveler*. The hotel also continues to lead the market in revenue per available room (RevPAR), according to Smith Travel Research. Despite mild pressure on the average daily rate, consistent with prevailing market trends in Shenyang, hotel revenue during the reporting period was helped by occupancy improvement as supported by domestic travel demand.

Parc 66, Jinan

Retail Segment Distribution (by Leased Floor Area)

- Fashion & Accessories
- Food & Beverage
- Lifestyle & Entertainment
- Others



Occupancy Rate Retail  **97%**



The “66 Music Festival” filled summer evenings with music and joy, bringing young people together and supporting local businesses

Number of mall tenants **354**
(at year-end)

Parc 66 in Jinan delivered satisfactory performance in 2025, supported by the completion of its Asset Enhancement Initiative in January and strategic efforts throughout the year. The mall’s proactive optimization of its tenant mix, paired with effective marketing and enhanced customer relationship management, underpinned both tenant sales and rental revenue. This led to strong footfall and a continued upward trend in occupancy.

A pivotal element of the strategy was creating an athleisure cluster, which capitalized on market trends and boosted the mall’s overall performance. Several compelling first-in-town brands were introduced including JORDAN WORLD OF FLIGHT, Rock Space from Kailas, KOLON KRAFT store and Descente Eastern China 4.0 Image Store. To complement the retail mix, the mall curated a “Chic Street” zone, introducing trendy food & beverage brands such as the first-in-town bakery Q FLAVORFUL and COMMUNE, a popular bar and restaurant. The food & beverage category saw one-third of its brands upgraded, covering more cuisines and enhancing customer satisfaction. Additionally, the upper floors were upgraded with a wider array of lifestyle brands,

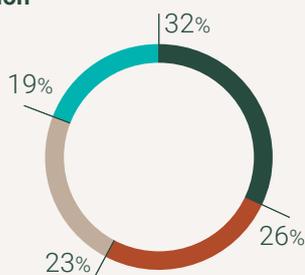
including DJI, BOSE, Harman Kardon, HUAWEI, and a POP MART new image store. The commitment from existing tenants, such as the Ole supermarket undertaking a major renovation, further affirms the mall’s strong positioning and continued appeal.

Signature marketing campaigns generated substantial online engagement and exceptional on-site performance. The “66 Music Festival” in August propelled strong footfall and sales. Momentum continued with the “66 Just Go” event – held with support from the Jinan government and local sports institutions – which set new monthly sales records and sustained into November. These efforts aligned well with the enhanced tenant mix. The mall further reinforced its community engagement through the “Community · Connect” market, providing a platform for young entrepreneurs and charitable organizations to showcase their work, connect with the public, and achieve their aspirations. In December, the “First Snow in Jinan” Christmas event marked its third consecutive year and became a popular local attraction, featuring a creative bubble light show on “Chic Street” that generated footfall and strong sales – both peaking on New Year’s Eve 2025.

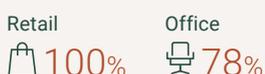
Center 66, Wuxi

Retail Segment Distribution (by Leased Floor Area)

- Fashion & Accessories
- Food & Beverage
- Lifestyle & Entertainment
- Others



Occupancy Rate



The "Wiggle We Go" campaign transformed Center 66 into a whimsical creative playground through imaginative installations and happiness-themed experiences

Number of mall tenants 270
(at year-end)

Mall

Center 66, our premium integrated complex in Wuxi, demonstrated resilience and strategic acumen in navigating 2025's dynamic market. We achieved a positive sales trend throughout the year, driven by robust performance in our strong gold & jewelry, fashion and food & beverage sectors. While capitalizing on opportunities arising from evolving consumer preferences, such as the growing emphasis on emotional value and the rise of Chinese brands, our core strategy also prioritizes the expansion of our luxury footprint. This balanced approach is crucial to sustaining Center 66's position as one of the luxury landmarks in Jiangsu Province. Our commitment to enhancing experiential and curated offerings deeply engaged our customer base, resulting in robust footfall growth.

Center 66 continuously maintained a high occupancy rate, bolstered by the introduction of more than 50 first-to-market brands across diverse categories, significantly enhancing our retail offerings. High-profile arrivals – including Dior's first-in-town duplex boutique, Xiaomi's city flagship, and an expanded athleisure category featuring newly opened brands like Descente, HELLY HANSEN, KOLON SPORT, montbell, New Balance Grey, Saucony, and Wilson – have

diversified and enriched our tenant mix. Additionally, Moncler expanded its presence, CELINE and Vacheron Constantin revamped their spaces to present their latest store concept, the ladies' fashion segment was upgraded, and new food & beverage tenants attracted a younger demographic.

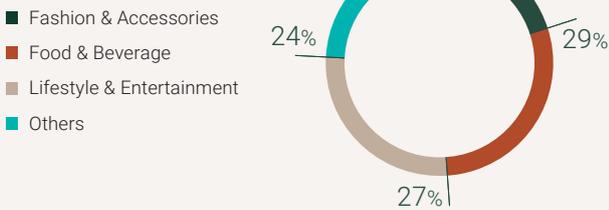
Our high-impact marketing initiatives, combined with strategic partnerships with tenants, reinforced Center 66's market leadership. Signature campaigns such as the "Wiggle We Go," Hang Lung's 65th anniversary campaign, and our "Take Center Stage" 12th anniversary celebration delivered immersive experiences, driving significant footfall and achieving record-breaking sales. Our HOUSE 66 CRM program demonstrated strong performance, with increased member sales and member acquisition from surrounding cities.

Office Towers

Center 66's Grade A office towers maintained stable occupancy and rental revenue, demonstrating resilience amidst Wuxi's soft office market and new supply. Despite facing competition, our self-operated multifunctional workspace, HANGOUT, continued to offer flexible office solutions to meet diverse needs.

Riverside 66, Tianjin

Retail Segment Distribution (by Leased Floor Area)



Occupancy Rate
Retail 94%



Events centered on the Century-Old Wall brought Riverside 66's heritage landmark to life and sustained steady growth in customer traffic

Number of mall tenants 273
(at year-end)

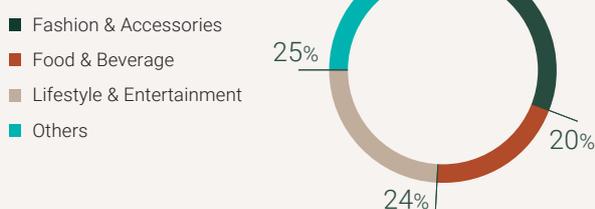
Riverside 66 saw a minor drop in revenue but healthy growth in footfall and occupancy rate. The mall refreshed its tenant mix with new leases across the board, in response to the growing diversification of tourist attractions throughout Tianjin.

More than 50 new brands enriched the mall's overall offerings. The fashion & accessories category was strengthened with first-in-town brands like The North Face, RAPIDO, and BAILAN. The lifestyle sector also welcomed first-to-market brands such as NORHOR, along with new entrants including SUPER MINISO and a newly upgraded POP MART store – significantly enhancing the customer experience. The food & beverage selection expanded not only in number but also in scale, offering more space for varied culinary concepts.

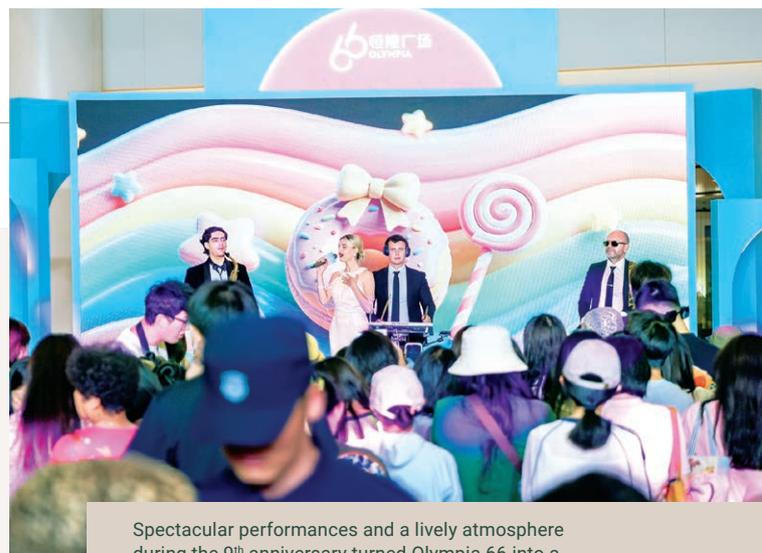
Riverside 66 rolled out seasonal events and result-driven campaigns that strategically leveraged the adjoining century-old Zhejiang Xingye Bank heritage building in the complex. These initiatives solidified the mall's position as a city-level cultural and tourist spot, driving up visitor numbers and sales. The "Wiggle We Go" campaign featured a striking giant floating art installation on the Haihe River, which became a new city landmark. The "Happy Zoo 2.0" event, in partnership with Tianjin Zoo, built on the mall's successful "Shopping Center + City IP + Public Welfare" model and further differentiated it from peers. The event's focus on endangered species, brought to life through immersive art and educational programs, resonated strongly with visitors and contributed to commercial success. The mall also strengthened ties with the surrounding community through partnerships with downtown offices and residences, further enhancing brand exposure and supporting tenant performance.

Olympia 66, Dalian

Retail Segment Distribution (by Leased Floor Area)



Occupancy Rate Retail **95%**



Spectacular performances and a lively atmosphere during the 9th anniversary turned Olympia 66 into a fantastical stage, driving record-breaking tenant sales

Number of mall tenants **412**
(at year-end)

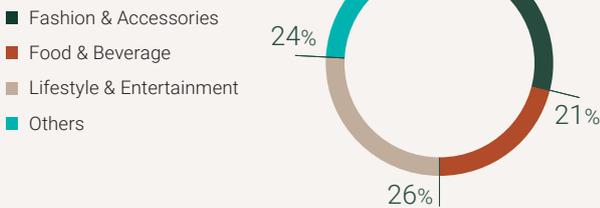
Olympia 66 delivered a strong performance in 2025, driven by continuous brand and trade-mix enhancements across various categories and floors. The gold & jewelry and fashion & apparel sectors performed exceptionally well during the year. Tenant sales and footfall recorded positive year-on-year growth, with a stable occupancy rate reflecting consistent tenant confidence.

During the year, Olympia 66 introduced approximately 40 first-in-city or first-in-Northeast brands like Klättermusen, Blueglass, self-portrait and Redline. These new entries refreshed the mall's offerings and directly contributed to sales growth, demonstrating the effectiveness of its tenant mix strategy. The mall remains home to the strongest lineup of top-tier international brands in the city. Its market penetration has continued to deepen, particularly among tourists during the summer peak season from July to August.

Prominent marketing events, offering captivating interactive customer experiences like the "Shining Olympia" 9th anniversary and the "Woven in Bloom" event, generated city-wide buzz, drove significant increases in footfall, and achieved historical high tenant sales for their respective periods. The HOUSE 66 CRM program recorded strong increase in the overall number of transactions per member, particularly among high-tier members.

Spring City 66, Kunming

Retail Segment Distribution (by Leased Floor Area)



Occupancy Rate



“Spring Into Life” captured the vitality of Kunming with an immersive program that blended art and lifestyle, inviting visitors to discover the city’s distinctive energy

Number of mall tenants 322
(at year-end)

Mall

Spring City 66 had a satisfactory year, delivering positive year-on-year growth in both revenue and tenant sales while maintaining a high occupancy rate. Our proactive strategy of continuously revamping the trade mix paid off, as we introduced almost 30 first-to-market brands.

Notable arrivals included Vivienne Westwood, On, Dji | HASSELBLAD – all first-in-town – along with ZEGNA’s exclusive-in-city store. Several major tenants made significant reinvestments in their presence: Louis Vuitton doubled the footprint of its duplex store; Rolex completed a major expansion; Arc’teryx unveiled its “CLIFF HOUSE” duplex store; and Powerhouse GYM launched a duplex flagship with a swimming pool – all of which were met with a strong customer response. The new Food Alley, featuring 20 food & beverage outlets, attracts mall customers, office tenants, hotel guests, and tourists. The results were immediate, driving a significant increase in footfall.

To proactively address evolving urban lifestyles and strengthen community engagement, we forged a strategic partnership with Panlong District government. This collaboration revitalized a section of the neighboring Shangyi Street, transforming it into a vibrant destination for culture and leisure. The initiative successfully introduced first-to-market

lifestyle and dining concepts that not only celebrate Kunming’s unique identity but also offer a fresh, complementary experience to Spring City 66.

The mall also held signature events which drove footfall and sales. Our acclaimed “Wiggle We Go” campaign, featuring large-scale installations and a pop-up store, alongside the “Spring Into Life” event, with its immersive aerial art and symphony concerts, captivated audiences and boosted engagement. Furthermore, the “Zootopia 2” campaign generated exceptional synergy with the new movie release and contributed to a substantial 20% year-on-year increase in mall footfall for December.

Office Tower

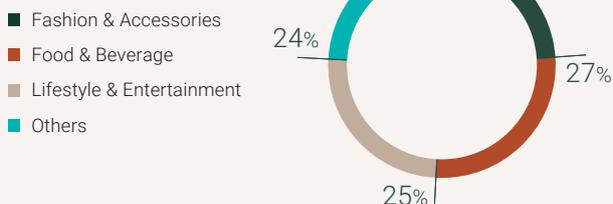
Even with soft demand for prime office space in 2025, our office tower in Kunming successfully attracted new tenants and maintained strong occupancy. The adjacent Grand Hyatt Kunming created synergy in generating considerable value for both new and existing tenants.

Hotel

The Grand Hyatt Kunming maintained its market leadership in room rates and revenue per available room (RevPAR), supported by its top-tier offerings and exceptional service. Business accelerated in the second half of 2025 compared to the first six months, driven by higher occupancy and an improved average room rate.

Heartland 66, Wuhan

Retail Segment Distribution (by Leased Floor Area)



The first “100% DORAEMON & FRIENDS” exhibition in Central China brought generations together, creating a multi-faceted interactive setting that combined IP, experiences, and shopping for a complete day-out experience

Number of mall tenants 240
(at year-end)

Mall

Facing intense competition in Wuhan, Heartland 66 commenced a strategic transformation in 2025. This period, aimed at differentiating itself from price-focused peers, was characterized by a challenging transition and a corresponding impact on overall performance. Despite the challenges, the mall successfully elevated its occupancy rate while substantially diversifying its tenant mix.

Over 90 new brands were introduced, including more than 30 first-in-town additions, which promoted continuous growth in the food & beverage, leisure and entertainment, and services categories. Key openings featured nearly 20 new restaurants – half being first-to-Wuhan – including those located within the newly launched FunVille food village, as well as the Ole supermarket. This new zone significantly boosted overall mall traffic. A sports and athleisure zone was also established with the launch of Descente and Nike Style, joining existing brands like Arc'teryx and Lululemon. To provide more experiential choices, Heartland 66 introduced a climbing playground and a basketball court on the upper floors.

A series of targeted marketing initiatives were implemented to drive customer excitement, footfall and tenant sales. Highlights included the star-studded signature event “Glittering Heartland” and two key Central China debut events: the Butterbear Autumn Bakery Workshop and Meet & Greet, and the “100% DORAEMON & FRIENDS Exhibition.”

Office Tower

In 2025, the office tower at Heartland 66 faced market pressure from high vacancy rates and low absorption. Despite these conditions, its self-operated multifunctional workspace, HANGOUT, continued to provide diverse work options. The tower will utilize its extensive amenities and the synergies from the integrated complex to retain existing tenants and attract new ones.

Projects Under Development



Xi Zhe Wuxi, Curio Collection by Hilton

Location / Jiankang Lu, Liangxi District, Wuxi

Center 66 will add a Curio Collection by Hilton, a boutique hotel brand within the Hilton Worldwide portfolio, to its existing two Grade A office towers and premium mall. Fusing old with new to enrich the customer experience, the design-led hotel will occupy a seven-story tower and three-story heritage building to offer 105 rooms, recreational facilities, and two restaurants.

Total gross floor area

7,165 square meters

Expected year of completion

2026



Westlake 66, Hangzhou

Location / Bai Jing Fang, Gongshu District, Hangzhou

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

Progressive occupancy of a single-tenant office tower commenced in late November 2025, with the remaining towers to be launched in phases beginning in 2026. The retail mall is slated to open in the first half of 2026.

The Mandarin Oriental Hangzhou, set to open in 2027, will offer 194 premium guestrooms and suites, dedicated event spaces, a spa, and four restaurants, including a bar.

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

Total gross floor area

194,107 square meters*

Main usage

Retail, office, hotel

Expected year of completion

2025 onwards

* This includes the above-ground area only.



Plaza 66, Shanghai (Pavilion Extension)

Location / West Nanjing Road, Jing'an District, Shanghai

To enhance the retail and dining experience for customers, Plaza 66 will expand by constructing a low-rise standalone building, the basement of which adjacent to Office Tower 2 will be connected to the shopping mall, resulting in a 13% addition in retail space. The project is scheduled for completion in 2026.

Total gross floor area	Main usage	Expected year of completion
3,080 square meters*	Retail	2026

* This includes the above-ground area only.



Forum 66, Shenyang (Phase Two)

Location / Qingnian Da Jie, Shenhe District, Shenyang

The remaining mixed-use development of Forum 66 in Shenyang, with a site area of 44,000 square meters, is temporarily designated for the development of an urban park to enhance community well-being while monitoring market conditions. This is intended to provide vibrant gathering spaces for families and visitors, energizing the surrounding area and generating foot traffic.

Total gross floor area	Main usage	Expected year of completion
502,660 square meters	Landscape park, retail, serviced apartments	2026 onwards



Kimpton Xujiahui Shanghai

Location / 1 Hongqiao Road, Xuhui District, Shanghai

Grand Gateway 66 is transforming its terraced serviced apartment building into the luxury Kimpton Xujiahui Shanghai, operated by InterContinental Hotels Group, as part of its ongoing revitalization project. The hotel will feature 149 rooms, sky terraces, and a podium garden with an outdoor swimming pool. Renovation work is currently underway.

Total renovation area

22,797 square meters

Expected year of completion

2027

Review of Operations

Hong Kong Property Leasing

Tenant Sales



Remained Stable

Retail



Occupancy Rate#

95%

Offices and Industrial/Office



Occupancy Rate#

90%

Residential and Serviced Apartments



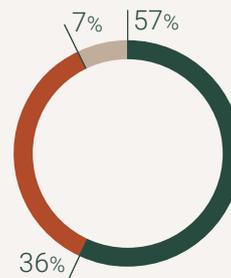
Occupancy Rate#

91%

All occupancy rates stated therein were as of December 31, 2025

Distribution of Revenue of Our Hong Kong Property Leasing Portfolio in 2025

- Retail
- Offices and Industrial/Office
- Residential and Serviced Apartments



Retail

Local consumption stayed price-conscious amid a slow economic recovery and increased outbound travel, with residents seeking alternative shopping and dining experiences across the border and overseas. Chinese Mainland tourists continued to return, though many were day-trippers with a greater focus on experiences beyond pure shopping, supporting value-for-money food & beverage, wellness and personal care trades more than big-ticket discretionary categories.

Retail demand was selective. Experiential and mid-market concepts – characterized by their blend of quality products, desirable experiences, and attainable prices – showed healthier traction. Gold & jewelry sales experienced softening, primarily influenced by a major tenant’s temporary renovation and a first-quarter dip, with performance improving thereafter. Our food & beverage category was a standout performer, achieving robust growth and outperforming overall market trends, making it our strongest segment in Hong Kong.

The Hong Kong leasing market remained tenant-favorable in 2025. Cautious consumer spending and elevated office vacancy shaped leasing dynamics, while a steady return of visitors supported footfall in core retail districts. Despite the headwinds, we maintained stable occupancy and ensured operational resilience.



Hang Lung Centre, Hong Kong

Throughout the year, we refined our retail positioning with curated trade-mix upgrades – adding wellness and personal care, athleisure, experiential food & beverage and fashion – to better serve value-conscious locals and returning visitors. A steady cadence of pop-ups, roadshows and brand collaborations, together with cross-mall campaigns under the hello Hang Lung Malls Rewards Program, including Hang Lung's 65th Anniversary Grand Lucky Draw, activated our precincts and encouraged repeat visits. These efforts supported healthy occupancy and improved footfall in key destinations, while planned reconfigurations in select community malls position us for stronger connectivity and growth ahead.

Office

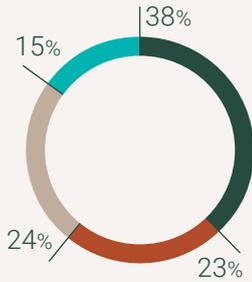
Abundant office supply and elevated vacancy rates continued. Overall Central vacancy remained high though showing signs of improvement, while Causeway Bay vacancy saw an uptick by additional supply entering the market. Rents were under continued downward pressure, and leasing activity skewed toward modest-sized, fully fitted, ready-to-move-in premises. New completions in core and established submarkets are expected to keep rents subdued.

Across our office portfolio, occupancy remained broadly stable as we prioritized retention and targeted new lettings. Flexible packages – shorter terms, fully fitted suites and tailored commitments – helped accelerate tenant leasing decisions. Although negative rental reversions were common amid oversupply and cautious sentiment, our approach preserved cash flow and occupancy, with core Central assets posting improved take-up and 228 Electric Road recording solid leasing momentum.

Causeway Bay Portfolio

Retail Segment Distribution (by Leased Floor Area)

- Fashion & Accessories
- Food & Beverage
- Lifestyle & Entertainment
- Others



Occupancy Rate

Retail  99%	Office  92%	Residential & Serviced Apartments  97%
---	---	--

Number of mall tenants **96**
(at year-end)



“CHEER-FOOD Playfest” brought summer fun to Fashion Walk with a whimsical food-themed installation and weekend DIY workshops – a hands-on delight for families

Occupancy across the Causeway Bay portfolio remained stable in 2025, supported by active leasing, flexible commercial terms, and street-level placemaking that reinforced destination appeal in a competitive environment.

At Fashion Walk, footfall improved on the back of a gradual return of inbound visitors and steady local spending, while tenant sales were broadly in line with market trends. We continued to refine the mix around categories that resonate with our core audiences. In the main block, we elevated beauty category with curated additions such as The Mineral Boutique. Across the street area, we intensified athleisure with new openings including ASICS, and refreshed specialty fashion with brands like Esprit and Studios. Food & beverage remained a focal point, with the introduction of popular and experiential concepts such as Chagee, Jacomax, and Tequila Mex. A steady cadence of pop-ups and short-term activations reinforced Fashion Walk’s positioning as a vibrant, trendsetting precinct.

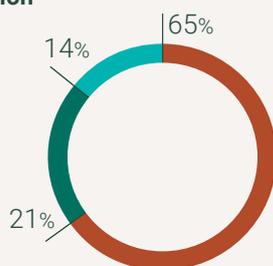
Marketing initiatives centered on immersive, shareable experiences to boost traffic and engagement, including the CHEER-FOOD STREET program, “Throwback Causeway Days” exhibition for the Company’s 65th anniversary, a family-oriented summer playfest, and the “The Original” roadshow organized by adidas Original. These efforts were underpinned by our streetscape and pet-friendly positioning, which continued to foster community connection and repeat visitation.

Hang Lung Centre’s office performance remained steady despite a softer leasing backdrop characterized by elevated district vacancy and new supply. High occupancy was sustained through disciplined leasing and flexible terms, though rental revenue experienced mild downward pressure on renewals amid cautious tenant planning. A diversified occupier base – including semi-retail and healthcare services within the tower – helped mitigate the impact of oversupply and economic uncertainty.

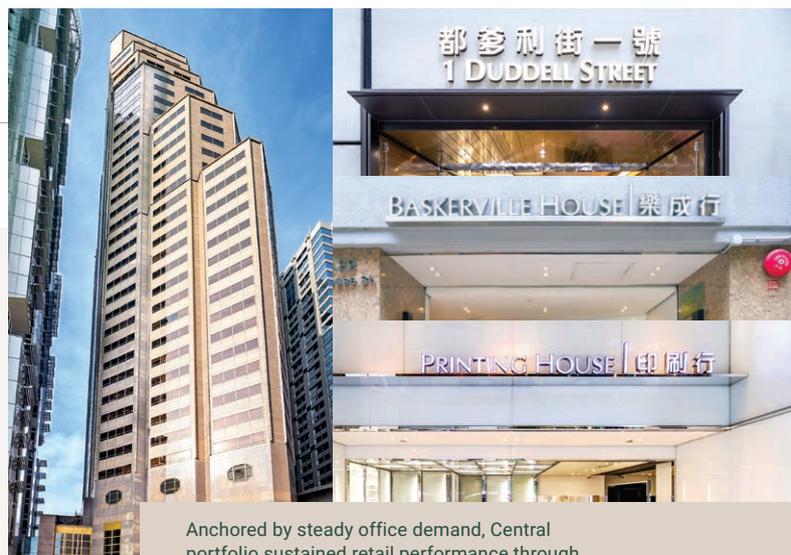
Central Portfolio

Retail Segment Distribution (by Leased Floor Area)

- Food & Beverage
- Bank
- Others



Occupancy Rate



Anchored by steady office demand, Central portfolio sustained retail performance through targeted backfilling and curated dining updates

Number of mall tenants **12**
(at year-end)

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

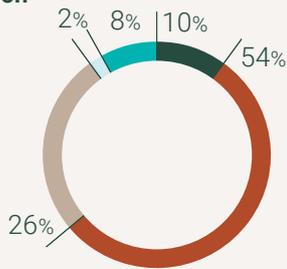
The portfolio's retail portion registered improved sales, while occupancy and footfall held steady, buoyed by the surrounding office community. Despite external pressures, the tenant mix maintained its premium positioning through active backfilling and a focus on resilient, experience-led dining. The lineup was refreshed with the relocations of Sanka Teppanyaki and Sushi Kuu at Baskerville House. This was complemented by strong performances from tenants at 1 Duddell Street, including Estro and the reopened Duddell's. It will be further enhanced with the arrival of Bruno Steakhouse in the coming year.

The office portfolio improved its occupancy and sustained overall rental revenue in a market challenged by elevated vacancy, new supply, and cost-conscious tenants. This result was supported by healthy retention and new lettings. Demand was concentrated on small- to medium-sized, fully fitted suites, while needs for larger floorplates remained selective. In response, the leasing strategy included accelerating spec-fit delivery, adopting shorter leasing cycles where appropriate, and offering flexible renewals with options for expansion or contraction. The introduction of NET•WORK, our self-operated premium coworking space in Standard Chartered Bank Building, was well received by professional services and finance-adjacent occupiers, reaching nearly 80% occupancy by year-end.

Peak Galleria

Retail Segment Distribution (by Leased Floor Area)

- Fashion & Accessories
- Food & Beverage
- Lifestyle & Entertainment
- Department Store
- Others



Occupancy Rate Retail **63%**



Ocean Park's pop-up celebrated its panda twins' first birthday at Peak Galleria, featuring birthday-themed merchandise, a panda photo exhibition, and surprise appearances by mascot "BaoBao"

Number of mall tenants **37**
(at year-end)

Peak Galleria continued to benefit from strong footfall driven by inbound tourism and a refreshed tenant mix that balances premium outlets with approachable, experience-led offerings, contributing to increased tenant sales. Rental revenue and occupancy, however, reflected short-term effects from tenant replacement and ramp-up of new openings.

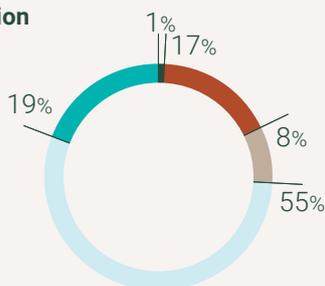
Coach remained a key driver while the newly opened Michael Kors will further strengthen the fashion proposition. The mall broadened its dining appeal with diverse local concepts, including Michelin-recommended brands, and welcomed new operators such as Trusty Congee King and Asam Chicken Rice, as well as seasonal pop-ups.

Signature destination marketing, most notably the Peak Galleria French GourMay Wine & Food Garden, combined wine tastings, live music, and workshops on the Observation Deck to deliver strong weekend spikes and one of the year's highest single-day turnouts. Family-friendly activations like the Ocean Park Panda Pop-up also drew enthusiastic response from tourists and locals. Further enhancing its appeal to local families and pet owners, the mall deepened its pet-friendly positioning, reinforcing its role as a welcoming, lifestyle-oriented destination. These curatorial moves strengthened the mall's appeal to price-sensitive visitors seeking authentic, social-media-worthy experiences.

Hong Kong East Portfolio

Retail Segment Distribution (by Leased Floor Area)

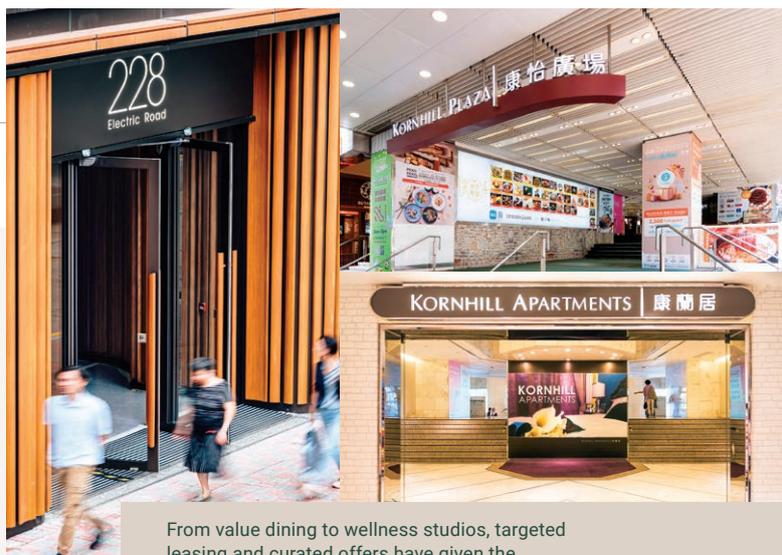
- Fashion & Accessories
- Food & Beverage
- Lifestyle & Entertainment
- Department Store
- Others



Occupancy Rate	Retail* 🛍️ 94%	Office* 🏢 92%	Residential & Serviced Apartments 🏠 90%
-----------------------	--------------------------	-------------------------	---

Number of mall tenants 119
(at year-end)

* Include Kornhill Plaza only



From value dining to wellness studios, targeted leasing and curated offers have given the Hong Kong East portfolio resilient momentum

The Hong Kong East portfolio comprises Kornhill Plaza, Kornhill Apartments, and 228 Electric Road.

Kornhill Plaza reinforced its role as a one-stop community mall with a diverse retail and food & beverage mix, keeping steady footfall despite softer tenant sales and rental revenue. Occupancy was temporarily affected by the exit of Physical Fitness and MCL Cinema, but subdivisions and upgrades are underway to refresh the tenant mix – including Xventure, Kiztopia’s first Hong Kong indoor active park, and 24/7 Fitness. The mall continued to enhance its value-for-money dining and retail offerings with concepts not previously available on-site, such as Lung Fung Mall and Golden Phoenix Restaurant.

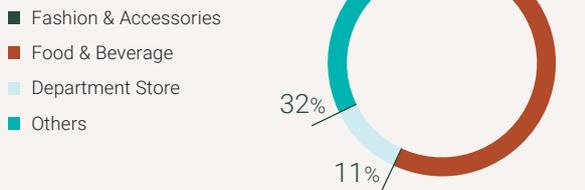
The office space at Kornhill Plaza continued to focus on the education, beauty, and medical sectors. A lower student base, the emigration of high-spending customers, and conservative spending weighed on sales. Even so, occupancy stayed high, supported by flexible lease terms. Rental revenue was impacted by negative reversion, with leasing demand concentrated in smaller units.

228 Electric Road gained strong leasing momentum in 2025. With suitable pricing and targeted marketing, occupancy improved, while footfall and tenant sales rose as more tenants moved in. The mix is increasingly wellness-oriented, with lettings such as Piaf Alignment Studio and Flower Pilates Studio shaping a health and wellness hub. In a tenant-favorable market, the leasing strategy focuses on flexible terms, tailored fit-outs, and incentives to attract new leases, with more lettings in the pipeline.

Kornhill Apartments achieved a satisfactory performance, a result of proactive leasing and strategic partnerships. Focused promotions targeting specific market segments, including the education and medical industries, alongside existing Hang Lung tenants, were highly effective. Collaborations with various professional organizations, telecommunication providers, and other service partners further supported a meaningful uplift in occupancy and higher rental revenue. Stronger demand from the Chinese Mainland students and professionals, aided by talent policies and a preference to rent amid market uncertainty, reinforced the property’s positioning in Hong Kong East.

Mongkok Portfolio

Retail Segment Distribution (by Leased Floor Area)



Occupancy Rate



Coca-Cola® teamed up with Hong Kong Disneyland to bring a co-branded partyland experience to Gala Place, featuring limited-edition bottles and themed apparel with on-site customization

Number of mall tenants **31**
(at year-end)

The Mongkok portfolio comprises Grand Plaza, Gala Place, and Hollywood Plaza.

The portfolio reported stable performance, benefitting from a gradual recovery in tourism and improved market sentiment, which helped sustain footfall even as outbound travel and price-conscious spending tempered overall sales. Wellness and personal care categories showed solid traction, while food & beverage faced stronger competition and gold & jewelry saw a decline as elevated gold prices deterred purchases.

The malls maintained full occupancy, supported by their prime locations in one of Hong Kong's busiest shopping districts. Hollywood Plaza welcomed Lao Feng Xiang Jewelry, whereas Gala Place introduced KUSHI by Skewer Kitchen and Kam Kong Restaurant – attracting younger patrons for casual gatherings and residents seeking classic Cantonese cuisine.

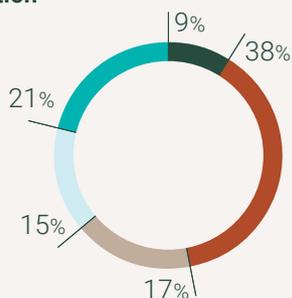
Marketing activations further engaged customers and tenants. Highlights included the “Coca-Cola Share the Magical Happiness” pop-up at Gala Place and an AirAsia branding roadshow introducing new routes and limited offers. These events leveraged steady visitor flows and reinforced our position as a vibrant destination for lifestyle, wellness, and dining in Mongkok.

Office space delivered performance on a par with the market, with high occupancy despite a modest year-on-year dip. New lettings from wellness trades – such as Roku Ai, a science-led holistic wellness club – alongside food & beverage additions helped activate the buildings and increase dwell time, particularly at Gala Place. In a tenant-favorable market, flexible lease terms and ready-to-move-in spaces remained key to securing commitments, with demand strongest for well-fitted, modest-sized units.

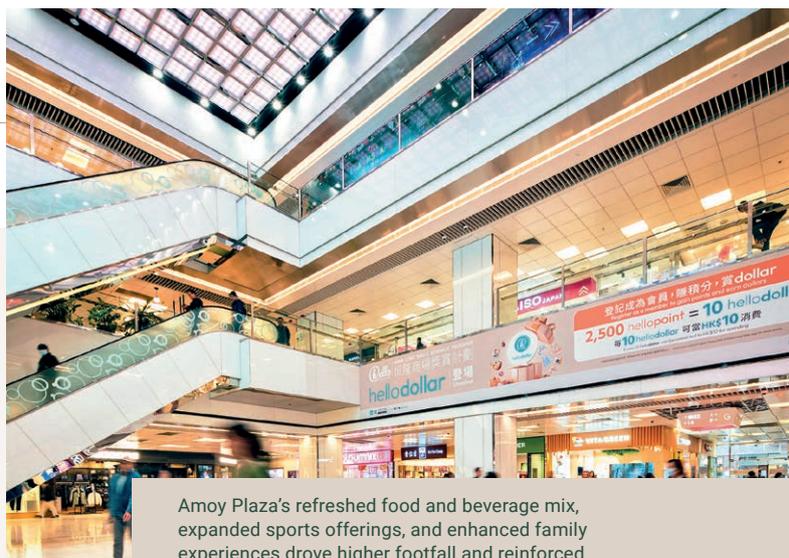
Amoy Plaza

Retail Segment Distribution (by Leased Floor Area)

- Fashion & Accessories
- Food & Beverage
- Lifestyle & Entertainment
- Department Store
- Others



Occupancy Rate Retail 95%



Amoy Plaza’s refreshed food and beverage mix, expanded sports offerings, and enhanced family experiences drove higher footfall and reinforced the mall’s role as a vibrant community hub

Number of mall tenants 241
(at year-end)

Amoy Plaza continued to strengthen its positioning as a one-stop community mall in Kowloon East, delivering strong performance on the back of an upgraded, on-trend tenant mix. Footfall trended upward while occupancy remained high and edged higher despite temporary construction related to the new footbridge connecting the East Kowloon Cultural Centre.

Food & beverage offerings were refreshed with a curated cluster of emerging and first-in-town concepts, including A Cheng Goose – recommended in the Michelin Guide for Taipei – and NAGE Taiwanese Cuisine. Building on momentum in sports and athleisure, the mall further strengthened its sports cluster with a broader range of international brands such as Nike, Sporthouse, and Free Running, reinforcing Amoy Plaza’s appeal to active, family-oriented customers. Key experiential-led anchors targeting families like Jumpin Gym and Wonderland Superstore expanded, enhancing the mall’s role as a vibrant community hub for children and young adults.

Marketing and community engagement remained a focus while the Hang Lung’s 65th Anniversary Celebration: Hang Lung Malls Grand Lucky Draw energized hello members across the portfolio and performed particularly well in community settings. In line with citywide trends, customers were value-conscious and responsive to accessible pricing and promotions, and member engagement reflected more cautious spending patterns. The completion of the footbridge and the opening of the East Kowloon Cultural Centre are expected to broaden the catchment and deepen Amoy Plaza’s family and lifestyle proposition.

Review of Operations

Chinese Mainland Property Sales and Development

Market Landscape

The Chinese Mainland's residential market in 2025 continued to face challenges. First-hand residential transacted areas in the major cities experienced a significant year-on-year decline. Residential investment, as measured by transacted area, also slowed down compared to last year. To stimulate demand, the government demonstrated continuous support, notably by partially easing certain purchase restrictions in major Tier 1 cities during the latter part of the year. However, the overall impact remains limited. Amidst these conditions, premium properties situated in core downtown locations and within mixed-use developments continued to demonstrate stronger intrinsic values and a greater resilience to economic fluctuations.

Business Overview

Center Residences in Wuxi debuted with its official sales launch in September 2025, marking Hang Lung's third saleable property development in the Mainland, following Heartland Residences in Wuhan and Grand Hyatt Residences Kunming. It has set a new benchmark for luxury urban living in Wuxi and, as an integral part of Phase Two of Center 66, is seamlessly connected to the mixed-use development's mall, offices and hotel. The project has received positive market response since its launch, with sales and marketing activities continuing. Handover for Center Residences is scheduled to commence by phases from the end of 2026. For details of the units sold, please refer to the Financial Review section on pages 71 to 72.



Center Residences, Wuxi

Properties Completed for Sale



Heartland Residences, Wuhan

Location / Jinghan Avenue, Qiaokou District, Wuhan

Comprising 492 premium units, Heartland Residences is located in the central business district of Wuhan and offers easy access to the top commercial and medical facilities at Central China, Zhongshan Park, and Metro Lines One and Two.

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

Heartland Residences received a sales permit for 177 units in Tower 3.

Total gross floor area

131,493 square meters



Grand Hyatt Residences Kunming

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

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

Located on the 28th to 57th floors of Kunming's tallest building—standing at 250 meters—Grand Hyatt Residences Kunming features 251 units with panoramic views and three penthouses, epitomizing international living in one of most livable cities on the Chinese Mainland.

Total gross floor area

49,775 square meters

Project Under Development



Center Residences, Wuxi

Location / Jiankang Lu, Liangxi District, Wuxi

Located in the heart of historic Wuxi's central business district, Center Residences complements the premium mall and Grade A office towers at Center 66. The project offers 573 premium units, with 2-bedroom to 4-bedroom layouts forming its primary offering, complemented by an exclusive penthouse. Upon completion, the complex is set to transform the city center into a work-life hub.

The official sales launch commenced in September 2025, with handover scheduled to begin in phases from the end of 2026.

Total gross floor area

101,153 square meters

Expected year of completion

2026 onwards

Review of Operations

Hong Kong Property Sales and Development

Our curated portfolio of premium residential developments in Hong Kong's most coveted districts remains well positioned to capture resilient end-user and investment demand, particularly in the ultra-luxury segment where supply is structurally limited and discerning buyers value quality, design, and location.

Market Landscape

Market sentiment in 2025 evolved through distinct phases shaped by policy support, interest-rate movements, and external geopolitical factors. Sentiment softened in the first half amid heightened global trade tensions. As the external backdrop stabilized, transactions recovered, supported by capital inflows, revived IPO activity, and easing interbank funding costs. Confidence improved alongside a stronger local stock market and the Government's relaxation of cooling measures, including a higher threshold for the lowest stamp duty band, which broadened affordability and encouraged end-user participation. Later in the year, the U.S. rate cuts, lower local lending rates, and stronger rental demand underpinned a broader pickup in activity.

The ultra-luxury residential market remained resilient, with renewed interest from high-net-worth buyers in blue-chip addresses such as The Peak, the Southside, and Jardine's Lookout. Scarcity and limited new

supply in these neighborhoods continued to support values, while returning Chinese Mainland and overseas demand provided a supportive bid for best-in-class assets. Purchasers in this segment prioritized craftsmanship, design pedigree, privacy, and exceptional views, reinforcing the performance divergence between prime luxury properties and the mass market.

Business Overview

Our Hong Kong property sales strategy continues to focus on luxury residential projects in prime locations, delivering design-led products with thoughtful amenities and craftsmanship. At 23-39 Blue Pool Road, we reaffirmed our capability to curate timeless luxury homes for discerning buyers. To help buyers realize their preferred aesthetics with minimal hassle, we presented a comprehensive suite of interior options by world-renowned designers, underscoring our commitment to personalization and quality.

The Aperture in Kowloon East was well received by family and potential buyers, as it offers a rare combination in the district – first-hand properties with premium design and clubhouse, a limited supply of three-bedroom units, and a convenient urban location just minutes' walk from Kowloon Bay MTR Station.

For details of the houses of units sold, please refer to the Financial Review section on pages 71 to 72.

We will continue to pursue a disciplined sell-down of completed residential properties, deploying targeted sales strategies and timing launches to align with market conditions. We maintain a high-quality luxury residential positioning in prime locations, with two premium projects currently under development – namely Shouson Hill Road and Wilson Road redevelopments – designed to meet customer expectations and uphold our brand standards.

Properties Completed for Sale



23-39 Blue Pool Road

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

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

Total gross floor area

8,585 square meters



The Aperture

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

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

Total gross floor area

16,226 square meters

Projects Under Development

Shouson Hill Road Redevelopment

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

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

Total gross floor area

4,403 square meters

Expected year of completion

2029 onwards

Wilson Road Redevelopment

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

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

Total gross floor area

2,398 square meters

Expected year of completion

2028 onwards

Review of Operations

Outlook

Although global economic conditions remain challenged by high tariffs and the ongoing China – U.S. trade tensions, expectations of further interest rate reductions and improving consumer sentiment are supporting signs of stabilization within the retail sector. We will continue to maintain vigilance and agility in managing risks while capturing emerging growth opportunities.

In the Mainland, the retail leasing market is expected to show gradual improvement in 2026, especially in prime destinations. By enhancing our tenant mix, implementing targeted marketing initiatives, and advancing asset enhancement programs, we have strengthened occupancy and footfall, setting a solid foundation for recovery despite continued softness in luxury spending. As retail continues to evolve toward value-driven spending and experiential “placemaking”, we commit to leveraging these shifts for growth. In celebration of Hang Lung’s 66th anniversary in 2026, we plan to elevate the “66” brand through a series of marketing initiatives across our Mainland portfolio, aimed at reinforcing the brand’s legacy and foundation and fostering deeper connections and engagement with customers. Westlake 66 will serve as a key growth driver, with more than 90% of retail space already secured. Over the medium term, rental growth will be supported by Westlake 66, the Plaza 66 Pavilion Extension, and the Hang Lung V.3 expansion initiatives as they reach full operation, broadening our experiential retail offerings and capturing emerging consumer trends.

With elevated vacancies, ongoing rental pressures, and relatively weak demand, office leasing fundamentals are projected to remain subdued in 2026. Notwithstanding these conditions, the Group’s portfolio of strategically positioned Grade A office assets, together with our disciplined tenant acquisition strategy targeting premium domestic and multinational tenants, is expected to support occupancy performance that surpasses overall market averages.

In Hong Kong, retail rents are expected to demonstrate greater stability, supported by mega-events driving visitor arrivals and by a continued evolution in the tenant mix toward experiential, food and beverage, and lifestyle offerings. Office leasing conditions remain challenging, with limited near-term rental growth and ongoing requirements for selective concessions and incentives. Nonetheless, incremental demand from professional services, and prudent leasing strategies, are expected to sustain occupancy levels, with potential upside if overall sentiment improves.

For property sales, our approach in 2026 is expected to emphasize prudent pricing, phased releases, and superior product quality, given the sensitivity to policy developments and buyer sentiment in both the Mainland and Hong Kong. Our unwavering commitment to quality and premium management services differentiates us from our peers and positions us to capture demands from discerning buyers as market conditions recover.

The recent announcements of the Center 66 Expansion Project in Wuxi and the No. 1038 West Nanjing Road Commercial Project in Shanghai mark key milestones of the Hang Lung V.3 strategy. These strategic partnerships with local property owners – supported by government initiatives such as urban renewal, domestic consumption stimulation, and the integrated development of culture, sports, and tourism – reinforce our market leadership, generate portfolio synergies, and uphold our customer-centric commitment.

Review of Operations

Major Properties of the Group

A. Major Properties under Development

At December 31, 2025

Location	Site Area (sq.m.)	Main Usage	Total Gross Floor Area (sq.m.)	% Held by the Group	Stage of Completion	Expected Completion Year	
CHINESE MAINLAND							
WUXI							
Center 66 (Phase 2)	Jiankang Lu, Liangxi District	16,767	   	108,318	63.7%	Superstructure	2026 onwards
HANGZHOU							
Westlake 66	Bai Jing Fang, Gongshu District	44,827	   	194,107	63.7%	Superstructure completed	2025 onwards
SHENYANG							
Forum 66	Qingnian Da Jie, Shenhe District	92,065	  	502,660	63.7%	Basement design in progress	2026 onwards
HONG KONG							
SOUTHERN DISTRICT							
Shouson Hill Road Redevelopment	37 Shouson Hill Road, RBL 357	8,806		4,403	63.7%	Demolition completed	2029 onwards
JARDINE'S LOOKOUT							
Wilson Road Redevelopment	8-12A Wilson Road, IL 7854	3,437		2,398	63.7%	Demolition in progress	2028 onwards

 Retail  Office  Apartments/Houses for Sale  Hotel

B. Residential Properties Completed for Sale

At December 31, 2025

Location	Total Saleable Area of Unsold Units (sq.m.)	% Held by the Group	No. of Unsold Units	
CHINESE MAINLAND				
WUHAN				
Heartland Residences	600 Jinghan Avenue, Qiaokou District	110,020	63.7%	425
KUNMING				
Grand Hyatt Residences Kunming	Dongfeng Dong Lu/Beijing Lu, Panlong District	48,150	63.7%	246
HONG KONG				
HAPPY VALLEY				
23-39 Blue Pool Road	23-39 Blue Pool Road, IL 5747	2,130	63.7%	4
KOWLOON BAY				
The Aperture	11 Ngau Tau Kok Road, NKIL 1744	4,730	63.7%	97

C. Major Investment Properties and Hotels

At December 31, 2025

	Location	Lease Expiry	Total Gross Floor Area (sq.m.)			No. of Car Parking Spaces
			Retail	Office and Industrial/ Office	Residential & Serviced Apartments	
HONG KONG						
CENTRAL						
Printing House	6 Duddell Street, IL 339	2848	1,709	5,980	–	–
1 Duddell Street	1 Duddell Street, IL 7310	2848	2,340	6,616	–	–
Baskerville House	22 Ice House Street, IL 644	2880	1,473	3,379	–	–
Standard Chartered Bank Building	4-4A Des Voeux Road Central, Sections A&B of ML 103	2854	4,814	23,730	–	16
CAUSEWAY BAY AND WAN CHAI						
Hang Lung Centre	2-20 Paterson Street, IL 524 & IL 749	2864	8,777	22,131	–	126
Fashion Walk	Paterson Street, Houston Street, Great George Street, Cleveland Street, Kingston Street, Gloucester Road, ML 231 & ML 52, IL 469 & IL 470	2842, 2864 & 2868	31,072	–	8,507	–
Shui On Centre	15/F-28/F, 6-8 Harbour Road, IL 8633	2060*	–	16,313	–	42
HAPPY VALLEY						
23-39 Blue Pool Road	Unit 25B, 35B 23-39 Blue Pool Road, IL 5747	2090	–	–	855	4
KORNHILL (QUARRY BAY)						
Kornhill Plaza	1-2 Kornhill Road, IL 8566	2059*	53,080	10,577	–	1,069
Kornhill Apartments	2 Kornhill Road, IL 8566	2059*	–	–	35,275	–
NORTH POINT						
228 Electric Road	228 Electric Road, IL 1618	2050	1,196	8,559	–	–
THE PEAK						
Peak Galleria	118 Peak Road, RBL 3	2047	12,446	–	–	493
Summit	41C Stubbs Road, IL 8870	2047	–	–	14,947	55
HONG KONG SOUTH						
Burnside Villa	9 South Bay Road, RBL 994	2072	–	–	9,212	89

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

C. Major Investment Properties and Hotels

At December 31, 2025

	Location	Lease Expiry	Total Gross Floor Area (sq.m.)			No. of Car Parking Spaces
			Retail	Office and Industrial/ Office	Residential & Serviced Apartments	
HONG KONG						
MONGKOK						
Grand Plaza	625 & 639 Nathan Road, KIL 10234 & KIL 10246	2060	20,905	31,251	–	40
Hang Tung Building	1112-1120 Canton Road, KIL 9708	2045*	–	–	–	1,000
Gala Place	56 Dundas Street, KIL 9590	2044*	7,454	30,205	–	478
TSIM SHA TSUI AND WEST KOWLOON						
Grand Centre	8 Humphreys Avenue, KIL 7725 & KIL 8026	2038	3,688	7,198	–	–
Hanford Commercial Centre	221B-E Nathan Road, KIL 10619 & KIL 8132	2037	1,444	4,891	–	–
AquaMarine	8 Sham Shing Road, NKIL 6338	2050	22,350	–	–	346
The Long Beach	8 Hoi Fai Road, KIL 11152	2050	20,174	–	–	82
KOWLOON BAY						
Amoy Plaza	77 Ngau Tau Kok Road, NKIL 53, NKIL 1482, NKIL 2660 & NKIL 3947	2047	49,006	–	–	620
The Aperture	11 Ngau Tau Kok Road, NKIL 1744	2047	1,802	–	–	11
CHEUNG SHA WAN AND KWAI CHUNG						
9 Wing Hong Street	9 Wing Hong Street, NKIL 6229	2047	–	35,223	–	95
Laichikok Bay Garden	Shops 1A1, 1A2, 5A, 5B and 5C on Ground Floor, Shops 6A, 6A1 & 6B1 and 6B on Upper Ground Floor, Lai King Hill Road, Lot 3336 of SD 4	2047	2,361	–	–	–
TUEN MUN						
Tai Hing Gardens	11 Tsun Wen Road and 10A Ho Hing Circuit, Tuen Mun, TMTL 312	2047	10,970	–	–	387
Luen Cheong Can Centre	8 Yip Wong Road, Tuen Mun, Lot 1169 in DD131	2047	–	7,856	–	37

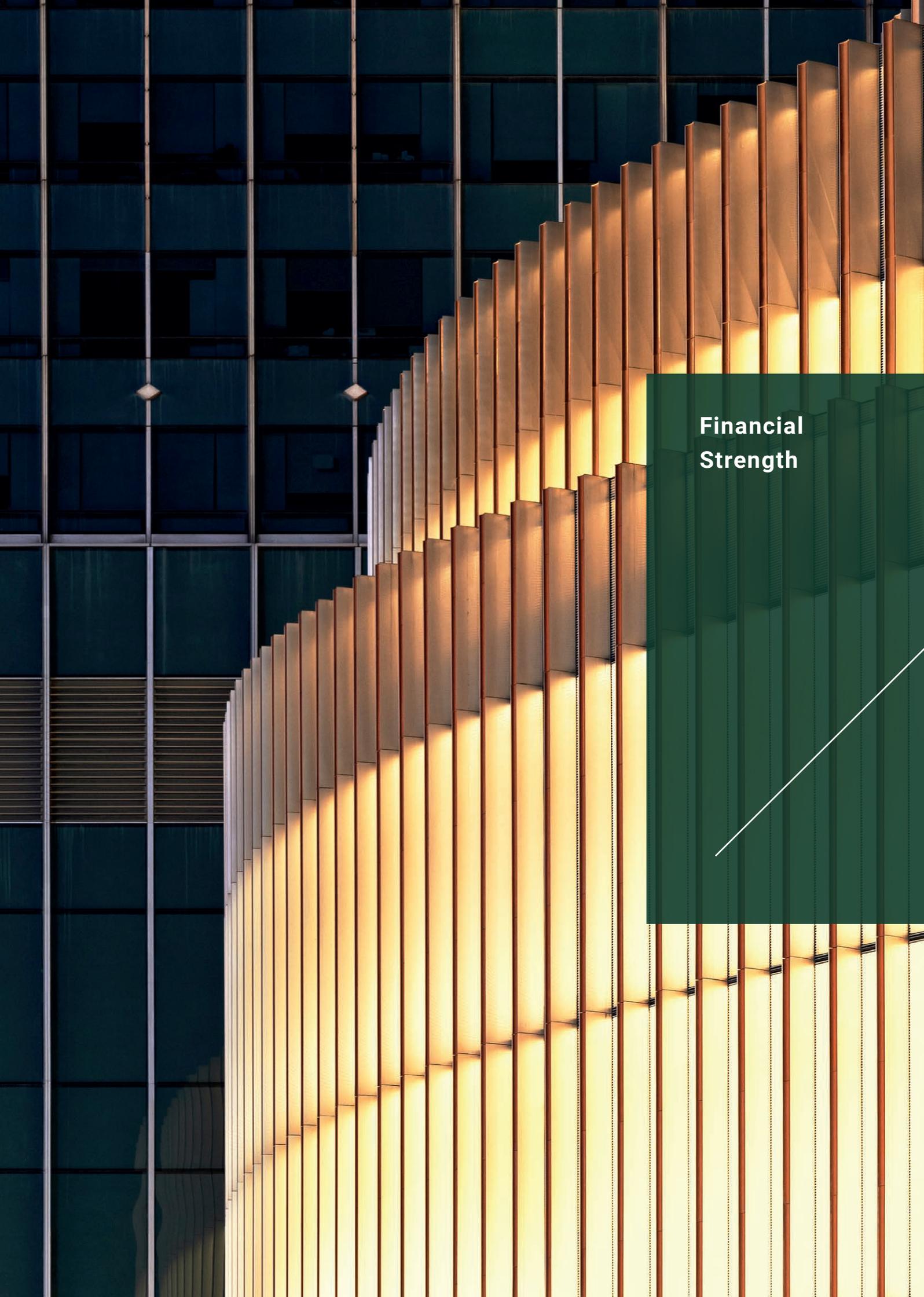
* With an option to renew for a further term of 75 years

C. Major Investment Properties and Hotels

At December 31, 2025

Location	Lease Expiry	Total Gross Floor Area (sq.m.) [#]			Residential & Serviced Apartments	No. of Car Parking Spaces	
		Retail	Office	Hotel			
CHINESE MAINLAND							
SHANGHAI							
Grand Gateway 66 Gardens 1 & 2	2118 Hua Shan Lu, Xuhui District	2063	–	–	–	65,587	–
Grand Gateway 66	1 Hong Qiao Lu, Xuhui District	2043	122,262	67,223	22,797	–	752
Plaza 66	1266 West Nanjing Road, Jing'an District	2044	53,700	159,555	–	–	804
SHENYANG							
Palace 66	128 Zhongjie Lu, Shenhe District	2057	109,307	–	–	–	844
Forum 66	1 Qingnian Da Jie, Shenhe District	2058	101,960	131,723	60,222	–	2,001
JINAN							
Parc 66	188 Quancheng Lu, Lixia District	2059	171,074	–	–	–	785
WUXI							
Center 66	139 Renmin Zhong Lu, Liangxi District	2059	122,227	137,543	–	–	2,267
TIANJIN							
Riverside 66	166 Xing'an Lu, Heping District	2061	152,831	–	–	–	800
DALIAN							
Olympia 66	66 Wusi Lu, Xigang District	2050	221,900	–	–	–	1,214
KUNMING							
Spring City 66	21-23 Dongfeng Dong Lu/ 433 Beijing Lu, Panlong District	2052	165,375	167,737	54,229	–	1,959
WUHAN							
Heartland 66	688 Jinghan Avenue, Qiaokou District	2053	177,140	151,472	–	14,379	2,789

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



**Financial
Strength**



Reinforcing
Disciplined Investment &
Compounding
Long-Term Value

Grand Gateway 66, Shanghai

Financial Review

Consolidated Results

Overall revenue of the Group for the year ended December 31, 2025 decreased 11% against last year to HK\$10,414 million, primarily due to an 83% decline in property sales, which amounted to HK\$264 million. Overall operating profit stayed robust at HK\$6,836 million. Revenue and operating profit from property leasing both fell 2% to HK\$9,853 million and HK\$6,972 million, respectively, largely due to continued softness in the office leasing market in the Chinese Mainland and slow economic recovery in Hong Kong. Driven by the expansion of our portfolio, hotel revenue increased 57% to HK\$297 million, while the operating loss after depreciation improved 46% to HK\$34 million.

Underlying net profit attributable to shareholders increased 3% to HK\$2,407 million. Reduced losses from property sales more than fully offset the decline in operating profits from property leasing and the increase in finance costs arising from lower interest capitalization. The underlying earnings per share was HK\$1.77.

The Group reported a net profit attributable to shareholders of HK\$1,370 million (2024: HK\$1,613 million) when including a net revaluation loss on properties attributable to shareholders of HK\$1,037 million (2024: HK\$714 million). The corresponding earnings per share amounted to HK\$1.01 (2024: HK\$1.18).

Revenue and Operating Profit

	Revenue			Operating Profit/(Loss)		
	2025 HK\$ Million	2024 HK\$ Million	Change	2025 HK\$ Million	2024 HK\$ Million	Change
Property Leasing	9,853	10,033	-2%	6,972	7,134	-2%
Chinese Mainland	6,757	6,851	-1%	4,568	4,656	-2%
Hong Kong	3,096	3,182	-3%	2,404	2,478	-3%
Hotels (Chinese Mainland)	297	189	57%	(34)	(63)	46%
Property Sales	264	1,538	-83%	(102)	(245)	58%
Chinese Mainland	59	56	5%	(51)	(197)	74%
Hong Kong	205	1,482	-86%	(51)	(48)	-6%
Total	10,414	11,760	-11%	6,836	6,826	-

Dividend

The board of directors (the "Board") of the Company has recommended, subject to shareholders' approval at the Annual General Meeting to be held on April 30, 2026, a final dividend of HK65 cents per share for 2025 (2024: HK65 cents) to be paid in cash on June 15, 2026, to shareholders whose names are listed on the register of members of the Company on May 8, 2026. Together with an interim dividend of HK21 cents per share (2024: HK21 cents), the full-year dividends for 2025 amounted to HK86 cents per share (2024: HK86 cents).

Property Leasing

Overall rental revenue decreased 2% to HK\$9,853 million for the year ended December 31, 2025. Rental revenue from our Mainland portfolio retreated both 1% in Renminbi (RMB) terms and in HKD terms after considering the RMB depreciation against last year. The Hong Kong portfolio recorded a 3% decline in rental revenue.

In the Chinese Mainland, signs of recovery became increasingly visible as the consumption environment showed quarter-on-quarter improvement, signaling a turning point for the market. While consumers remained cautious about spending amid broader economic headwinds, their appetite for new experiences and fresh retail concepts gained momentum. To address increasingly diverse and personalized customer needs, we recalibrated our strategies to emphasize deeper customer engagement as well as curated, exclusive experiences tailored for discerning, value-conscious consumers. Distinctive retail spaces were developed to capture this evolving trend and inject renewed vitality into our mall portfolio. Throughout the year, we rolled out a series of nationwide events and marketing campaigns—alongside targeted promotions through HOUSE 66, our customer relationship management (CRM) program—to celebrate Hang Lung’s 65th anniversary and strengthen connections with a broad base of customers. As a result of these collective efforts, overall rental revenue from our mall portfolio rose 1%, while tenant sales increased 4% year-on-year in RMB terms. Occupancy improved two points to 96% at the end of the year, reflecting the ongoing optimization of our tenant mix.

The office leasing market continued to face challenges in the reporting period, with rising vacancies and declining rents driven by an oversupply of space and subdued demand in major cities such as Shanghai. Leasing activities were largely characterized by tenants seeking cost efficiencies through downsizing and relocation to lower-priced alternatives. In response, we enhanced our portfolio’s appeal by increasing rental incentives and maintaining high standards of property management, while further

differentiating our offerings through vibrant social spaces, flexible work environments, green design features, tenant partnership initiatives, and the integration of smart technology to attract and retain high-quality, ESG-focused tenants. Over the year, our office portfolio revenue declined 7% in RMB terms. Overall occupancy dropped four points to 80% at the end of the year.

In Hong Kong, the government’s promotion of the mega-event economy and a recent uptick in the stock market provided a moderate boost to consumer sentiment, stimulating discretionary spending among tourists and residents alike. Nonetheless, global economic headwinds and rising local unemployment rates prompted both locals and visitors to exercise greater caution in their spending. As a result, overall rental revenue in our retail portfolio dropped 4% while tenant sales stayed flat. We managed to sustain a high occupancy rate by strategically optimizing our tenant mix and implementing targeted promotional campaigns, including through our “hello Hang Lung Malls Rewards Program”. In the office sector, the revival of the Hong Kong IPO market drove leasing demand, especially from financial and professional services firms. Nevertheless, the abundance of available space and a robust pipeline of new supply led to a downward trend in office rentals, resulting in a 2% decrease in office segment revenue this year. Despite these challenges, our proactive tenant retention strategies enabled us to maintain a stable occupancy level at 90% at the end of the year, compared to 89% a year earlier.

Chinese Mainland¹

Property Leasing – Chinese Mainland Portfolio

	Revenue		
	2025 RMB Million	2024 RMB Million	Change
Malls	4,871	4,805	1%
Offices	1,223	1,320	-7%
Residential & Serviced Apartments	98	127	-23%
Total	6,192	6,252	-1%
<i>Total in HK\$ Million equivalent</i>	6,757	6,851	-1%

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

For the year ended December 31, 2025, overall rental revenue and operating profit both decreased 1%. Despite these declines, our strategic efforts, coupled with strengthening consumer sentiment, enabled our malls to maintain high occupancy rates and stable revenue. On the other hand, revenue of our premium office portfolio receded 7%, primarily due to oversupply and subdued demand for office space in highly competitive markets, particularly in top-tier cities such as Shanghai.

Malls

Our mall portfolio delivered 1% revenue growth in 2025, with increases recorded across most malls, partially offset by declines at Riverside 66 in Tianjin, Heartland 66 in Wuhan, and Forum 66 in Shenyang, due to intense regional competition. Chinese

consumers increasingly preferring products and services that enhance personal enjoyment and identity, while the health, fitness, and wellness segments are also driving growth. We further strengthened customer engagement through curated in-store experiences, exclusive events, and personalized services aimed at enhancing loyalty and brand affinity.

In light of the evolving retail landscape and shifting consumer dynamics, we have upgraded the brand mix across our malls, reinforcing our customer-centric approach. Accordingly, from this reporting year, we are refining the presentation of our Mainland portfolio by discontinuing the luxury and sub-luxury designations of our malls.

Property Leasing – Chinese Mainland Mall Portfolio

Name of Mall and City	Revenue			Year-End Occupancy Rate	
	2025 RMB Million	2024 RMB Million	Change	2025	2024
Plaza 66, Shanghai	1,661	1,648	1%	96%	99%
Grand Gateway 66, Shanghai	1,197	1,172	2%	100%	99%
Center 66, Wuxi	502	456	10%	100%	99%
Olympia 66, Dalian	331	295	12%	95%	94%
Spring City 66, Kunming	328	300	9%	99%	98%
Parc 66, Jinan	323	317	2%	97%	93%
Palace 66, Shenyang	172	163	6%	98%	94%
Riverside 66, Tianjin	165	170	-3%	94%	95%
Heartland 66, Wuhan	140	203	-31%	90%	85%
Forum 66, Shenyang	52	81	-36%	89%	87%
Total	4,871	4,805	1%		

Our flagship **Plaza 66** mall in Shanghai, despite the short-term effects from the Pavilion Extension, closed the year with a strong occupancy rate of 96%. Supported by sustained demand for high-end luxury offerings amid evolving consumer spending behaviors, revenue and tenant sales grew 1% and 4%, respectively. Throughout the year, the mall marked Hang Lung's 65th anniversary through collaborations with notable brands and artists, including Jellycat and Takashi Murakami's Ohana Hatake, elevating its appeal with dynamic installations and immersive guest experiences. In November, our annual hallmark event, the "HOME TO LUXURY" party was held, which drove strong tenant sales and further strengthened loyalty among high-end customers. Through strategic marketing initiatives, we enhanced customer engagement, increased the number of HOUSE 66 CRM memberships, and reinforced Plaza 66's market leadership in Shanghai and across the Mainland.

At **Grand Gateway 66** in Shanghai, new flagship stores and effective marketing strategies enhanced the trade mix and generated substantial footfall, resulting in revenue and tenant sales growth of 2% and 20%, respectively. Noteworthy marketing initiatives, including the interactive Butterbear showcase and the "Gateway To Inspiration" anniversary event, captured widespread media coverage, boosted foot traffic, and enhanced customer engagement. At the end of the year, the mall was fully occupied.

Revenue of the **Center 66** mall in Wuxi rose 10%, primarily driven by favorable rental reversions. The mild decline in high-end retail sales was offset by stronger performance in the food and beverage and lifestyle sectors, boosting 3% tenant sales. In April, the mall actively engaged in the nationwide "Wiggle We Go" campaign, delivering interactive activities for families and young people. The "Take Center Stage" anniversary event in September attracted strong media attention and drove increased foot traffic, with its positive momentum extending into the National Day Golden Week. Consequently, the mall was fully occupied at the end of the year.

Over the past year, **Olympia 66**, the leading luxury destination in Dalian, achieved impressive results with a 12% increase in revenue and a 14% rise in tenant sales. This momentum was fueled by continuous improvements to the brand and trade mix across various categories and floors. Several promotional initiatives, including the “Wiggle We Go” collaboration with other Hang Lung malls for the Company’s 65th anniversary and the mall’s exclusive “Shining Olympia” anniversary celebrations, attracted enthusiastic participation and generated strong footfall throughout the year. Occupancy rate grew one point to 95% at the end of the year.

The **Spring City 66** mall in Kunming recorded a 9% rise in revenue and 7% growth in tenant sales, with a strong occupancy rate that reached 99% by the end of the year. Strategic initiatives aimed at elevating the appeal of the surrounding area included transforming Shangyi Street into an open-air extension of the Spring City 66 mall, positioning it as a vibrant cultural, leisure, and lifestyle destination anchored by a strong mix of first-to-market dining and retail concepts. These efforts have turned the precinct into a vibrant community destination, driving strong footfall and generating widespread media coverage, thereby reinforcing Spring City 66’s status as Southwestern China’s premier retail and lifestyle hub.

Revenue and tenant sales of **Parc 66** in Jinan grew 2% and 6%, respectively. With the Asset Enhancement Initiative (AEI) fully completed in January 2025, customer flow improved and the brand mix broadened, including first-in-town and exclusive concepts. These upgrades have strengthened the mall’s appeal and laid the foundation for long-term, sustainable profitability. Occupancy rate increased four points to 97% at the end of the year.

Palace 66 in Shenyang recorded a 6% increase in revenue and a 17% increase in tenant sales. Enhancements to the food court and the introduction of fresh food and beverage concepts diversified customer demographics and increased traffic. Dynamic marketing campaigns and tenant collaborations, including culinary promotions and live

sports and music events, captured media interest and enhanced engagement, particularly among younger customers. Occupancy rate rose four points to 98% at the end of the year.

Revenue of **Riverside 66** in Tianjin dropped 3% while tenant sales increased 2%. To remain competitive in the dynamic retail environment, we implemented targeted promotional strategies, including IP-brand partnerships such as the “Wiggle We Go” campaign, pop-culture activations, and social media-driven content to maximize marketing reach. Partnerships with leading brands and community organizations helped to integrate the mall into Tianjin’s cultural and commercial scene. Occupancy rate decreased one point to 94% at the end of the year.

Heartland 66 mall in Wuhan recorded declines in revenue and tenant sales of 31% and 23%, respectively. The mall optimized its tenant mix with initiatives such as the launch of a gourmet alley and the introduction of experiential and athleisure concepts. Throughout the year, a range of targeted marketing initiatives, including the star-studded signature event “Glittering Heartland”, the Central China debut of the Butterbear Autumn Baking Workshop and Meet & Greet, and the Doraemon Exhibition, complemented by festive installations and exclusive merchandise, drove strong traffic and tenant sales. Heartland 66 delivered solid results during the National Day Golden Week, despite strong promotional efforts from competitors across the city. Moving forward, we will continue to adopt a flexible approach to refine our marketing strategies, keeping pace with Wuhan’s retail dynamics and maintaining a competitive edge. At the end of the year, occupancy rate grew five points to 90%.

Revenue and tenant sales of the **Forum 66** mall in Shenyang declined 36% and 54%, respectively. A strategic transition is directing the mall on enriching its modern lifestyle and food and beverage offerings to attract more customers and deliver superior shopping experience. Occupancy rate rose two points to 89% at the end of the year.

Offices

The Mainland office leasing market remained sluggish in 2025, constrained by persistent economic uncertainty and excessive supply. Total revenue declined 7% to RMB1,223 million year-on-year, mainly due to lower occupancy rates and negative rental reversions. The premium Grade A office towers at

Plaza 66 in Shanghai accounted for 70% of the overall revenue reduction, reflecting the city's broader market trends as tenants pursued cost-optimization through relocations amid softening rents and abundant supply. Despite these challenges, management upheld rigorous property service standards, thereby preserving quality and service excellence.

Property Leasing – Chinese Mainland Office Portfolio

Name of Office and City	Revenue			Year-End Occupancy Rate	
	2025 RMB Million	2024 RMB Million	Change	2025	2024
Plaza 66, Shanghai	538	606	-11%	82%	87%
Grand Gateway 66, Shanghai	218	225	-3%	89%	91%
Spring City 66, Kunming	133	138	-4%	86%	86%
Forum 66, Shenyang	118	123	-4%	86%	90%
Center 66, Wuxi	114	122	-7%	78%	88%
Heartland 66, Wuhan	102	106	-4%	65%	66%
Total	1,223	1,320	-7%		

Amid prolonged market weakness and persistent oversupply, revenue of our two Grade A office towers at **Plaza 66** in Shanghai decreased 11%, primarily driven by lower unit rents. Reflecting market-wide rental and occupancy pressures in Shanghai's Grade A office sector, occupancy rate fell five points to 82% by the end of the year. Despite these headwinds, we are fully committed to leveraging our prime location and operational excellence to maintain our standing as a leading office destination in Shanghai.

Due to negative rental reversions against a backdrop of subdued market sentiment and rising vacancy rates, revenue of the office tower at **Grand Gateway 66** in Shanghai retreated 3% with occupancy rate dropped two points to 89%.

Revenue of the office tower at **Spring City 66** in Kunming decreased 4% while occupancy remained at 86% at the end of the year. We maintained our market leadership by leveraging our prime location, delivering modular office solutions with premium fit-outs and furnishings, and offering exceptional amenities and services.

As a result of weak demand and new office space coming to market, the office tower at **Forum 66** in Shenyang recorded a 4% decline in revenue. Amid these market pressures, we remain focused on driving active tenant engagement and upholding premium property management standards. Occupancy rate dropped four points to 86% at the end of the year.

Revenue of our two office towers at **Center 66** in Wuxi fell 7%, and occupancy rate retreated ten points to 78% at the end of the year. In the face of intense competition, we continue to reinforce our leadership in Wuxi's premium office segment through our exclusive services, our self-operated multifunctional workspace (HANGOUT), and upcoming hospitality expansions.

The office tower at **Heartland 66** in Wuhan recorded a 4% decline in revenue, and occupancy rate fell one point to 65% at the end of the year. Despite these market headwinds, our self-operated multifunctional workspace, HANGOUT, remains committed to delivering flexible office layouts that meet diverse tenant needs, support emerging business requirements, and foster collaboration.

Residential & Serviced Apartments

Revenue primarily from the residential towers and serviced apartments at Grand Gateway 66 in Shanghai receded 24% during the year. Excluding the impact of the serviced apartment building, which ceased operations at the end of February 2025 for hotel redevelopment, revenue from the residential towers fell 13% due to a 2-point drop in occupancy rate. In response to sluggish market sentiment, we are refining our leasing strategy.

Hong Kong

Hong Kong's domestic consumption remained subdued in 2025, reflecting cautious spending among

locals and changes in the travel behavior of Mainland visitors. The office sector continued to encounter structural challenges; however, our occupancy rate stayed strong at 90%, despite rental pressures arising from additional supply and prudent tenant expansion strategies.

Revenue decreased 3% to HK\$3,096 million and operating profits declined 3% to HK\$2,404 million. Nevertheless, through diversified leasing strategies and tenant mix optimization, we maintained stable occupancy and ensured operational resilience, with the rental margin standing at 78%.

Property Leasing – Hong Kong Portfolio

	Revenue			Year-End Occupancy Rate	
	2025 HK\$ Million	2024 HK\$ Million	Change	2025	2024
Retail	1,761	1,837	-4%	95%	94%
Offices and Industrial/Office	1,106	1,129	-2%	90%	89%
Residential & Serviced Apartments	229	216	6%	91%	88%
Total	3,096	3,182	-3%		

Retail

Our Hong Kong retail portfolio recorded a 4% decrease in revenue to HK\$1,761 million. In response to muted consumer sentiment, we strengthened our leasing approach and optimized our tenant portfolio. At the end of the year, the overall occupancy remained high at 95%.

With market sentiment remaining weak, tenant sales remained stable. To drive consumption, we will sustain efforts to boost consumption through implementing targeted promotional campaigns under the "hello Hang Lung Malls Rewards Program".

Following negative rental reversions and lease restructurings for some anchor tenants, revenue from retail properties in the **Central Business and Tourist District Portfolio** declined 5%. Occupancy rate fell to 94% at the end of the year.

The overall revenue of our **Community Mall Portfolio** decreased 3% year-on-year amid of cautious greater spending among local residents. Occupancy stayed strong at 95% compared with last year.

Offices and Industrial/Office

As a result of negative rental reversions and pressure from declining rental prices caused by oversupply, revenue dropped 2% to HK\$1,106 million. We achieved a relatively high occupancy level of 90% at the end of the year by implementing proactive measures such as offering fitted offices and subdividing premises to accommodate tenant needs.

Revenue from our **Hong Kong Island Portfolio** held steady despite these challenging conditions, accompanied by an occupancy increase of four points to 87% year-on-year. We also launched NET•WORK—a dynamic and flexible office space strategically located within Central's iconic Standard Chartered Bank

Building. This new offer was well received by the market, with occupancy rate reaching 78% at the end of the year.

Revenue of our **Kowloon Portfolio** declined 6% but occupancy remained flat at 93%, reflecting cost-conscious behavior among semi-retail operators and continued rental adjustments.

Hotels

	Revenue			Average Occupancy Rate	
	2025 RMB Million	2024 RMB Million	Change	2025	2024
Conrad Shenyang	137	136	1%	74%	72%
Grand Hyatt Kunming [#]	135	37	265%	65%	44%
Total	272	173	57%		
<i>Total in HK\$ Million equivalent</i>	297	189	57%		

[#] opened in August 2024

Despite mild pressure on the average daily rate, consistent with prevailing market trends in Shenyang, revenue for **Conrad Shenyang** rose 1% year-on-year, supported by an improvement in occupancy, which edged up two points in line with domestic travel demand.

During the first full year of operation, **Grand Hyatt Kunming** recorded revenue of RMB135 million. Momentum accelerated in the second half of 2025, with revenue surging almost 37% compared with the first six months, driven by both higher occupancy and the improved average daily rate.

Property Sales

Revenue of HK\$264 million (2024: HK\$1,538 million) was recognized during the reporting year for the sale of 24 residential units at The Aperture in Hong Kong, 1 unit at Heartland Residences in Wuhan and 5 units at Grand Hyatt Residences Kunming.

Residential & Serviced Apartments

Revenue from our residential and serviced apartments segment increased 6% year-on-year, driven by the Hong Kong government's talent admission regime, with an expanded customer base and flexible terms offerings in serviced apartments.

With gross loss from the sale of properties in the Mainland and Hong Kong and their associated selling and marketing expenses, as well as other operating expenditures, an operating loss from property sales of HK\$102 million was recorded in 2025.

In September 2025, we launched the sale for Center Residences in Wuxi—a key element of Center 66's Phase Two development. The project features two high-rise residential towers with a total of over 500 units. The market response has been encouraging. As of December 31, 2025, 53 units had been sold, generating aggregate proceeds of RMB 443 million.

In Hong Kong, as of December 31, 2025, the contracted property sales yet to be recognized amounted to HK\$709 million, comprising the pre-sale of 53 units at The Aperture and one house at 23-39 Blue Pool Road. Revenue from all contracted units will be recognized upon completion of each respective sale.

Disposal of Investment Properties

We disposed of a duplex unit at Summit at The Peak on Hong Kong Island and two car parking spaces at AquaMarine in Hong Kong. An aggregate gain on disposal of HK\$28 million was recognized under Other Net Income upon completion of these transactions during the year.

In addition, we entered into a sale and purchase agreement with an independent third party to dispose of a subsidiary which owns one house at 23-39 Blue Pool Road in Hong Kong. The transaction is expected to be completed in early 2026.

Property Revaluation

As of December 31, 2025, the total value of our investment properties and those under development amounted to HK\$202,895 million, including the Mainland portfolio of HK\$138,772 million and the Hong Kong portfolio of HK\$64,123 million. These properties were appraised by Savills Valuation and Professional Services Limited, an independent valuer, as of December 31, 2025.

A revaluation loss of HK\$1,166 million was recorded (2024: loss of HK\$1,197 million).

The Mainland portfolio recorded a revaluation loss of HK\$867 million (2024: loss of HK\$851 million), representing less than 1% of the portfolio value as of December 31, 2024.

The Hong Kong portfolio had a revaluation loss of HK\$299 million (2024: loss of HK\$346 million), representing less than 1% of the portfolio value as of December 31, 2024.

A net revaluation loss after tax and non-controlling interests of HK\$1,037 million was reported (2024: net revaluation loss of HK\$714 million).

For details of fair value measurement of the properties, please refer to Note 10 to the Financial Statement.

Property Development

The aggregated values of our projects under development for leasing and sales as of December 31, 2025, were HK\$27,359 million and HK\$7,603 million, respectively. These comprised projects in Wuxi, Hangzhou, Shanghai, and Shenyang in the Chinese Mainland, as well as redevelopment projects in Hong Kong.

Chinese Mainland

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, currently available for sale, are scheduled for completion in phases from the second half of 2026 onward. The hotel includes a seven-story new-build tower and a three-story heritage building offering a combined total of 105 hotel rooms which is slated to open in the first half of 2026.

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. Progressive occupancy of a single-tenant office tower commenced in late November 2025, while the remaining office towers are expected to become operational in phases from 2026 onward. The mall is scheduled to open in the first half of 2026. The hotel, which features 194 premium guestrooms and suites, is expected to open in 2027.

The **Westlake 66 Expansion Project** was confirmed during the year to strengthen the Westlake 66 mall's competitive edge by enhancing its scale, street frontage, accessibility, and visibility. In July 2025, we entered into a lease agreement with the landlord of Hangzhou Department Store, located at 546 Yan'an Road in Hangzhou, adjacent to Westlake 66. The 20-year lease will commence on April 1, 2028. Upon completion of renovation works and phased openings from 2029 onward, the aggregate retail area of the Westlake 66 complex would increase by nearly 40% to 150,000 square meters. In addition to a curated

selection of flagship stores, first-in-market concept locations, and exclusive experiential offerings, the project will feature a wide array of food and beverage options, including alfresco dining and a landscaped area.

As part of the ongoing enhancement efforts in Jing'an District, Shanghai, we have initiated the **Plaza 66 Pavilion Extension**. This will feature a commercial area of approximately 3,080 square meters above ground, 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 expected to be completed in 2026 and aims to offer customers an enriched shopping experience while bolstering the mall's prominence in 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. The hotel, with 149 rooms, is scheduled to open in 2027, with renovation work currently underway.

The remaining mixed-use development of **Forum 66** in Shenyang, with a site area of 44,000 square meters, is temporarily designated for the development of an urban park to enhance community well-being while monitoring market conditions. This is intended to provide vibrant gathering spaces for families and visitors, energizing the surrounding area and generating foot traffic.

Joint Ventures in Chinese Mainland

On December 9, 2025, we entered into a partnership with Wuxi Liangxi City Development Group Co., Ltd. (無錫市梁溪城市發展集團有限公司) — a state-owned enterprise under the Liangxi District government in Wuxi—to obtain a 20-year operating lease for a landmark commercial redevelopment project adjacent to Center 66 (the "**Center 66 Expansion Project**"). The property, formerly known as the Wuxi New World Department Store, is located at 319–339, 341 Zhongshan Road, Wuxi. The redevelopment will increase the total retail area of the Center 66 complex by 38% to approximately 169,000 square meters.

Featuring experiential retail concepts, enhanced community engagement, and seamless integration with Center 66, the upgraded complex will introduce over 80 curated brands across dining, fashion, and lifestyle categories. The Group holds 60% interest in the project.

On December 12, 2025, we successfully secured the **No. 1038 West Nanjing Road Commercial Project** — formerly Westgate Mall—by partnering with Shanghai Join Buy Group Co., Ltd. (上海九百(集團)有限公司), a state-owned enterprise under the Jing'an District government in Shanghai, and its affiliated company. The 20-year lease project will add approximately 96,000 square meters to Hang Lung's portfolio on West Nanjing Road, representing a 44% increase in total gross floor area to approximately 312,000 square meters. The property will be transformed into a dynamic mixed-use complex featuring integrated retail, hospitality, and office spaces. The strategic initiative will significantly enhance the scale and synergy of our Shanghai portfolio, foster a vibrant local community, enrich the cultural atmosphere, and strengthen West Nanjing Road's position as a premier lifestyle destination nationally. The Group holds 60% interest in the project.

Hong Kong

The land site at 37 Shouson Hill Road in the Southern District of Hong Kong Island will be redeveloped into luxury houses. Demolition work was completed in June 2025, and the site formation plan was approved in September 2025. The development scheme is currently in the planning stage.

The acquisition of all units at 8–12A Wilson Road in Jardine's Lookout on 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 eastern Mid-Levels and the Central skyline. The development scheme was approved by the government in May 2025. Demolition commenced in August 2025 and is expected to be completed in the first half of 2026.

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 support corporate expansions. There are enough standby banking facilities in place to protect the Group against unforeseen market dislocations.

All financial risk management, including debt refinancing, foreign exchange exposure, and interest rate volatility, is 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 mix of HKD/RMB borrowings with gradually increasing RMB-denominated borrowings, a balanced combination of fixed/floating-rate debts, a staggered debt repayment profile, and diversified sources of funding.

Cash Management

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

	At December 31, 2025		At December 31, 2024	
	HK\$ Million	% of Total	HK\$ Million	% of Total
Denominated in:				
HKD	3,811	56%	8,415	78%
RMB	2,980	44%	2,400	22%
USD	1	–	2	–
Total cash and bank balances	6,792	100%	10,817	100%

All deposits are placed with banks that carry a strong credit rating, with thresholds set for concentration management and routine monitoring of counterparty risk.

Debt Portfolio

At the balance sheet date, total borrowings amounted to HK\$54,837 million (December 31, 2024: HK\$57,794 million), of which 46% was denominated in RMB, which acts as a natural hedge to net investments in the Chinese Mainland.

Our fixed-rate borrowings primarily consist of bonds, fixed-rate bank loans, and floating-rate bank loans converted into fixed-rate loans through interest rate swaps. Fixed-rate borrowings accounted for 41% of total borrowings as of December 31, 2025. After excluding the onshore floating-rate debts, the fixed-rate borrowings would comprise 59% of total offshore borrowings as of December 31, 2025 (December 31, 2024: 55%).

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

(i) by currency (after currency swap):

	At December 31, 2025		At December 31, 2024	
	HK\$ Million	% of Total	HK\$ Million	% of Total
Denominated in:				
HKD	29,598	54%	37,123	64%
RMB	25,239	46%	20,671	36%
Total borrowings	54,837	100%	57,794	100%

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

	At December 31, 2025		At December 31, 2024	
	HK\$ Million	% of Total	HK\$ Million	% of Total
Fixed	22,418	41%	23,725	41%
Floating	32,419	59%	34,069	59%
Total borrowings	54,837	100%	57,794	100%

Gearing Ratios

At the balance sheet date, the net debt balance amounted to HK\$48,045 million (December 31, 2024: HK\$46,977 million). The net debt to equity ratio was 30.9% (December 31, 2024: 30.8%), and the debt to equity ratio was 35.3% (December 31, 2024: 37.9%).

Maturity Profile and Refinancing

At the balance sheet date, the average tenure of our debt portfolio was maintained at 2.9 years (December 31, 2024: 2.9 years). The maturity profile

is staggered over more than 11 years. Around 60% of our outstanding debts 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 December 31, 2025		At December 31, 2024	
	HK\$ Million	% of Total	HK\$ Million	% of Total
Repayable:				
Within 1 year	4,913	9%	9,340	16%
After 1 but within 2 years	16,868	31%	10,859	19%
After 2 but within 5 years	29,250	53%	33,713	58%
Over 5 years	3,806	7%	3,882	7%
Total borrowings	54,837	100%	57,794	100%

As of December 31, 2025, the total undrawn committed banking facilities amounted to HK\$22,739 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\$2,792 million, equivalent to HK\$21,731 million (December 31, 2024: HK\$16,134 million).

Net Finance Costs and Interest Cover

For the year ended December 31, 2025, gross finance costs decreased 7% to HK\$1,975 million, while the average effective cost of borrowing fell significantly to 3.8% (2024: 4.3%). This was mainly driven by interest rate cuts and lower borrowing costs in the market, alongside an increased proportion of lower-cost RMB-denominated (CNH/CNY) borrowings, which offset and outweighed the higher interest from the increase in average borrowings deployed for capital expenditure.

The net amount charged to the statement of profit or loss (after excluding capitalized amounts) increased to HK\$950 million, as a number of Hong Kong and Mainland projects ceased capitalizing interests upon completion in 2024.

Interest cover for the year ended December 31, 2025, was improved to 3.2 times (2024: 3.0 times).

Foreign Exchange Management

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

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

As of December 31, 2025, net assets denominated in RMB accounted for approximately 68% of our total net assets. The RMB appreciated against the HKD by 1.9% compared with 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\$2,496 million (2024: loss of HK\$2,269 million), recognized in other comprehensive income.

Charge of Assets

None of the Group's assets were charged to third parties as of December 31, 2025, and December 31, 2024.

Capital Commitments

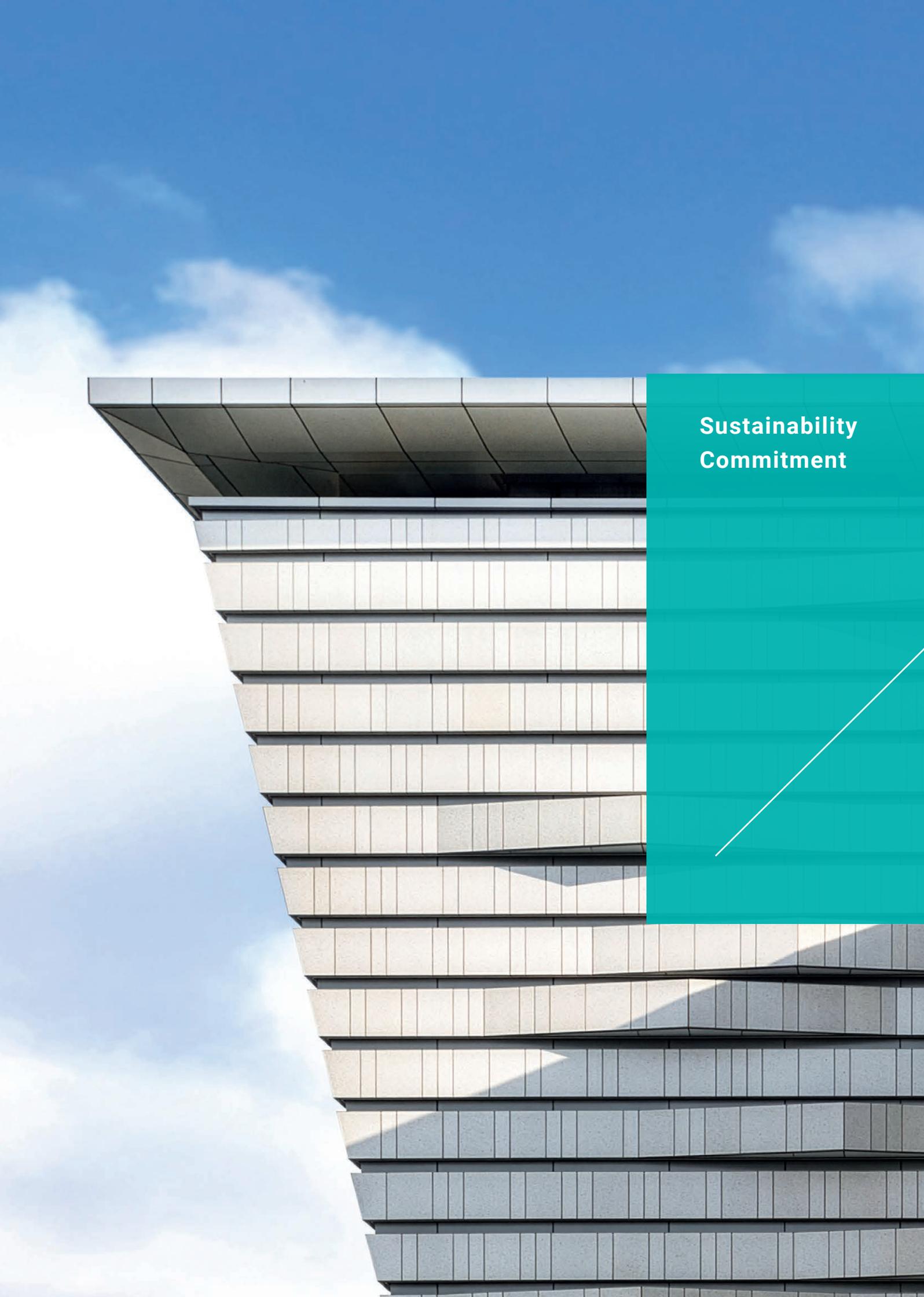
As of December 31, 2025, our capital commitments for the development of investment properties and hotels amounted to HK\$7,223 million (2024: HK\$13,355 million).

The capital commitments in relation to capital injection to new joint ventures projects were RMB790 million (or HK\$875 million) (2024: Nil).

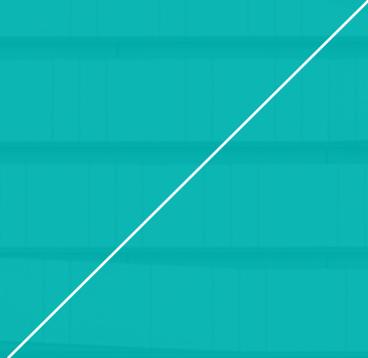
In relation to the Westlake 66 Expansion Project, subject to fulfillment of certain conditions of the lease, the estimated total fixed lease payments for the 20-year lease with effect from April 1, 2028, will amount to approximately RMB3.2 billion (or HK\$3.5 billion) (2024: Nil).

Contingent Liabilities

As of 31 December 31, 2025, an amount of RMB120 million (or HK\$132 million) (2024: Nil) was given to banks with respect to mortgage loans procured by the buyers of property units in Center Residences, Wuxi. Such guarantees will be released by banks upon the issuance of real estate ownership certificates to the buyers and upon completion of the relevant mortgage properties registration.



**Sustainability
Commitment**





Advancing
Net Zero Goals &
Enhancing
Community Partnerships

Sustainability

Our sustainability agenda is built around four priorities: Climate Resilience, Resource Management, Wellbeing, and Sustainable Transactions. These priorities have been underpinned by our annual Strategic ESG KPIs, 2025 Sustainability Targets (“25 x 25”), 2030 Sustainability Goals and Targets, and 2050 targets to achieve net zero value chain greenhouse gas (GHG) emissions.

In 2025, we successfully concluded our 2025 Sustainability Targets. We also refreshed our 2030 Sustainability Goals and Targets (originally established in 2020) in 2026. With greater maturity and access to data in our sustainability journey, we have formulated 20 refreshed targets to guide and focus our actions between 2026 and 2030.

This section provides an overview of our sustainability performance in 2025, highlighting key achievements and areas of progress. For a more in-depth discussion of our sustainability framework, management approach, policies, operating principles, metrics, and performance, please refer to our *Sustainability Report 2025*.



Scan the QR code for *Sustainability Report 2025*



An exhibition showcasing our commitment to sustainability at Hang Lung's 65th anniversary cocktail

Key Highlights in 2025

The following are some of our key sustainability highlights from 2025, including awards received, notable milestones, and areas of progress.

Awards and Recognitions

In 2025, we received over 40 ESG-related awards, further reinforcing our position as a leading real estate company in sustainability. These accolades reflect our commitment to sustainability in such areas as renewable energy, low carbon construction, employee wellbeing, and community investment. For more details on our awards and recognitions, please refer to our corporate website.



2025 Best Corporate Governance and ESG Awards – ESG Special Mention, Medium and Small Market Capitalization Category – Elite Past Winners Section

Hong Kong Institute of Certified Public Accountants



Green Building Award 2025 – Grand Award for Existing Buildings (Interiors)

Hong Kong Green Building Council

Key Highlights in 2025

(continued)

Diverse Abilities • Inclusive Workplace Recognition Scheme – "Caring Employer" Medal (Level 2) – Disability-Inclusive Employer

Labour and Welfare Bureau



OSH Report Award – Bronze Award and the Outstanding Award for the Safety Performance Award (SMEs), 24th Hong Kong Occupational Safety and Health Award

Occupational Safety and Health Council

2025 Gallup Exceptional Workplace Award

Gallup



2024 ESG Model Enterprise Award and 2024 Green Development Model Award

14th China Philanthropy Festival



Social Enterprise Supporter Excellence Award

Fullness Social Enterprises Society



RE100 Leadership Awards 2025 – Best newcomer

Climate Group - RE100



3rd China Corporate Carbon Neutral Performance Ranking – Energy Saving and Carbon Reduction Award

Yicai



Major Milestones

Obtained **over 60% reduction** in Scope 1 and 2 GHG emissions intensity compared to the 2018 baseline

Obtained a **22% reduction** in Scope 3 absolute GHG emissions compared to 2024

Achieved **45% reduction** in steel emissions at Westlake 66 key tunnel project

Our employee engagement performance in the Gallup Overall Database increased from the **79th percentile to the 81st percentile**

80% Mainland operating properties are now powered by **renewable energy**



The Hang Lung As One volunteer team contributed over **73,000 volunteering hours**, benefiting more than 24,000 people in Hong Kong and Chinese Mainland

Hosted the inaugural Changemakers Tenant Sustainability Award Ceremony 2025. In 2025, we partnered with **76 tenants**, representing 20% of our total leased area, on sustainability initiatives



Launched Community • Connect initiative, designed to empower young entrepreneurs and cultural startups to thrive



Celebrated the 15th anniversary of the Hang Lung Center for Real Estate at Tsinghua University through a Forum on Sustainable Development of Cities and Real Estate Cum 15th Anniversary of The Hang Lung Center for Real Estate at Tsinghua University

Climate Resilience

Hang Lung was the first real estate company in Hong Kong and Chinese Mainland to have our near- and long-term net-zero targets validated under the Science Based Targets initiative's (SBTi's) Net Zero Standard in December 2022. In December 2025 we obtained validation that the targets under SBTi aligned with the SBTi Buildings Criteria (V1.1) and SBTi Corporate Net-Zero Standard (V1.3). We remain fully committed to decarbonizing our businesses across our value chain.

The following outlines some of the key initiatives we undertook during the year to support our climate mitigation goals and strengthen our pathway toward net zero.

Driving industry dialogue on the pathway to net zero

Beyond SBTi, we have also conducted our own thorough analysis of decarbonization scenarios. In March 2025, we published a discussion paper titled *Our Journey to Net Zero: Scenarios and Actions to Reduce Greenhouse Gas Emissions to 2050*, exploring potential pathways and strategies to achieve our net zero ambition. The paper shared insights from a comprehensive decarbonization model that integrates more than 1,000 internal and external data inputs. The analysis outlines two key emission reduction scenarios from 2023 through 2050. The findings demonstrate Hang Lung's potential to reach net zero by 2050, anchored by ongoing carbon reduction programs, supplier collaboration, and technological innovation. Following the publication of the discussion paper, we engaged various stakeholders in discussions about our analysis and issues raised, and received positive feedback from industry peers.

80% of Mainland portfolio powered by renewable energy

In 2025, Hang Lung increased the share of renewable energy use in our Chinese Mainland portfolio from 50% to 80%. Three additional properties, Forum 66 and Palace 66 in Shenyang, together with Olympia 66 in Dalian, have fully transitioned to renewable power through power purchase agreements effective from May 1, 2025. They are the first commercial properties in Liaoning Province to achieve this milestone. In 2025, the Group also earned international recognition for our progress in renewable energy procurement. RE100, an initiative of the Climate Group, presented Hang Lung with the "Best Newcomer" Award at the 2025 RE100 Leadership Awards to acknowledge our ambition and pioneering efforts advancing the global transition to 100% renewable electricity.

Low carbon emissions steel procurement

In 2025, we further advanced our embodied carbon reduction efforts by procuring 1,000 tonnes of low carbon emissions steel, representing more than 80% of the reinforcing steel bars used in the key tunnel of the Westlake 66 mixed-use development in Hangzhou. Produced with renewable energy and recycled steel scrap, the material achieves around 45% lower carbon



emissions than conventional steel. This builds on our earlier success at the Plaza 66 Pavilion Extension in Shanghai, the first commercial real estate project in Chinese Mainland to adopt low carbon emissions steel. Between the two projects in Shanghai and Hangzhou, Hang Lung has now procured nearly 2,500 tonnes of low carbon emissions steel in 2024 and 2025, delivering a combined 42% reduction in embodied carbon emissions.

Resource Management

Across Hong Kong and Chinese Mainland, we seek to manage resources effectively through energy efficiency, water savings, reducing waste and recycling materials, and protecting biodiversity where feasible throughout the asset lifecycle. Notably, in 2025, we conducted an energy use intensity benchmarking exercise covering both landlord and tenant operations, continued to provide food waste

recycling advisory services to food and beverage tenants in Hong Kong, and conducted biodiversity studies for the Plaza 66 Pavilion Extension in Shanghai and for Spring City 66 in Kunming.

Green building certifications

We remain committed to aligning our developments with globally recognized sustainability building standards. Since 2007, Hang Lung has committed to obtaining a LEED Gold rating or above, or an equivalent certification, for all new developments in the Mainland and Hong Kong. Our properties have been recognized with various certifications, including LEED, BEAM Plus, and China Green Building Design labels. As of December 2025, 40 of our buildings have been certified as green buildings, including 29 existing buildings and 11 new buildings under development, representing over 80% of our overall gross floor area.



The procurement of low carbon emissions steel at Westlake 66 advances Hang Lung's efforts to lower embodied carbon emissions across its developments



At Forum 66 in Shenyang, representatives from Hang Lung Properties and China Resources Power signed the Green Power Purchase Agreement



During Safe Production Month, safety meetings were held with tenants, contractors, and vendors to review safety management standards, discuss case studies, and exchange industry best practices



Our annual Christmas Fun Day offers employees and their families a joyful opportunity to celebrate the festive season together

Wellbeing

We are committed to fostering wellbeing across various aspects of our business, creating a safe, inclusive, and supportive environment for our employees, tenants, and the communities we serve.

Employee wellbeing and engagement

We place great importance on fostering a workplace where our people feel valued, supported, and empowered to perform at their best. We actively listen to employees through multiple feedback channels, including our two-way performance check-in and review, annual employee engagement survey, and other formal or informal occasions for conversations and idea exchanges. Insights gathered from these engagements inform the development of action plans to address areas for improvement and reinforce strengths. In 2025, we continued to make steady progress in employee engagement, reaching the 81st percentile and ranking among the top 25% of companies in the Gallup Overall Database with the fastest growth in the fifth year.

Health and safety in operations and construction

Hang Lung is committed to maintaining the highest work safety standards for our employees, contractors, customers, and communities. We have implemented health and safety management systems in Hong Kong and Chinese Mainland and provided relevant training to staff. We also engage our employees on safety issues through various means. During our Safe Production Month in June, we organized a series of activities across our Hong Kong and Mainland properties to promote safety awareness and strengthen emergency preparedness, including a quiz, emergency drills, and safety meetings, with over 3,300 colleagues, contractors and tenants participating.

In 2025 we also conducted a survey to obtain employees' feedback on safety, and a safety innovation proposal competition to collect ideas. From 22 submissions received, four received prizes and recognition from management and some of these ideas will be implemented in 2026.



Mr. Kenneth Chiu, Chief Financial Officer of Hang Lung Properties (second from the right), and Ms. Winnie Ho Wing-yin, the Secretary for Housing (third from the right), visited the stores at Peak Galleria to learn about the brand concepts and products of the three young entrepreneurs from the "Well-Being • Start-Up 2.0" program

Wellness building certifications

We integrate wellness-centric design elements across our portfolio, achieving WELL Certifications and WELL Health Safety Ratings (WELL HSR) from the International WELL Building Institute (IWBI) for selected properties. Plaza 66 in Shanghai attained WELL Core Platinum since 2022, while 228 Electric Road in Hong Kong received WELL Gold certification in 2025. We also maintained our WELL HSR ratings for 38 properties in Hong Kong and eight cities across Chinese Mainland, covering over 91% of total gross construction floor area of our portfolio.

Diversity and inclusion

In 2025, we advanced our efforts to promote diversity and inclusion across our workplace and the communities we serve. The Company's second Diversity and Inclusion Week engaged employees through a series of activities held across our Hong Kong and Chinese Mainland offices. The programs featured bazaars by social enterprises, braille, sign language, and assistive technology workshops, designed to foster a culture of inclusion and mutual respect among colleagues of different backgrounds. On recruitment, we collaborated with community organizations such as CareER, Baptist Oi Kwan Social Service, and the China Disabled Persons' Federation to attract talent from diverse backgrounds and strengthen inclusive hiring practices. We also continued to participate in CareER's Disability Inclusion Index to track progress toward a disability-inclusive workplace.

Across our properties in Hong Kong and Chinese Mainland, we have developed a building accessibility checklist and completed assessments for the entire portfolio. To further enhance service inclusivity, we piloted disability etiquette training for selected property management teams in Hong Kong and provided dementia-friendly training to frontline staff in both Hong Kong and the Mainland, equipping them with the knowledge and skills to better support all visitors and tenants.

In our community, we continue to implement the Dementia Friendly Program in partnership with the Hong Kong Christian Service (HKCS). The initiative aims to create a dementia-friendly community in Hong Kong by launching Carer Café at Amoy Plaza and Kornhill Plaza to offer dementia-specific peer support and information, as well as operating monthly cognitive testing stations and carer consultations for individuals and families to assess cognitive health and to connect them with appropriate community resources and support services.

Empowering youth via Community • Connect

In celebration of Hang Lung's 65th anniversary, we launched Community • Connect, a community investment philosophy designed to empower youth and reinforce our commitment to enriching lives. Through vibrant and sustainable community connections and strategic partnerships, the initiative nurtures entrepreneurship, creativity, and inclusion to unlock possibilities for better tomorrow.

Throughout 2025, we implemented a series of Community • Connect pilot projects at three selected locations in the Mainland, including Grand Gateway 66 in Shanghai, Parc 66 in Jinan and Spring City 66 in Kunming. These initiatives provided rent-free opportunities for young entrepreneurs, artisans, and local groups to showcase their businesses, expand their networks, and engage with the wider community. The projects delivered tangible social impacts.

In Hong Kong, we partnered with the Housing Authority's "Well-Being · Start-Up 2.0" program, offering three selected entrepreneurs six months of rent-free retail space at Peak Galleria, Kornhill Plaza, and Amoy Plaza, along with shop renovations, marketing support, and brand exposure. This collaboration empowered these entrepreneurs to test their business ideas and pursue their aspirations.

Supporting households affected by the Wang Fuk Court fire

In response to the tragic fire at Wang Fuk Court in Tai Po, Hang Lung has committed a total of HK\$11 million to establish the Tai Po Wang Fuk Court Fire Relief Fund, providing financial assistance and accommodation support to affected residents. From this total, HK\$10 million was pledged for relief and recovery efforts. To address the urgent need for shelter, Hang Lung also offered 20 serviced apartment units at Kornhill Apartments in Quarry Bay, rent-free for two months, to assist those displaced by the incident.

Sustainable Transactions

We recognize that progress toward our sustainability goals depends on strong partnerships across our value chain. Through collaboration, innovation, and shared responsibility, we are building a more sustainable future for our business, our partners, and the communities we serve.

Tenant partnerships on sustainability

The Company continues to strengthen tenant engagement through various initiatives.

In collaboration with LVMH Group, Hang Lung launched a real-time energy and carbon management platform in 2025 to provide LVMH brands with detailed insights into energy consumption and emissions performance. This digital infrastructure enables the identification of inefficiencies and supports data-driven improvements. In parallel, the Changemakers Circle Podcast continued to share expert perspectives on topics ranging from "Renewable Energy Procurement Strategy" to "Refrigerant Emissions," reinforcing both organizations' commitments to supporting broader industry dialogues with thought leaders. The two groups also sponsored a white paper by the Carbon Containment Lab on how to reduce emissions from refrigerants and cooling in commercial real estate in China and the United States, including a first-of-its-kind cost curve comparing various potential measures.



Supporting households affected by the Wang Fuk Court fire

Hang Lung also expanded tenant engagement efforts through the second full year of our Changemakers: Tenant Partnerships on Sustainability Program ("Changemakers Program"). The initiative brings together office, retail, and hospitality tenants to reduce energy use and waste, promote circularity, and enhance community wellbeing. In April 2025, the Company hosted our first Changemakers Recognition Ceremony to honor tenants for their sustainability achievements in the inaugural year of the program in 2024. Throughout 2025, further initiatives were introduced to strengthen tenant capabilities, including energy audits and food waste management advisory services for food and beverage tenants in Hong Kong. The Company also hosted four capacity-building workshops across Hong Kong and Chinese Mainland, engaging more than 50 tenants and 120 participants.

As of December 2025, 76 tenants have partnered with Hang Lung on sustainability, representing a diverse range of sectors, including office, retail, and hospitality, across 18 properties in Hong Kong and Chinese Mainland, totaling over 319,000 square meters of leased floor area, or 20% of our leased floor area at applicable properties.

Lastly, since the introduction of a sustainability lease addendum in 2024, sustainability provisions were incorporated into all new leases and renewals across Hong Kong and Chinese Mainland in 2025. These

provisions promote tenants' adoption of sustainable operational practices, such as energy efficiency improvements and low carbon fitouts, and encourage tenants' participation in our Changemakers Program.

Supplier engagement

During the year, we strengthened our sustainable procurement practices, deepened engagement with key suppliers on responsible supply chain management, and promoted collaboration on project-level decarbonization initiatives, emphasizing the use of low-carbon and recycled materials. Building on the supplier mapping and assessment of significant suppliers completed in 2024, we conducted on-site audits for two of these suppliers in 2025. In December 2025, we hosted our first supplier workshop, bringing together over 100 participants to foster dialogue and exchange knowledge among suppliers, value chain partners, and supply chain management consultants.

Sustainable finance

As of December 2025, green bonds, green loan facilities, and sustainability-linked loan facilities accounted for 60% of the Company's total debt and available facilities. Hang Lung Group's Sustainable Finance Framework has been in place since January 2023, facilitating access to ESG-based financial instruments and supporting our long-term sustainability agenda.



Participating tenants gathered in Hong Kong and Shanghai for the Changemakers Tenant Sustainability Awards 2025 to celebrate their achievements in sustainability

Corporate Governance Report

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

Vision

We create compelling spaces that enrich lives

Mission

We pursue sustainable growth by connecting our customers and communities

Values

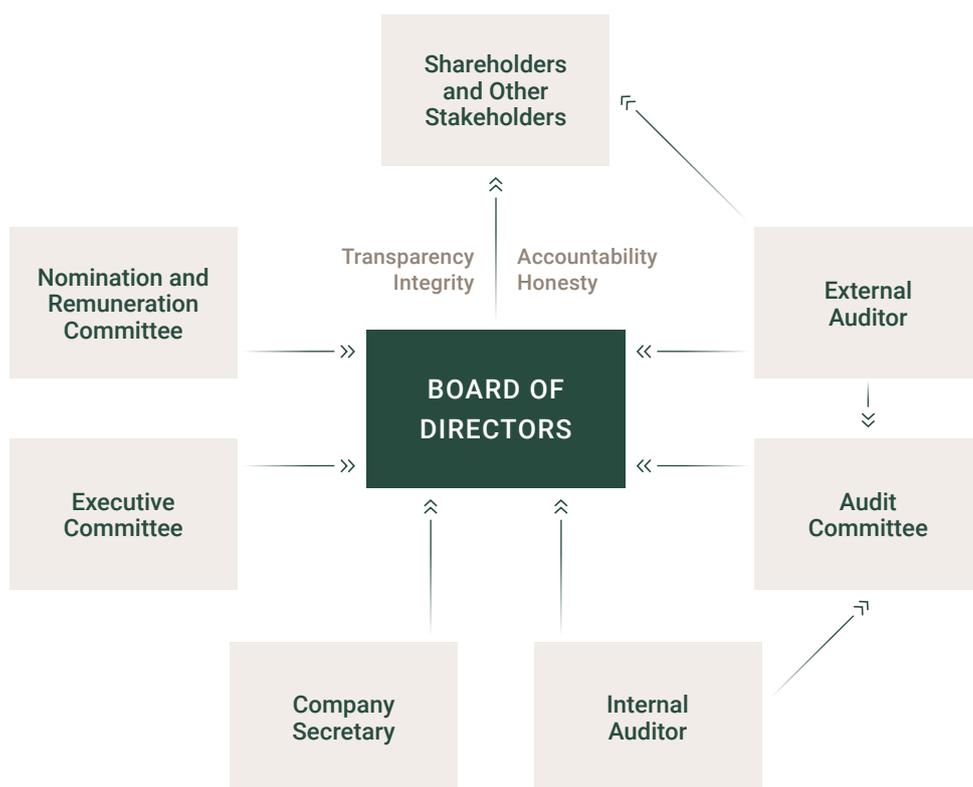
Integrity, Sustainability, Excellence, Openness

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

Our Strong Belief in Good Governance

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

Corporate Governance Structure



Sound Corporate Culture

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

Professional and Accountable Board

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

Prudent Risk Management and Effective Internal Controls

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

Compliance with Corporate Governance Code

During the year ended December 31, 2025, the Company did not only comply with, but in certain areas also exceeded, the requirements of, the code provisions as set out in the CG Code:

Board and Board Committees	
CG Code and Listing Rules Requirements	Company's Practices
<ul style="list-style-type: none"> Four board meetings to be held per year 	<ul style="list-style-type: none"> Six Board meetings were held, including two Board trips to Tianjin and Jinan, Chinese Mainland and Seoul, South Korea
<ul style="list-style-type: none"> One-third of the board shall be INEDs 	<ul style="list-style-type: none"> Approximately 46% of the Board are INEDs
<ul style="list-style-type: none"> Audit committee should comprise a majority of INEDs 	<ul style="list-style-type: none"> Audit Committee comprises three INEDs and one NED
<ul style="list-style-type: none"> Audit committee should meet at least twice a year with the issuer's auditors 	<ul style="list-style-type: none"> Audit Committee met four times with the External Auditor
<ul style="list-style-type: none"> Nomination committee should comprise a majority of INEDs 	<ul style="list-style-type: none"> Nomination and Remuneration Committee comprises INEDs only
<ul style="list-style-type: none"> Remuneration committee should comprise a majority of INEDs 	<ul style="list-style-type: none"> Nomination and Remuneration Committee comprises INEDs only
<ul style="list-style-type: none"> Board and board committee papers should be sent to all directors at least three days before the intended date of board or board committee meeting 	<ul style="list-style-type: none"> Board and Board committee papers were sent to Directors and Board committees' members seven days before the date of meetings

Sustainability

CG Code and Listing Rules Requirements

- Publish ESG report on an annual basis, which may be presented as information in the issuer's annual report or in a separate report

Company's Practices

- Published a sustainability report separate from the annual report
- The Sustainability Steering Committee established in 2013 continued to be in place and met two times
- The Sustainable Finance Subcommittee continued to be in place
- The Health and Safety Subcommittee established in 2022 continued to be in place and met two times
- Achieved all twenty-five 2025 Sustainability Targets (25 x 25)
- Board endorsement for a refreshed set of four Sustainability Goals and 20 Targets for 2030 in 2025, replacing the original four Goals and 10 Targets for 2030 announced in 2020

Risk Management

CG Code and Listing Rules Requirements

- The board should oversee management in the design, implementation and monitoring of the risk management and internal control systems on an ongoing basis, and ensure a review of its effectiveness annually

Company's Practices

- The ERM Working Group, chaired by the CEO, continued to function as a strong mechanism for managing risks. The CEO reported to the Audit Committee four times on key enterprise risks
- A well-established framework for responsive crisis management continued to be in place, with regular drills carried out across all operations

Accountability

CG Code and Listing Rules Requirements

- Annual and interim results should be published within three and two months respectively after the end of the respective accounting periods
- Disclose whether the directors of the issuer have complied with, or whether there has been any non-compliance with, the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions

Company's Practices

- Annual and interim results were published within one month after the end of the respective accounting periods
- Disclosed all Directors have complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions. All executive staff confirmed their compliance with the "Code of Conduct regarding Transactions in the Company's Shares" and declared potential conflict of interests on a half-yearly basis

Communications

CG Code and Listing Rules Requirements

- The board should maintain an on-going dialogue with shareholders and in particular, use formal meetings (including general meetings) to communicate with them and encourage their participation

Company's Practices

- Chair set out his detailed explanation of business strategies and outlook of the Group in the "Chair's Letter to Shareholders"
- Open and direct dialogue between the Board and the shareholders at the AGM
- Proactively engaged with investors and stakeholders through regular analysts' briefings, press conferences, press releases, emails, individual engagements, investors conferences and non-deal roadshows in Hong Kong, Chinese Mainland and overseas
- Organized property tours in Hong Kong and in the Chinese Mainland to deepen investors' knowledge of the portfolio of the Group
- Hosted a dynamic two-day reverse roadshow in Shanghai and Wuxi in October 2025 and engaged institutional investors, sell-side analysts and corporate bankers
- Organized a dedicated ESG non-deal roadshow in June 2025 for equity and fixed income investors

(I) Effective and Qualified Board

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

Composition

The Board comprises 11 Directors:

- Three Executive Directors
 - Mr. Adriel Chan (Chair)
 - Mr. Weber W.P. Lo (CEO)
 - Mr. Kenneth K.K. Chiu (CFO)
- Three Non-Executive Directors
 - Mr. Gerald L. Chan
 - Mr. George K.K. Chang
 - Mr. Roy Y.C. Chen

- Five Independent Non-Executive Directors
 - Mr. Simon S.O. Ip
 - Prof. P.W. Liu
 - Prof. L.C. Tsui
 - Mr. Martin C.K. Liao
 - Ms. May S.B. Tan

Mr. Weber W.P. Lo will retire from his role as the CEO and an Executive Director of the Company on or before August 31, 2026. The Board is undergoing a comprehensive search to identify a successor to Mr. Lo, who will support and facilitate a smooth transition of leadership.

The length of tenure and the current period of appointment of the Directors are set out below:

	Length of Tenure (No. of Year(s))	Current Period of Appointment (No. of Year(s)) (Note)
Executive Directors		
Adriel Chan	9.2	2.8
Weber W.P. Lo	7.7	0.8
Kenneth K.K. Chiu	4.3	0.8
Non-Executive Directors		
Gerald L. Chan	39.2	0.8
George K.K. Chang	10.9	1.8
Roy Y.C. Chen	10.4	1.8
Independent Non-Executive Directors		
Simon S.O. Ip	27.6	0.8
P.W. Liu	10.9	1.8
L.C. Tsui	11.2	2.8
Martin C.K. Liao	11.2	2.8
May S.B. Tan	1.9	1.8

Note

The current period of appointment refers to the period of appointment since such Director's last re-appointment.

Board Diversity

The Board Diversity Policy sets out the approach to achieve diversity on the Board with the aim to have not less than one female director by the end of 2029 and to further enhancing its effectiveness.

Board diversity has been considered from different perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, expertise, skills, knowledge, and length of service. In forming its perspective on diversity, the Company will also take into account factors based on its own business models and specific needs from time to time.

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

The Board currently has one female Director.

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

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

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

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

Workforce Diversity

We have in place a policy on diversity of our workforce. We believe that a culture of inclusivity, diversity, and openness, recognizing that workforce that is home to people from varied backgrounds can generate a more creative, productive and engaged working culture. We are committed to embracing employees with different backgrounds, gender, age, ethnicity, culture, religion and other statuses. This commitment is supported by inclusive recruitment practices, leadership development programs, and employee engagement initiatives such as our annual Diversity and Inclusion Week.

We maintain a highly diverse workforce. Approximately 40% of the overall workforce (including senior management) are female among which, close to 54% of administrative staff are female. An appropriate balance of gender diversity of workforce is maintained taking into account the business models and operational needs.

As part of our measurable objectives, we achieved a 1:1 female-to-male pay ratio in 2025 and committed to maintaining gender pay equity through 2030. We have also committed to gender balance in management positions and ensuring that at least 5% of our workforce across the portfolio comprises individuals from diverse backgrounds by the end of 2030.

Board composition and diversity as of December 31, 2025 was as follows:



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



Functions

An updated list of Directors identifying their roles and functions and whether they are INEDs is maintained on our website and the website of HKEX. Their biographical details, disclosed on pages 126 to 131 of this annual report, are also maintained on our website under "Our Management" of the "Corporate Governance" section.

The Board is responsible for, among other things:

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

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

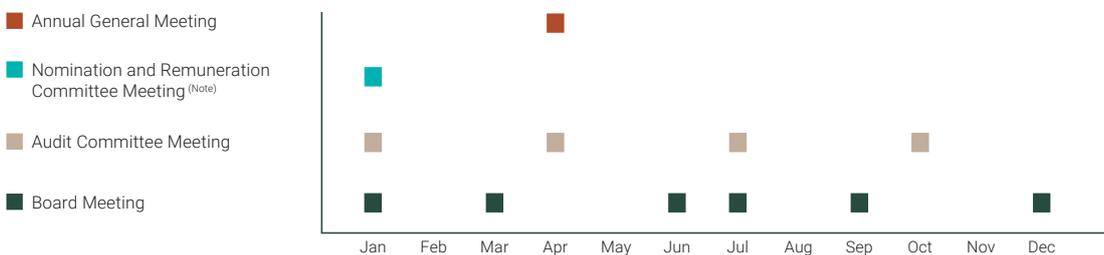
All Directors are required to disclose to the Company any office they hold in public companies or organizations, and other significant external time commitments. Each Director ensures that he/she devotes sufficient time and attention to the affairs of the Company.

None of the INEDs concurrently hold more than six directorships of issuers listed on the Stock Exchange, which ensures that their external commitments will not compromise their ability to properly discharge their duties as INEDs of the Company.

The INEDs are entitled to have full access to management and to request additional information or make enquiries on matters to be discussed at Board meetings, and are also authorized to seek appropriate independent advice both within or outside the Company at the Company's expense.

In 2025, the Board held six regular meetings – four in Hong Kong and two in conjunction with overseas visits to Tianjin and Jinan on the Chinese Mainland, and Seoul, South Korea. During these visits, the Board engaged in an extensive program of activities, including site inspections of the Company’s and competitors' retail properties in Tianjin and Jinan, to gain deeper insights into operational performance, tenant mix, and customer engagement strategies. In Seoul, the Board visited several flagship malls and iconic developments to benchmark best practices in leasing management, marketing innovation, and customer retention. The Directors also attended detailed briefings delivered by CBRE Seoul and Kolon, providing valuable perspectives on the Korean retail landscape and emerging consumer trends across the region.

The timeline of the Board meetings, Board committees meetings, and AGM held in 2025 is set out below:



Note
Two Nomination and Remuneration Committee meetings were held in January 2025.

In 2025, the average attendance rate of the Directors at Board meetings was 94%.

To ensure attendance and active participation, the dates of Board meetings for the full year 2025 as well as the date of 2025 AGM were set in the preceding year and management also arranged video conference participation for those Directors who were unable to attend Board meetings in person.

Details of the Directors' attendance in 2025 are set out below:

Directors	Meetings Attended/Held			
	Board	Audit Committee	Nomination and Remuneration Committee	2025 AGM
Executive Directors				
Adriel Chan	6/6	N/A	N/A	1/1
Weber W.P. Lo	6/6	N/A	N/A	1/1
Kenneth K.K. Chiu	6/6	N/A	N/A	1/1
Non-Executive Directors				
Gerald L. Chan	2/6	N/A	N/A	0/1
George K.K. Chang	6/6	4/4	N/A	1/1
Roy Y.C. Chen	6/6	N/A	N/A	1/1
Independent Non-Executive Directors				
Simon S.O. Ip	6/6	4/4	2/2	1/1
P.W. Liu	6/6	4/4	2/2	1/1
L.C. Tsui	6/6	N/A	N/A	1/1
Martin C.K. Liao	6/6	N/A	2/2	0/1
May S.B. Tan ^(Note)	6/6	4/4	N/A	1/1

Note

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

Board Processes and Access to Information

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

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

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

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

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

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

In addition, all Directors have access to the advice and services of the Company Secretary, a full time employee of the Company, who is responsible to the Board for ensuring that procedures are followed and that all applicable laws, rules and regulations are complied with. The Company Secretary supports the Board by ensuring effective information flow within

the Board and advises the Chair and the Board on corporate governance issues and the implementation of the CG Code. The Company Secretary has taken more than 15 hours of relevant professional training in 2025 to keep her skills and knowledge updated.

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

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

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

2. Clear Division of Responsibilities between Chair and CEO

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

Chair

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

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

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

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

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

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

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

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

CEO

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

- leading the management team in business operations and in the implementation of policies and strategies adopted by the Board;
- the Company's day-to-day management in accordance with the instructions issued by the Board;

- developing strategic operating plans that reflect the objectives and priorities established by the Board and maintaining operational performance;
- ensuring the adequacy of risk management, financial, and internal control systems, and the conduct of business in conformity with applicable laws and regulations; and
- reporting to the Board from time to time on matters of material importance.

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

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

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

3. Independence of INEDs

During the year ended December 31, 2025, the Nomination and Remuneration Committee reviewed the independence of each INED under Rule 3.13 of the Listing Rules and the Board considered each INED to be independent.

We have received from each of our INEDs an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules, and the Board considers all INEDs, including those who have served on the Board for more than nine years, to be independent.

The AGM circular to be dispatched to shareholders will set out the reasons why the Board considers the long-serving INEDs to remain independent, along with the Board's recommendation that shareholders vote in favor of their proposed re-election.

We have commenced succession planning to ensure the orderly transition and phased retirement of long-serving INEDs, in compliance with Rule 3.13A of the Listing Rules. This proactive approach aims to prevent abrupt changes to the Board's composition while maintaining continuity, experience, and sound governance.

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

Board and Committees' structure

As of December 31, 2025, five out of 11 Directors are INEDs, which accounted for approximately 46% of the Board. Furthermore, the Audit Committee comprises 75% of INEDs and the Nomination and Remuneration Committee comprises 100% of INEDs to ensure that independent views and input are available to the Board.

Professional advice

The INEDs are entitled to have full access to management and to request additional information or make enquiries on matters to be discussed at Board meetings, and are also authorized to seek appropriate independent advice both within or outside the Company at the Company's expense.

Conflict management

Directors who have a material interest in a contract, transaction or arrangement are not allowed to vote or be counted in the quorum on any Board resolution approving the same.

4. Appointment, Re-election and Removal

No Directors (including INEDs) have a specific term. They are all subject to rotation and re-election in accordance with the Articles of Association.

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

In accordance with the Articles of Association, a Director appointed by the Board either to fill a casual vacancy or as an addition to the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election.

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

5. Appointment and Induction of New Director

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

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

6. Continuous Professional Development

All Directors are required to participate in continuous professional development to broaden and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. Ongoing training helps Directors keep abreast of current trends and issues facing by the Group, while enabling them to update and refresh their skills and knowledge (including awareness of their responsibilities under statute and common law, the Listing Rules, legal and other regulatory requirements) to perform their duties.

The Company is responsible for arranging and (where necessary) funding a comprehensive, formal and tailored induction for newly appointed Directors upon appointment, and suitable continuous professional development for all Directors.

The training received by each Director in 2025 is summarized below:

Directors	Types of Training
Adriel Chan	A, B, C
Weber W.P. Lo	A, B, C
Gerald L. Chan	A, B
Simon S.O. Ip	A, B, C
P.W. Liu	A, B, C
L.C. Tsui	A, B, C
Martin C.K. Liao	A, B, C
George K.K. Chang	A, B, C
Roy Y.C. Chen	A, B, C
May S.B. Tan	A, B, C
Kenneth K.K. Chiu	A, B, C

- A Attending seminar(s)/forum(s) and/or giving talk(s) relating to the business or directors' duties
- B Reading materials relating to the business or directors' duties
- C Corporate event

(II) Delegation by the Board

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

1. Executive Committee

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

2. Audit Committee

The Audit Committee was established by the Board in 1999. The Committee currently comprises three INEDs, namely, Mr. Simon S.O. Ip (Chair of the Committee), Prof. P.W. Liu and Ms. May S.B. Tan, and one NED, namely Mr. George K.K. Chang, all of whom possess appropriate academic and professional qualifications or related financial management expertise.

The CG Code requires the Audit Committee to hold meetings at least two times per year with the External Auditor. The Audit Committee has exceeded the CG Code requirements and held four meetings with the External Auditor in 2025 for the purpose of, inter alia, discussing the nature and scope of internal audit work and assessing the Company's internal controls. During such meetings, separate sessions were also held with the External Auditor in the absence of management.

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

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

In 2025, the Audit Committee executed, inter alia, the following:

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

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

Risk Management and Internal Control Systems

- carried out annual review of the effectiveness of the Company's risk management and internal control systems. The review covered all material controls, including financial, operational and compliance controls. It also assessed the adequacy of resources (internal and external) for designing, implementing and monitoring the risk management and internal control systems, including staff qualifications and experience, training programs and budget of the Company's accounting, internal audit, financial reporting functions, as well as those relating to the Company's ESG performance and reporting;
- received the financial update and ERM reports, reviewed the related risks (both financial and non-financial) and made recommendations on risk mitigation, including a review of the compliance with Chinese Mainland's data security and personal data protection legislations;

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

Corporate Governance Functions

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

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

3. Nomination and Remuneration Committee

The Nomination and Remuneration Committee, set up in 2003, comprises entirely of INEDs, namely, Prof. P.W. Liu (Chair of the Committee), Mr. Simon S.O. Ip, Mr. Martin C.K. Liao and Ms. May S.B. Tan. In 2025, regular reviews of significant changes to the salary structure within the Group and the terms and conditions affecting Executive Directors and senior management were conducted. The Committee met twice in 2025 to review, inter alia, the composition of Directors and Directors' remuneration.

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

The major works performed by the Committee in 2025 included the following:

- reviewed the Board Diversity Policy and its implementation;
- reviewed the structure, size and diversity of the Board;
- assessed the independence of the INEDs;
- recommended to the Board the selection of individuals nominated for directorships with reference to qualifications and related expertise;
- recommended to the Board the re-election of retiring Directors at the AGM;
- recommended to the Board the Company's remuneration policy and structure for all Directors and senior management;
- determined remuneration packages for individual Executive Directors and senior management, including benefits in kind, pension rights, and compensation payments; and
- recommended to the Board the remuneration of the NEDs and INEDs.

Pursuant to the Nomination Policy, the Committee will:

- review the structure, size and diversity of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- identify individuals suitably qualified to become Directors and select or make recommendations to the Board. In identifying suitable candidates, the Committee shall consider candidates on merits and against objective criteria, with due regard for the benefit of diversity on the Board; and

- make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chair of the Board and the CEO, taking into account the Company's corporate strategy and the mix of skills, knowledge, experience, and diversity needed in the future.

The remuneration package of Executive Directors and senior management, including discretionary bonuses and share options, takes reference from the following three criteria:

- **Individual Performance Metrics:** Skills and knowledge; contribution to the Group's affairs
- **Corporate KPIs and Targets:** Business targets, operations targets, and our (publicly disclosed) 2030 sustainability targets and annual strategic ESG KPIs
- **Financial Metrics:** Financial performance and profitability of the Group

The Committee will determine and, if necessary, adjust the relative weights of these three criteria after considering the responsibilities of each role, the overall Group performance, and the prevailing circumstances.

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

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

Long-term incentives in the form of share options are provided to Executive Directors and senior management, which are subject to a four to five years vesting period, for details of which please refer to pages 139 and 140 of this annual report.

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

4. Management Functions

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

(III) Securities Transactions and Share Interests

1. Securities Transactions

We have set out guidelines regarding securities transactions by the Directors under "Transactions in the Company's Shares" in our "Code of Conduct" according to the required standard set out in the Model Code. The Company has made specific enquiries with all Directors and confirmed that they have complied with the required standard set out in the Model Code and the "Code of Conduct regarding Directors' Securities Transactions" in 2025.

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

2. Share Interests

Details of the Directors' interests in shares and underlying shares of the Company and HLP as of December 31, 2025 were as follows:

Directors	The Company	HLP	
	Number of Shares	Number of Shares	Number of Share Options
Adriel Chan (Note 3)	551,752,580 (Notes 1 & 2)	3,319,568,804 (Note 2)	15,050,000
Weber W.P. Lo	460,000	1,145,385	25,750,000
Gerald L. Chan (Note 3)	–	–	–
Simon S.O. Ip	–	–	–
P.W. Liu	–	100,000	–
L.C. Tsui	–	–	–
Martin C.K. Liao	–	–	–
George K.K. Chang (Note 3)	–	–	–
Roy Y.C. Chen (Note 3)	–	–	–
May S.B. Tan	300,000	–	–
Kenneth K.K. Chiu	–	–	6,800,000

Notes

- These interests included 28,579,500 shares of the Company held by a trust of which Mr. Adriel Chan was a settlor and discretionary beneficiary. Accordingly, Mr. Adriel Chan was deemed to be interested in such shares under the SFO.
- These interests included 522,423,080 shares of the Company and 3,318,864,919 shares of 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 703,885 shares of HLP.
- Mr. Adriel Chan is the son of Mr. Ronnie C. Chan, the Honorary Chair, and a nephew of Mr. Roy Y.C. Chen and Mr. Gerald L. Chan. Mr. George K.K. Chang was an employee of Morningside Group, which was co-founded by Mr. Ronnie C. Chan, the Honorary Chair, and Mr. Gerald L. Chan and is currently chaired by Mr. Gerald L. Chan. Save as disclosed in this annual report, the Chair, the CEO and other Directors do not have any financial, business, family, material or other relevant relationships with each other.

(IV) Accountability and Audit

1. Financial Reporting

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

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

2. Risk Management and Internal Controls

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

The Board is responsible for ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems for the purpose of dealing with identified risks, safeguarding the Company's assets, preventing and detecting fraud, misconduct and loss, ensuring the accuracy of the Company's financial reports and achieving compliance with applicable laws and regulations.

The Board has overall responsibility for the risk management and internal control systems of the Company, in addition to evaluate and determine the nature and extent of the risks it is willing to take in order to achieve the Company's strategic objectives. The Audit Committee supports the Board to oversee the effectiveness of our systems on an ongoing basis and ensures that the systems are reviewed at least annually for the relevant reporting period.

Management is tasked with the design, implementation, and maintenance of a sound and effective risk management and internal control framework with reference to the COSO (Committee of Sponsoring Organizations of the Treadway Commission) principles, which is crucial in bringing corporate strategies to fruition and ensuring the sustainability of the Company. Like any others, our systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk Culture

The Board recognizes that a strong risk culture is essential for effective risk management and long-term sustainability. We foster a culture where risk awareness and accountability are embedded across different levels of the organization and aligned with our vision and mission. Risk considerations are integrated into our strategic planning, decision making, and daily operations of our business activities including leasing activities, and property management.

Through ongoing training, open communication, clear policies and procedures, and regular assessments, we reinforce a proactive approach to risk management. These systematic actions enable us to navigate uncertainties with resilience and deliver sustainable value to our stakeholders.

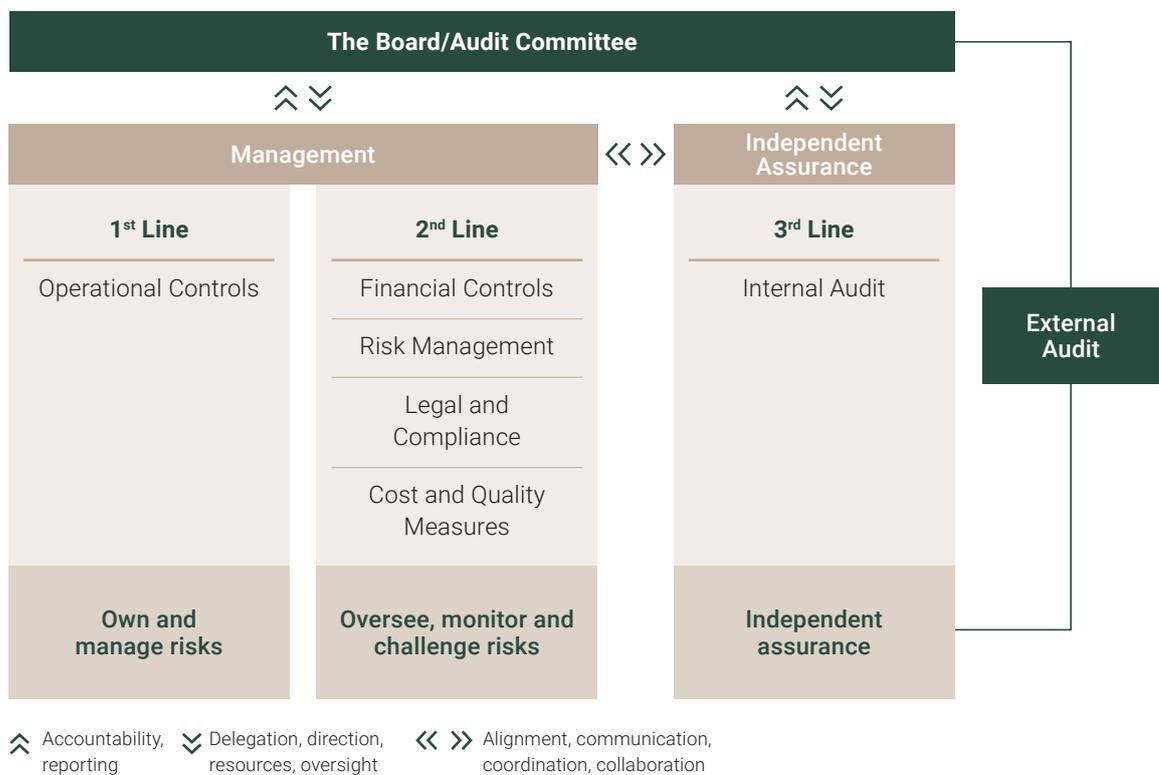
Risk Appetite

The Board has overall responsibility for risk management, including determining the nature and extent of risks the Company is willing to take in pursuit of its strategic objectives. We embrace calculated risks that drive performance and support sustainable growth, while committing to the zero tolerance for unethical behavior. The Company has established a risk assessment matrix, approved by the Board, to evaluate and prioritize risks in accordance with our defined risk appetite. Principal risks are reviewed and assessed at least annually to ensure that appropriate mitigation measures are in place and that overall risk exposure remains within appropriate and acceptable level.

Risk Management Framework

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

Three Lines Model



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

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

In 2025, the ERM Working Group met four times and achieved the following:

- reviewed the effectiveness of the Company's ERM framework;
- reviewed and updated the ERM Policy which is available in the Company's intranet to serve as a guideline for risk management activities;
- reviewed risk assessment criteria to ensure they were appropriately defined in alignment with our risk appetite and continued to be relevant in light of the Company's business and risk profile;
- promoted understanding of the ERM framework and an effective risk-aware culture through our continuous risk management activities;
- identified and evaluated the Company's principal risks and key emerging risks;
- evaluated the comprehensiveness of identified risks at the operational level;

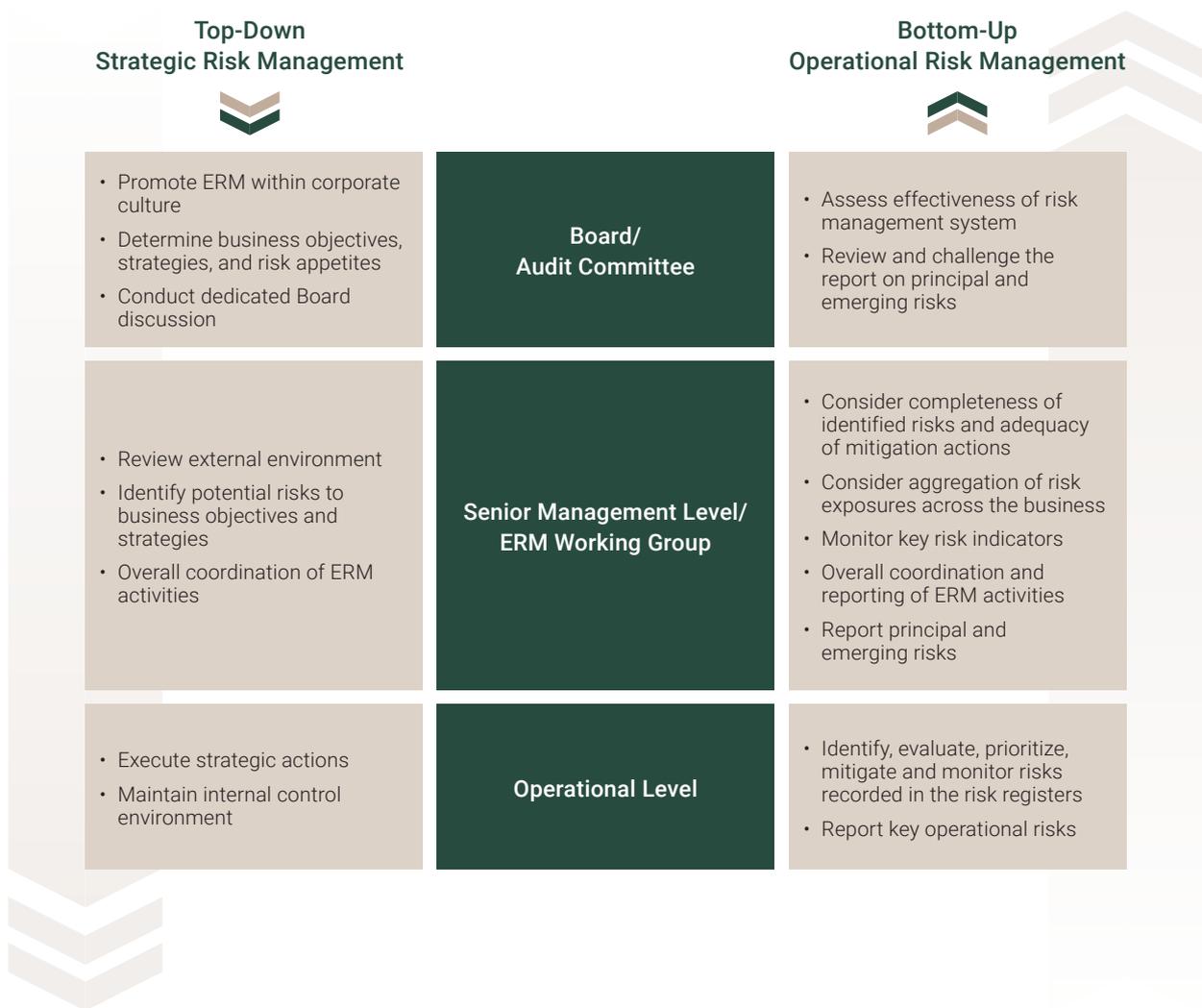
- challenged the risk owners on mitigation actions and their effectiveness;
- analyzed root causes and checked risk enforcement in key areas where controls were previously inadequate or ineffective;
- examined crisis management capacities for handling large-scale, sudden operational adversities; and
- compiled relevant and timely risk reports, including "deep-dives" for the Board and the Audit Committee.

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

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

Risk Management Process

The Company adopts a proactive risk management process which is fully integrated into our daily operations. This enables risk owners to identify, assess, treat, report and monitor significant risks arising from our business and the constantly changing business environment at different levels within the organization. This integrated approach combines a top-down strategic view with complementary bottom-up operational processes, as illustrated below:



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

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

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

Internal Control Framework

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

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

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

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

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

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

In 2025, the Audit Committee met quarterly to discuss internal audit issues with the Internal Auditor and to discuss financial and internal control matters with the External Auditor. The Audit Committee held four direct discussions with the External Auditor in the absence of management. The Audit Committee reported any key issues arising from these meetings to the Board.

There were no significant control failings or weaknesses identified in 2025. Following previous practices, an annual assessment to evaluate the effectiveness of the internal audit operations and activities was also conducted during the year. It was concluded that our internal audit function has been operating effectively in accordance with the Internal Audit Charter.

To ensure the Internal Audit Department's conformance with The Institute of Internal Auditors' Global Internal Audit Standards, an independent assessment, namely a Quality Assurance Review ("QAR"), is conducted by an external qualified party once every five years. The results of the QAR are reported to the Audit Committee.

Annual Assessment

With the management confirmation covering all material controls (including financial, operational and compliance controls) as well as risk management functions of the Company and its subsidiaries for the financial year ended December 31, 2025, and the foregoing review by the Audit Committee, the Board concluded that effective and adequate risk management and internal control systems were in operation during the year.

The level of resources (internal and external) for designing, implementing and monitoring the risk management and internal control systems, including staff qualifications and experience, training programs, and budget of the Company's internal audit, accounting, and financial reporting functions, as well as those relating to the Company's ESG performance and reporting were also assessed and considered adequate.

Principal Risks of the Company

The principal risks the Company faces may not change significantly from year to year, although the magnitude and significance of these risks can and do vary. Our ongoing review of these principal risks focuses on how changes might arise and how our controls need to be adapted in response to evolving business conditions and organizational changes. The Company's principal risks in 2025 are outlined below:

Business and Market Risk

Expansion opportunities is one of the critical drivers for the Company to sustain continuous growth and the desired return on investment. Tight deadlines and fluctuations in material costs have created implementation challenges in delivering our projects safely, on budget, on time, and to the desired quality.

The prolonged economic downturn and subdued consumer sentiment have prompted us to align offers to evolving market dynamics. At the same time, the abundant supply of new high-end offices in both Hong Kong and Chinese Mainland and the softening demand have affected the occupancy rate and rental income of our office portfolio. In addition, the advent of AI and evolving consumer behaviors continue to present new challenges to our business in maintaining competitiveness.

The cybersecurity risk is of an increasing trend and might adversely affect our operation, financial performance and reputation, particularly amid the growing sophistication of AI technologies. In addition, the expanding use of AI across business operations may further increase risk exposure, including information leakage, copyright infringement and inaccurate AI-generated outputs.

Risk Description	Risk Trend	Key Controls and Risk Mitigations
<p>Heavy capital investment coupled with a long investment period and market cycles provide opportunities and challenges in land acquisition</p>		<ul style="list-style-type: none"> • Set investment strategy, criteria, and risk appetite prior to land acquisition, meanwhile, explore opportunities for future expansion through alternative means • Consolidate local market and industry information • Conduct appropriate due diligence, including third-party expert reviews • Identify critical resource constraints in funding or human resources for proper planning • Undertake structured analyses of business opportunities with early involvement of business operation • Focus on product quality and core location as our differentiator • Exercise financial prudence and continually monitor our return on investment
<p>Project complexity, tight deadlines, and fluctuations in material costs after tender award present implementation challenges in delivering projects safely, on budget, on time, and in line with the required quality</p>		<ul style="list-style-type: none"> • Establish clear roles and responsibilities for accountability and division of duties among design, project management, and business operations at various stages of the development cycle • Establish clear and comprehensive policies and procedures with periodic enhancements to tighten controls • Closely monitor the construction process and review all aspects of a development site’s planning and construction, including sustainable initiatives • Closely monitor the price fluctuations and supply of materials, conduct careful tender analysis, tighten controls on price variation claims, extension of time and final accounts • Carry out factory inspections to ensure the quality of materials before delivery to the site, and set up workmanship mockups for review before the commencement of works • Identify and monitor the rectification of any non-compliance cases by the designated safety manager and external safety consultant • Provide regular and comprehensive reports to the Board and the Audit Committee, and strengthen management supervision • Benchmark industry best practices for existing building renovations with a structured project risk management process • Assess existing buildings for hidden conditions, hazardous materials and structural uncertainties to minimize impact on project budget and schedule
<p>The execution of our leasing strategy for Hong Kong projects continues to be challenged by prevailing macroeconomic headwinds</p>		<ul style="list-style-type: none"> • Act on market changes to recruit best trades under our leasing portfolios, enhance food and beverage offerings, introduce exclusive concepts and experience flagships • Conduct ongoing branding and marketing programs as well as joint-tenant promotions to attract and excite both local customers and tourists • Promote customer loyalty by launching targeted incentive programs under the “hello Hang Lung Mall Rewards Program” • Carry out asset enhancement initiatives to maintain our properties’ competitiveness and create a decent shopping environment to our customers

Risk Description	Risk Trend	Key Controls and Risk Mitigations
Economic and geopolitical uncertainty lowers the rental affordability for office tenants, while the abundant supply of high-end offices within the vicinity challenges our occupancy rate	 Excessive office supply in the market coupled with the softening demand	<ul style="list-style-type: none"> • Create a point of difference by offering multiple office solutions, such as traditional offices, modular offices with custom fit-outs, and co-working spaces, namely HANGOUT in Chinese Mainland and NET•WORK in Hong Kong • Keep abreast of the latest market developments to formulate or fine-tune our leasing strategy • Offer a range of tailored fit-out solutions to tenants who wish to minimize their initial relocation costs • Continually enhance the tenant experience by offering world-class management services and effective communication
Fast-paced technological innovations such as e-commerce and AI, as well as rapidly changing consumer behaviors and tastes, could impact the Company's business model or strategy	 Advances in technology and changing consumer tastes undermine competitiveness	<ul style="list-style-type: none"> • Provide a comprehensive view on customer preference and feedback of our service standards through structured customer survey, and track for prompt follow-ups on service pain points • Stay in touch with the latest relevant technologies and assess the impact to our business through data analytics and smart retail solutions • Explore and adopt applicable new technologies, such as AI Chatbot and instant point accumulation, and innovative digital platforms to uplift the overall user experiences • Ensure IT infrastructure readiness for data analytics and security capabilities, such as our data journey revamp project and application security control • Grow customer engagement and loyalty via well-established customer loyalty programs to better engage customers and drive sales
The occurrence of cybersecurity incidents resulting in a failure to protect the confidentiality, integrity, and availability of data or the breakdown of business-critical systems for a prolonged period	 Cybersecurity incidents are rising in frequency and severity worldwide, particularly with the growing sophistication of AI-empowered attacks	<ul style="list-style-type: none"> • Periodically review and update our cybersecurity policy • Regularly conduct security reviews of our IT systems and perform tests on the IT security environment • Formulate disaster recovery plans and execute drills on a regular basis • Provide mandatory and refresher training, and publish cybersecurity newsletters to raise cybersecurity awareness among staff, along with timely communication about related incidents in the market and preventive measures
Misuse of AI tools may pose risks to the Company, including information leakage, copyright infringement, regulatory penalties, system shutdown enforcement, brand reputation damage and data breaches. False information generated by AI tools can result in incorrect business decisions	 The expanded adoption of AI technologies, alongside tightening regulatory requirements and rising model complexity	<ul style="list-style-type: none"> • Establish AI governance, policies and procedures, with ongoing monitoring • Monitor update on AI related regulatory requirements and maintain the policies and procedures • Provide training and enhance staff awareness on safe and proper use of AI

Social and Political Risk

We ensure that our properties remain highly competitive by closely monitoring and responding to changing business environments and market trends. However, geopolitical and economic conditions as well as changes in government policy and the regulatory environment in Chinese Mainland present implementation challenges to our project development and leasing strategies. Moreover, national policy changes in the Chinese Mainland may impact the Company's investment strategies, financing and operations.

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

Risk Description	Risk Trend	Key Controls and Risk Mitigations
The Central Government's policy adjustments may impact investment strategies, financing, and operations in the Chinese Mainland and Hong Kong		<ul style="list-style-type: none"> • Continue to monitor key policy updates and maintain communication with regulators, industry associations, and partners to be aligned with changes • Organize trainings to relevant business operation teams to enhance understanding of policy priorities and potential impacts, thereby strengthening organizational readiness and resource allocation
Introduction of new laws, regulations and policies or sudden changes in existing ones without sufficient consultation and guidelines could adversely affect a project's development and/or our business operations		<ul style="list-style-type: none"> • Closely monitor regulatory developments and market/public sentiment • Actively engage with regulatory bodies and professional firms on updates to laws and regulations • Allocate sufficient internal resources to ensure timely responses to and compliance with regulatory changes • Monitor the impacts of significant breaches or non-compliance with regulatory requirements, as well as exposure to potential litigation or claims, if any, and their magnitude • Continue monitoring and assessing the practical implications and impacts of regulatory changes, prepare legal updates on a quarterly basis, and conduct legislative trend analyses • Maintain proper and sufficient documentation as much as possible
Major external events or crises beyond control or reasonable expectations, such as epidemics, extreme weather, natural disasters, etc., could impact assets or business continuity		<ul style="list-style-type: none"> • Review, update, and validate business continuity plans of critical functions on an annual basis • Continue our sustainability efforts across all portfolios and promote tenant partnership in climate resilience and resource management initiatives • Reinforce internal policies on IT/cybersecurity, digital media and corporate communications guidelines • Strengthen crisis handling skills through ongoing enhancement of the Crisis Management Manual, reporting procedures and effectiveness, alongside online training, regular crisis drills and media trainings • Ensure appropriate insurance coverage for properties and business

Risk Description	Risk Trend	Key Controls and Risk Mitigations
The increase in physical risks of climate change and/or risks in the transition to a low-carbon economy might pose a threat to our operations or assets, the safety of stakeholders and the reputation of the Company	 Align our sustainable growth with the nationwide development concept for carbon peak and carbon neutrality	<ul style="list-style-type: none"> • Strengthen corporate governance of our ESG and enhance transparency of our ESG performance • Closely monitor and proactively respond to ESG regulatory developments and stakeholder risks, including the Hong Kong Institute of Certified Public Accountants' Hong Kong Sustainability Disclosure Standards and HKEX's Environmental, Social and Governance Reporting Code • Embed ESG metrics into business priorities and set up measurable ESG key performance indicators (KPIs) for key business functions • Conduct climate hazard and vulnerability assessment as well as develop and implement adaptation measures and mitigation action plans for climate risks across our properties • Partner with suppliers, tenants and other external stakeholders and strengthen internal sustainability engagement on climate change initiatives • Procure 100% renewable energy at eight Mainland properties, significantly surpassing our 2025 renewable energy target

People and Governance Risk

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

Risk Description	Risk Trend	Key Controls and Risk Mitigations
Failure to recruit, develop, or retain staff with suitable capabilities and the capacity to support the operation and to pursue the ambition of the Company		<ul style="list-style-type: none"> • Formulate manpower plan to match existing and future human capital needs against our business strategy • Fully utilize the Headquarters (Shanghai) as an extended arm of the Headquarters (Hong Kong) to facilitate talent development and attract local talent • Leverage formalized talent and organizational review to identify and retain staff with development potential for critical roles • Provide structured leadership training to support the learning needs of our key talent and enhance functional knowledge and key competencies of the workforce • Build up the young talent pipeline, promote the internal job posting platform "CareerConnect" to encourage staff mobility, and enhance the employee referral program policy • Review the competitiveness of our compensation and conduct benefits enhancements periodically • Continue to conduct Employee Engagement Survey and carry out follow-up actions to engage and retain our staff

Risk Description	Risk Trend	Key Controls and Risk Mitigations
Non-compliance with Chinese Mainland and Hong Kong's data security and personal data protection legislation		<ul style="list-style-type: none"> Regular review and update data security management policies and conduct both company-wide and targeted training to increase staff awareness The Data Security Management Committee, composed of representatives from various business operations and supporting functions, continuously monitors compliance with relevant laws and regulations and acts as a decisive body on data security matters Evaluate the data security and privacy risks by functions, including both self-evaluation and external assessment Perform data security and privacy impact assessment for new initiatives involving personal information Standardize contract clauses with vendors in handling personal data and privacy statements for data subjects Assess cross-border data transfer scenarios periodically
Fraud and corruption activities could result in significant financial losses and/or damage the reputation of the business		<ul style="list-style-type: none"> Strengthen and reinforce the Company's commitment to the highest standards of integrity and accountability Provide ongoing training and reinforce communication with staff on integrity, impartiality, and honesty Operate an effective whistleblowing mechanism with a well-established whistleblowing policy An Investigation Panel consists of representatives for legal, human resources and internal audit continuously to ensure that all complaints were handled consistently, objectively and impartially Formalize anti-corruption policy that benchmarks industry best practices Periodically review and update the Staff Handbook and "Code of Conduct" to emphasize zero tolerance for unethical behavior

Financial Risk

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

Risk Description	Risk Trend	Key Controls and Risk Mitigations
Prolonged economic downturn and unfavorable market conditions could impact property valuations and affect the Company's borrowing capabilities		<ul style="list-style-type: none"> Understand the basis of the asset valuation models of our properties and review capitalization rates with our independent valuer Periodically review our exposure to potential decreases in property valuation and carry out stress tests Review financial risk exposure in accordance with the covenants of our borrowings Perform gearing ratio projections based on reasonable assumptions, taking future financial commitments into account
Portions of the Company's borrowings are floating-rate bank loans, which could expose us to rising interest rates		<ul style="list-style-type: none"> Continually track and monitor interest rates Utilize a spectrum of financing instruments, such as the issuance of fixed rate bonds and loans, and the use of derivatives such as interest rate swaps for achieving an appropriate mix of fixed/floating debts Perform a stress test on borrowing capacity, and maintain a relatively conservative gearing ratio

Risk Description	Risk Trend	Key Controls and Risk Mitigations
Our business in Chinese Mainland has, by nature, currency risk derived from capital investment, as well as risks from revenue/debt currency mismatch		<ul style="list-style-type: none"> • Continually track and monitor the RMB exchange rate • Maintain an appropriate level of RMB resources for the Company's capital requirements in Chinese Mainland • Monitor currency risks and perform periodic sensitivity analyses • Modify our currency hedging strategy as necessary
Market liquidity may change from time to time and inhibit our ability to acquire adequate and cost-effective funding		<ul style="list-style-type: none"> • Centralize the management of cash and financing at the corporate level by the Treasury Team • Maintain closer relationships with banks and intermediaries; Effective management of concentration of bank loans • Manage the maturity profile of deposits and loans to minimize refinancing risk • Establish and maintain diversified channels of debt financing
Credit/counterparty risk exposure primarily from rents receivable and deposits placed with banks		<ul style="list-style-type: none"> • Undertake comprehensive credit assessments of prospective tenants • Require rental deposits and rent in advance, and closely monitor outstanding rents to mitigate our rents receivable risk • Assign bank exposure limits to mitigate concentration risk on our deposits • Only make deposits with banks that have sound financial strength and/or good credit ratings

In addition to the principal risk categories outlined above, the Company has identified and monitored specific emerging risks, such as the rising concerns over the geopolitical trade tensions and trade barriers. During the year, we have evaluated the potential impacts of these emerging risks to our business operations and have taken appropriate mitigation actions, such as reducing over-reliance on concentrated suppliers, exploring alternative sources, and conducting sensitivity analysis. Periodic assessment would be carried out in case any of these emerging risks may become more significant in the future.

3. Code of Conduct

The Company adopted a corporate “Code of Conduct” in 1994 and has maintained it with regular reviews and updates from time to time, as necessary. The latest update was made in February 2026. The “Code of Conduct” is accessible on our intranet and website to enable easy accessibility by our employees and the public.

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

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

A well-defined whistleblowing mechanism has been put in place, to support the whistleblowing policy, for our employees and other third parties who have business dealings with the Group, such as contractors and tenants. It is designed to encourage confidential reporting of concerns regarding misconduct, fraudulent activities, or malpractices in any matter related to the Group. An email account (whistleblowing@hanglung.com) has been set up for this purpose. The Head of Corporate Audit has the responsibility for monitoring and overseeing the mechanism, and all reported cases and associated investigation works by the Internal Auditor (if any) were presented to the Investigation Panel (comprising unit heads from legal, human resources, internal audit, and other relevant corporate functions as appropriate) for review to ensure that all complaints were handled consistently, objectively and impartially. Our Internal Audit Department reports cases to the Audit Committee on a half-yearly basis.

Employees at all levels of the organization are made aware of the Company’s emphasis on integrity and zero-tolerance of unethical behavior through the “Code of Conduct” as well as policies and procedures issued from time to time. Integrity is one of our Company values. We maintain the highest standards of integrity by operating according to the principles of fairness, mutual respect and adherence to business ethics. We provide annual integrity training for all employees. In 2025, a total of 3,458 learning hours on Integrity were delivered to our employees.

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

4. Inside Information

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

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

5. Independence of External Auditor

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

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

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

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

	Year ended December 31, 2025 HK\$ (in million)	Year ended December 31, 2024 HK\$ (in million)
Statutory audit services	13	13
Non-audit services	2	2

The non-audit services cover tax services, corporate and advisory services, and other reporting services.

(V) Communication with Stakeholders

1. Shareholders

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

The Company primarily disseminates information to shareholders and the investment community through its financial reports, annual general meetings and regular meetings with shareholders, investors, and analysts. During the year, the shareholders communication policy has been properly implemented and was considered effective by the Board on the basis that appropriate key executives engaged in regular communication and dialogue with shareholders, investors and analysts via one-on-one meetings, investor conferences, site visits, reverse roadshow and post-results meetings. Interim reports, annual reports and circulars are sent to the shareholders in a timely manner and are also available on the corporate website.

Letters to Shareholders and AGMs

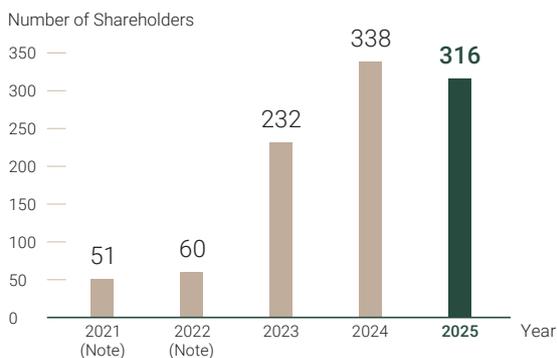
Our commitment to transparency and clarity of communication with our shareholders is perhaps most keenly evidenced in the Letters to Shareholders from the Chair. These communications, personally penned by the Chair and accompanying each annual and interim report, have consistently provided in-depth discussion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

In addition to the Chair's Letter to Shareholders, the Chair uses the AGM as an opportunity to have an open dialogue with shareholders. Our AGM also provides an excellent platform for open communication between shareholders and the Board. The chairs of the Board

and of the Board committees are routinely present to answer queries raised by shareholders. The External Auditor also attends and reports to shareholders at the AGM every year.

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

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



Note

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

2025 AGM

Our last AGM was held on April 30, 2025 at Grand Ballroom, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong. The meeting was attended by 316 shareholders present in person or by proxy or through live online webcast. At the meeting, the Chair had demanded a poll on each of the resolutions submitted for voting, and the shareholders were provided with detailed procedures for conducting the poll.

The resolutions tabled at the 2025 AGM included:

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

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

There were no changes in the Articles of Association in 2025. The Articles of Association is available on our website and the website of HKEX.

The important dates for shareholders for the coming financial year, which include the Board meetings for considering the payments of interim dividend for the six months ending June 30, 2026 and final dividend for the year ending December 31, 2026, and the AGM, are expected to be held in late July 2026, late January 2027, and in April 2027 respectively. Such information is also available on our website under "Financial Calendar" of the "Investor" section.

Procedure for Shareholders to Convene General Meetings

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

Procedure for Shareholders to Put Forward Proposals in General Meetings

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

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

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

- (i) a written notice of such a proposal duly signed by the shareholder(s) concerned; and
- (ii) a written consent duly signed by the Candidate indicating his/her willingness to be elected.

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

Enquiries from Shareholders

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

2. Investors

Details of shareholders by domicile as of December 31, 2025 were as follows:

Domicile	Shareholders		Shareholdings	
	Number	%	Number of Shares	%
Hong Kong	1,655	98.16	1,022,166,534	75.07
Chinese Mainland	7	0.41	112,125	0.01
Macau	2	0.12	108,700	0.01
Taiwan	2	0.12	2,874	0.00
Australia and New Zealand	2	0.12	13,250	0.00
Canada and United States of America	13	0.77	95,923	0.01
United Kingdom	2	0.12	508	0.00
Others	3	0.18	339,118,328	24.90
TOTAL	1,686	100.00	1,361,618,242	100.00

Details of shareholders by holding range as of December 31, 2025 were as follows:

Holding Range	Shareholders*		Shareholdings*	
	Number	%	Number of Shares	%
1 – 1,000 shares	458	27.16	193,802	0.01
1,001 – 5,000 shares	556	32.98	1,670,481	0.12
5,001 – 10,000 shares	252	14.95	2,083,360	0.15
10,001 – 100,000 shares	381	22.60	10,416,224	0.77
Over 100,000 shares	39	2.31	1,347,254,375	98.95
TOTAL	1,686	100.00	1,361,618,242	100.00

* incorporating, in their respective shareholdings range, 243 participants of Central Clearing and Settlement System holding a total of 845,491,035 shares registered in the name of HKSCC Nominees Limited

Based on information that is publicly available to the Company and within the knowledge of the Directors as of the latest practicable date prior to the issue of this annual report, the Company has maintained a public float of 32.38% exceeding the prescribed percentage (i.e. 25%) under the Listing Rules.

Investor Engagement

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

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

During the year under review, we participated in physical conferences and summits while continuing to hold virtual sessions as needed, especially for international investors. Additionally, we organized property tours in Hong Kong and in the Chinese Mainland to deepen investors' knowledge of our portfolio and bolster confidence in our project quality and strategic direction. In October 2025, we hosted a dynamic two-day reverse roadshow in Shanghai and Wuxi, engaging institutional investors, sell-side analysts and corporate bankers.

We also addressed the growing interest in our ESG performance by integrating more sustainable practices into our business strategy. A dedicated ESG non-deal roadshow was organized in June 2025 for our equity and fixed income investors. Our environmental and social initiatives are aligned with our long-term roadmap, and details on our sustainability efforts are readily available on our website.

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

Moving Forward

Strong corporate governance is integral to sustainable business. Although our long track record of good corporate governance speaks for itself, we recognize that the environment is constantly changing, and that we must continue to adapt and improve.

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

By Order of the Board

Winnie Ma

Company Secretary

Hong Kong, January 30, 2026

Profile of the Directors



Aged 43, Mr. Chan was appointed as the Chair of the Company and its major listed subsidiary, HLP (the "Group") in April 2024. He joined the Group in 2010 and was appointed as an Executive Director to the respective boards of the Group in November 2016. From September 2020 to April 2024, he held the position of Vice Chair of the Group and was appointed as the Chair of the Group from April 26, 2024, and oversees all aspects of the Group and chairs the Sustainability Steering Committee of the Group.

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

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



Aged 55, Mr. Lo joined the Company and its major listed subsidiary, HLP, as the Chief Executive Officer Designate in May 2018, and became the Chief Executive Officer in July 2018. He has more than 30 years of experience in business management across the banking and fast-moving consumer goods sectors in Hong Kong and Chinese Mainland. Mr. Lo is a Voting Member of The Hong Kong Jockey Club. He was a Director of The Real Estate Developers Association of Hong Kong, a Member of the Advisory Committee of The Jockey Club CPS Limited (Tai Kwun) and a Member of the Board of Inland Revenue of the Government of the HKSAR. Mr. Lo graduated from The University of Hong Kong in 1993 with a Bachelor of Social Sciences degree. Mr. Lo will retire from his role as the Chief Executive Officer and Executive Director of the Company and HLP on or before August 31, 2026, and the details of which are set out in the Company's announcement dated December 18, 2025.



Aged 74, Mr. Chan has been a Director of the Company since 1986. As a co-founder of Morningside, Mr. Chan has been active in venture capital and private equity investments since 1987. He also serves on the advisory boards of numerous universities including the University of California, Los Angeles, Harvard University and also the Chair of Overseers Committee of Morningside College, The Chinese University of Hong Kong. Mr. Chan received his undergraduate training in engineering at the University of California, Los Angeles, and his Doctor of Science degree from Harvard University. He is the Chairman of Apellis Pharmaceuticals, Inc. and Stealth BioTherapeutics Corp (become a private entity in November 2022) and he was a Non-Executive Director of Aduro Biotech, Inc. and a Director of LumiraDx Limited. He is an uncle of Mr. Adriel Chan, the Chair of the Group.



Aged 77, Mr. Ip joined the Board as an Independent Non-Executive Director in 1998. He is a solicitor and Notary Public. Mr. Ip has a distinguished record of public service. He is a former Legislative Councillor, past President of the Law Society of Hong Kong, a past Member of the Exchange Fund Advisory Committee, a past Member of The Advisory Committee on Post-service Employment of Civil Servants and the Chairman of the Advisory Committee on Post-office Employment for Former Chief Executives and Politically Appointed Officials. Mr. Ip is also a former Chairman of The Hong Kong Jockey Club. He is the Founding Chairman of the Hong Kong Institute of Education (now known as The Education University of Hong Kong) and holds honorary positions in two local universities and Tsinghua University. Mr. Ip was an Independent Non-Executive Director of 長飛光纖光纜股份有限公司 (Yangtze Optical Fibre and Cable Joint Stock Limited Company). He was awarded the Gold Bauhinia Star in July 2017.



Aged 78, Prof. Liu joined the Board as an Independent Non-Executive Director in March 2015. He is a Distinguished Research Fellow and was formerly Pro-Vice-Chancellor of The Chinese University of Hong Kong. He was formerly the Director of the Institute of Global Economics and Finance and was appointed a Distinguished Fulbright Scholar in 2000-01. Prof. Liu served on many government advisory bodies, including the Chairman of the Advisory Committee on Post-office Employment for Former Chief Executives and Politically Appointed Officials, a past Member of the Judicial Officers Recommendation Commission, the Working Group on Long-Term Fiscal Planning of the HKSAR, the Commission on Strategic Development, the Independent Commission on Remuneration for Members of the Executive Council and the Legislature, and Officials under the Political Appointment System of the HKSAR, the Provisional Minimum Wage Commission, the Independent Commission on Remuneration for the Members of the District Councils of the HKSAR and the Aviation Development Advisory Committee. He is also a Director of the Hong Kong Institute for Monetary and Financial Research of the Hong Kong Monetary Authority and the Shenzhen Finance Institute. He was a Non-Executive Director of the Securities and Futures Commission and the Chairman of its Remuneration Committee. Prof. Liu received his AB degree from Princeton University and Ph.D degree from Stanford University in the U.S. He is an Independent Non-Executive Director of Transport International Holdings Limited, and was an Independent Non-Executive Director of China Zheshang Bank Co., Ltd. and Hang Lung Properties Limited, the listed subsidiary of the Company. Prof. Liu was awarded the Silver Bauhinia Star (SBS) in 1999, and appointed Justice of Peace (JP) in 2006.



Aged 75, Prof. Tsui joined the Board as an Independent Non-Executive Director in November 2014. Prof. Tsui was the fourteenth Vice-Chancellor of The University of Hong Kong. He was a Member of the Research Institute at The Hospital for Sick Children in Toronto, Canada since 1981, rising to Geneticist-in-Chief of the Hospital in 1996 and Head of the Genetics and Genomic Biology Program in 1998. Prof. Tsui also held academic appointments at the University of Toronto since 1983, and was awarded the title of University Professor in 1994 and has held an Emeritus status since 2006. He was also the President of the Human Genome Organization from 2000 to 2002. Prof. Tsui has received numerous awards for his work, including the Royal Society of Canada Centennial Award in 1989, Gairdner International Award in 1990, Cresson Medal of Franklin Institute in 1992, XII Sanremo International Award for Genetic Research in 1993, the Distinguished Scientist Award from the Medical Research Council, Canada in 2000, Killam Prize of Canada Council in 2002, the European Cystic Fibrosis Society Award in 2009, 2018 Warren Alpert Foundation Prize and 16 honorary degrees from universities worldwide. He was elected as Fellow of the Royal Society of Canada in 1990, Fellow of the Royal Society of London in 1991, Member of Academia Sinica in 1992, Foreign Associate (now International Member) of the National Academy of Sciences of the U.S. in 2004, Foreign Member of the Chinese Academy of Sciences in 2009, and Founding President of The Hong Kong Academy of Sciences in 2015. Prof. Tsui obtained a Bachelor's degree and Master's degree in biology from The Chinese University of Hong Kong in 1972 and 1974 respectively. He also obtained a Doctorate degree in biological sciences from the University of Pittsburgh in 1979. Prof. Tsui is an Independent Non-Executive Director of PuraPharm Corporation Limited. He is also a Member of Board of Directors of Hong Kong-Shenzhen Innovation and Technology Park Limited, a wholly owned subsidiary of Hong Kong Science and Technology Parks Corporation, and an Expert Advisor to Task Group on New Medical School of the Government of the HKSAR. He was awarded the Grand Bauhinia Medal in July 2016.



Aged 68, Mr. Liao joined the Board as an Independent Non-Executive Director in November 2014. Mr. Liao was elected Deputy (representing HKSAR) to the 11th to 13th National People's Congress of the People's Republic of China. He is currently a Member of the Standing Committee of the 14th National Committee of the Chinese People's Political Consultative Conference. He has been appointed as a Non-Official Member of the Executive Council of the HKSAR since November 2016. He also serves as the Chairman of The Hong Kong Jockey Club. Mr. Liao previously served as a Member of the Legislative Council of the HKSAR, an Independent Non-Executive Director of Bank of China Limited, the Chairman of The Advisory Committee on Corruption of the ICAC and the Chairman of the Anti-Money Laundering and Counter-Terrorist Financing Review Tribunal. He graduated with a Bachelor of Economic Science (Hons) degree and a Master of Laws degree from University College London. Mr. Liao is qualified as a barrister in Hong Kong and was called to the Bar in England and Wales in 1984 and was called to the Bar in Hong Kong in 1985. He is also an advocate and a solicitor admitted in Singapore since 1992. He was awarded the Silver Bauhinia Star in 2014, the Gold Bauhinia Star in 2019 and the Grand Bauhinia Medal in 2024, and appointed Justice of the Peace in 2004.



Aged 73, Mr. Chang joined the Board as a Non-Executive Director in March 2015. He was the Managing Director of Morningside Group, chaired by Mr. Gerald Chan and co-founded by Mr. Ronnie Chan and Mr. Gerald Chan. Mr. Chang started his professional career in a major international accounting firm and has over eight years of experience in public accounting in Hong Kong and Toronto. Prior to joining Morningside Group in 1991, he held senior financial positions in several international manufacturing and trading companies. Mr. Chang received his M.B.A. degree from the University of Wisconsin at Madison and is a Member of the American Institute of Certified Public Accountants, Canadian Institute of Chartered Accountants and Hong Kong Institute of Certified Public Accountants. Mr. Chang formerly served as a board member of publicly-traded companies and accumulated experience in high technology companies. He is an Independent Non-Executive Director of Crystal International Group Limited.



Aged 62, Mr. Chen joined the Board as a Non-Executive Director in September 2015. He is a Director of Sterling Enterprises Limited responsible for managing various investments in global markets, and was formerly the Chairman and the Chief Executive Officer of Grace Financial Limited, specializing in wealth management. Starting his career as a merchant banker in the U.S. and the U.K. until joining Sterling Enterprises Limited in 1993, Mr. Chen has accumulated extensive experience in international banking, finance and investment. He has been actively involved in promoting and improving corporate governance with a special interest in family business situations since 2000 and was appointed the Founding Director of the Family Business Network Pacific Asia Ltd. (FBNPA) from 2008 to 2012. Mr. Chen is also a Co-founder of Seeds Foundation and serves on the grants committee of ZeShan Foundation and Seeds Foundation. He previously served as a Member of the Listing Committee of the Stock Exchange, Takeovers and Mergers Panel and the Public Shareholders Group of the Securities and Futures Commission of Hong Kong. Mr. Chen received his Bachelor of Arts degree in Economics from Claremont McKenna College, and an M.B.A. from Columbia University in the U.S.



Aged 70, Ms. Tan joined the Board as an Independent Non-Executive Director in March 2024. She graduated from The University of Sheffield, and is a Fellow of The Institute of Chartered Accountants in England and Wales and a Fellow of The Hong Kong Institute of Certified Public Accountants. Ms. Tan is an Independent Non-Executive Director, the Chair of the Audit & Risk Committee, and a Member of the Nomination Committee, the Finance & General Committee, the Sustainability Committee, and the Human Resources & Remuneration Committee, of CLP Holdings Limited. She is also an Independent Non-Executive Director, the Chair of the Corporate Governance and Nominating Committee and a Member of the Audit Committee, of Manulife Financial Corporation. She holds the position as a Director of MSIG Insurance (Hong Kong) Limited. Ms. Tan was a Board Member of Anticimex New TopHolding AB from May 2020 to November 2025; an Independent Non-Executive Director of JPMorgan China Growth & Income plc from August 2021 to January 2024; an Independent Non-Executive Director of Link Asset Management Ltd. (as manager of Link Real Estate Investment Trust) from February 2013 to January 2022; and an Independent Non-Executive Director of HSBC Insurance (Asia) Limited and HSBC Life (International) Limited from 2018 to 2021. She was an Executive Director and the Chief Executive Officer of Standard Chartered Bank (Hong Kong) Limited from July 2014 to February 2017. Ms. Tan joined Standard Chartered Bank in 2009 as Global Head, Equity Corporate Finance. She was previously the Chief Executive Officer of Cazenove Asia Limited, and was a partner of Cazenove and Co. Cazenove Asia Limited (now

known as Standard Chartered Securities (Hong Kong Limited) became part of Standard Chartered Hong Kong in January 2009. In public service, Ms. Tan is an Executive Committee Member of the Hong Kong Youth Arts Foundation; a Council Member of Asian Corporate Governance Association Limited; and a Member of Advisory Council of The Malaysian Chamber of Commerce (Hong Kong & Macau) Limited. She was a Member of the Standing Committee on Judicial Salaries and Conditions of Service from 2015 to 2020. In 2016, Ms. Tan was the Chairman of the Hong Kong Association of Banks, the Ex-officio Member of The Hong Kong Trade Development Council and a Member of the Currency Board Sub-Committee of the Exchange Fund Advisory Committee of Hong Kong Monetary Authority. She was a Member of the Listing Committee of the Stock Exchange from 2012 to 2015 and a Member of the Takeovers and Mergers Panel and the Takeovers Appeal Committee of the Securities and Futures Commission from 2001 to 2013. Ms. Tan was also a Council Member from 2008 to 2017 and the Vice Chairman from 2012 to 2017 of Oxfam Hong Kong.



Aged 50, Mr. Chiu joined the boards of the Company and its major listed subsidiary, HLP, as an Executive Director and the Chief Financial Officer Designate in October 2021, and became the Chief Financial Officer in March 2022. He has over 28 years of experience in investment management, corporate finance, and accounting in the Asia Pacific region. Mr. Chiu previously served as the Chief Financial Officer of Gaw Capital Partners, where he headed the finance function from 2013 to 2021. Prior to joining Gaw Capital Partners, Mr. Chiu worked at Temasek Holdings as a Director in its Investment Group. He served Temasek Holdings from 2007 to 2013 and oversaw its real estate related investments in the Greater China region. Mr. Chiu also worked at Deutsche Bank AG in mergers & acquisitions advisory, and at PricewaterhouseCoopers and Arthur Andersen in audit and assurance. He is a qualified Certified Public Accountant in Hong Kong, and a Chartered Accountant in England and Wales. Mr. Chiu holds a Bachelor of Business Administration in Accounting from The Hong Kong University of Science and Technology and a Master of Science in Finance from the London Business School.

Profile of Key Executive

Ms. Winnie Yuen Wah Ma

Director – General Counsel & Company Secretary

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

Report of the Directors

The Directors are pleased to present their report, together with the audited consolidated Financial Statements for the year ended December 31, 2025.

Principal Activities

The principal activities of the Company are investment holding, and through its subsidiaries, property development for sales and leasing, property investment for rental income, and other investments. The Group also operate in property management, and through its joint ventures, are involved in the provision of dry and laundry cleaning services.

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

Principal Subsidiaries and Joint Ventures

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

Financial Results

The results of the Group for the year ended December 31, 2025 are set out in the consolidated Financial Statements on pages 149 to 213.

Dividends

The Board recommends a final dividend of HK65 cents per share which, together with the interim dividend of HK21 cents per share paid on September 24, 2025, makes a total of HK86 cents per share in respect of the year ended December 31, 2025. The proposed final dividend, if approved by the shareholders at the AGM on April 30, 2026, is expected to be paid on June 15, 2026 to shareholders whose names appear on the register of members on May 8, 2026. In recommending a dividend, the Company takes into account the return to shareholders and its funding requirements for future business growth.

Business Review

A fair review of the Group's business and a discussion and analysis of the Group's performance during the year, along with the material factors underlying its results and financial position are included in the Review of Operations and Financial Review sections on pages 18 to 61 and pages 64 to 77 respectively. A description of the principal risks and uncertainties facing the Company can be found throughout this annual report, particularly in the Corporate Governance Report on pages 113 to 119. The particulars of important events affecting the Company which have occurred since the end of the financial year 2025, if any, can also be found in the abovementioned sections and the Notes to the Financial Statements. The outlook of the Group's business is discussed in the Review of Operations section on pages 18 to 61.

An analysis of the Group's performance using financial key performance indicators is provided in the Financial Highlights and Financial Review sections on pages 8 to 9 and pages 64 to 77 respectively. A brief discussion of the Company's sustainability performance, including but not limited to environmental issues across its operations, is provided in the Sustainability section on pages 80 to 89. For details of the Company's sustainability policies, an account of the Company's relationships with its key stakeholders, and further details of its sustainability performance, please refer to our parallel publication Sustainability Report 2025, which is available on our website under "Sustainability Publications" of the "Sustainability" section.

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

Ten-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last 10 financial years is set out on pages 214 and 215.

Major Suppliers and Customers

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

Distributable Reserves

The Company's reserves available for distribution to shareholders as at December 31, 2025 amounted to HK\$24,684 million (2024: HK\$23,516 million).

Donations

Donations made by the Group during the year amounted to HK\$20 million (2024: HK\$5 million).

Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Group as at December 31, 2025 are set out in Note 17 to the Financial Statements.

Borrowing Costs Capitalization

Borrowing costs capitalized by the Group during the year amounted to HK\$984 million (2024: HK\$1,183 million).

Major Group Properties

Details of major properties of the Group as at December 31, 2025 are set out on pages 58 to 61.

Share Capital

During the year, the Company did not issue any shares (2024: Nil).

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

Share Capital of the Company's Listed Subsidiary

During the year, 272,964,912 shares (2024: 284,420,860 shares) were issued by the Company's listed subsidiary, HLP in respect of the scrip dividend arrangement among which (i) 54,634,507 scrip shares were issued on September 24, 2025 in respect of the interim dividend of HLP for the six months ended June 30, 2025 and (ii) 218,330,405 scrip shares were issued on June 16, 2025 in respect of the final dividend of HLP for the year ended December 31, 2024. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of HLP.

Debentures

HLP Finance Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of HLP, maintains a US\$4,000,000,000 Medium Term Note Programme (the "MTN Programme"). During the year, no debenture or bond has been issued under the MTN Programme.

Equity-Linked Agreements

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

Directors

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

Mr. Adriel Chan
 Mr. Weber W.P. Lo
 Mr. Gerald L. Chan
 Mr. Simon S.O. Ip
 Prof. P.W. Liu
 Prof. L.C. Tsui
 Mr. Martin C.K. Liao
 Mr. George K.K. Chang
 Mr. Roy Y.C. Chen
 Ms. May S.B. Tan
 Mr. Kenneth K.K. Chiu

The biographical details of the Directors are set out on pages 126 to 131. Details of their remuneration are set out in Note 6 to the Financial Statements.

Mr. Weber W.P. Lo will retire from his role as the CEO and an Executive Director of the Company on or before August 31, 2026. The Board is undergoing a comprehensive search to identify a successor to Mr. Lo, who will support and facilitate a smooth transition of leadership.

In accordance with article 103 of the Articles of Association, Mr. Adriel Chan, Prof. P.W. Liu, Prof. L.C. Tsui and Mr. Martin C.K. Liao will retire from the Board by rotation at the forthcoming AGM, and Mr. Adriel Chan, Prof. P.W. Liu and Mr. Martin C.K. Liao, being eligible, will offer themselves for re-election. Prof. L.C. Tsui will not offer himself for re-election and will retire from the Board with effect from the conclusion of the forthcoming AGM.

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

Changes in the Directors' information

Mr. Weber W.P. Lo ceased to be a Member of the Advisory Committee of The Jockey Club CPS Limited (Tai Kwun) with effect from December 31, 2025.

Mr. Martin C.K. Liao ceased to be a Member of the Legislative Council of the HKSAR with effect from December 31, 2025 and appointed as the Chairman of The Hong Kong Jockey Club with effect from August 29, 2025.

Ms. May S.B. Tan ceased to be the Board Member of Anticimex New TopHolding AB with effect from November 2025.

Save as disclosed above, there is no other information that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Directors' Service Contracts

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

Directors' Interests in Transaction, Arrangement or Contract

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

Permitted Indemnity

Pursuant to the Articles of Association, every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto subject to the Companies Ordinance. Such permitted indemnity provision for the benefit of the Directors was in force during the year and remained in force as of the date of this report.

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

As at December 31, 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 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)		HLP (Long Positions)		
		Number of Shares	% of Total Number of Issued Shares (Note 4)	Number of Shares	% of Total Number of Issued Shares (Note 4)	Number of Share Options (Note 3)
Adriel Chan	Personal & Other	551,752,580 (Notes 1 & 2)	40.52	3,319,568,804 (Note 2)	65.65	15,050,000
Weber W.P. Lo	Personal	460,000	0.03	1,145,385	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	Personal	300,000	0.02	–	–	–
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 another 522,423,080 shares of the Company and 3,318,864,919 shares of 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 703,885 shares of HLP.
- Movements of Directors' share options under the 2012 Share Option Scheme and the 2022 Share Option Scheme are set out under the section below headed under "Share Option Schemes".
- Shareholding percentages were calculated based on the total number of issued shares of the Company as at December 31, 2025, being 1,361,618,242 shares and the total number of issued shares of HLP as at December 31, 2025, being 5,056,646,442 shares.

Save as disclosed above, none of the Directors had, as at December 31, 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 year 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 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 has a remaining life of approximately six years and one month and 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 year, share options entitling the grantees to subscribe for a total of 6,600,000 new shares of HLP were granted under the 2022 Share Option Scheme. As at December 31, 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 annual report, the total number of shares available for issue in respect of the share options granted under the 2012 Share Option Scheme and the 2022 Share Option Scheme were 160,460,500 and 50,527,000, respectively, representing approximately 3.2% and 1.0% of the total number of issued shares of HLP. As at the date of this annual report, the total number of shares available for issue in respect of which options may be granted under the 2022 Share Option Scheme 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 year divided by the weighted average number of HLP ordinary shares in issue for the year is 0.02.

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

Date of Grant	Category of Participants (Note 1)	Number of Share Options					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 Year	Exercised during the Year	Lapsed/ Forfeited during the Year	Outstanding as at Dec 31, 2025				
Aug 10, 2017	<i>Honorary Chair:</i> 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%	Aug 9, 2027
	<i>Director:</i> Adriel Chan	1,850,000	-	-	-	1,850,000				
	<i>Director of HLP</i>	2,500,000	-	-	-	2,500,000				
	<i>Employees</i>	18,944,000	-	-	(2,063,000)	16,881,000				
		25,219,000	-	-	(2,063,000)	23,156,000				
May 16, 2018	<i>Director:</i> 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%	May 15, 2028
		10,000,000	-	-	-	10,000,000				
Jun 28, 2019	<i>Honorary Chair:</i> 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%	Jun 27, 2029
	<i>Directors:</i> Adriel Chan	2,200,000	-	-	-	2,200,000				
	Weber W.P. Lo	2,750,000	-	-	-	2,750,000				
	<i>Employees</i>	28,697,500	-	-	(3,332,000)	25,365,500				
		36,672,500	-	-	(3,332,000)	33,340,500				
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%	May 11, 2031
	<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	-	-	(5,026,000)	35,080,000				
		49,406,000	-	-	(5,026,000)	44,380,000				
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%	Oct 5, 2031
		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%	Feb 20, 2032
	<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	-	-	(5,168,000)	36,272,000				
		52,840,000	-	-	(5,168,000)	47,672,000				
	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	-	-	(15,589,000)	113,598,500				
Total		176,137,500	-	-	(15,589,000)	160,548,500				

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

Date of Grant	Category of Participants (Note 1)	Number of Share Options				Outstanding as at Dec 31, 2025	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 Year	Exercised during the Year	Lapsed/ Forfeited during the Year					
Jun 28, 2023	<i>Honorary Chair:</i> Ronnie C. Chan (Note 3)	3,300,000	-	-	-	3,300,000	12.49	12.34	Jun 28, 2025: 20% Jun 28, 2026: 30% Jun 28, 2027: 50%	Jun 27, 2033
	<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>	36,724,000	-	-	(4,131,000)	32,593,000				
		48,124,000	-	-	(4,131,000)	43,993,000				
Jan 27, 2025	<i>Directors:</i> Adriel Chan	-	2,000,000	-	-	2,000,000	6.21	6.21	Jan 27, 2027: 20% Jan 27, 2028: 30% Jan 27, 2029: 50%	Jan 26, 2035
	Weber W.P. Lo	-	4,000,000	-	-	4,000,000		(Note 4)		
	Kenneth K.K. Chiu	-	600,000	-	-	600,000				
		-	6,600,000	-	-	6,600,000				
	Honorary Chair	3,300,000	-	-	-	3,300,000				
	Directors	8,100,000	6,600,000	-	-	14,700,000				
	Employees	36,724,000	-	-	(4,131,000)	32,593,000				
Total		48,124,000	6,600,000	-	(4,131,000)	50,593,000				

Notes

- "Employees" include current and former employees of HLP and its subsidiaries 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.
- The closing price per HLP share as quoted on the Stock Exchange on the trading day immediately before the date of grant is HK\$5.95.
- No share options were cancelled during the Year.

Please also refer to Note 26 to the Financial Statements for further details of the Share Option Schemes.

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

As at December 31, 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

1. 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.
2. 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.
3. This company was a wholly-owned subsidiary of Merssion Limited, its interests were included in 522,423,080 shares held by Merssion Limited.
4. These shares were held in the capacity of investment managers.
5. Shareholding percentages were calculated based on the total number of issued shares of the Company as at December 31, 2025, being 1,361,618,242 shares.

Save as disclosed above, as at December 31, 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.

Related Party Transactions

Details of the material related party transactions undertaken in the usual course of business of the Group are set out in Note 27 to the Financial Statements. None of these related party transactions constitutes a discloseable connected transaction or continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Management Contracts

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

Purchase, Sale or Redemption of Listed Securities

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

During the year and as at December 31, 2025, the Company did not have any treasury shares (as defined in the Listing Rules).

Employees

As of December 31, 2025, the number of employees was 4,595 (comprising 912 Hong Kong employees and 3,683 Chinese Mainland employees). 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 training for employees. For details of the trainings provided to the employees, please refer to the sections headed "Code of Conduct" in this annual report. For details of the benefits of employees, please refer to Notes 5 and 26 to the Financial Statements.

Corporate Governance

The Company's corporate governance practices are set out in the Corporate Governance Report on pages 90 to 125.

Auditor

The consolidated Financial Statements for the year ended December 31, 2025 have been audited by KPMG. A resolution to re-appoint KPMG as the auditor of the Company until the conclusion of the 2027 AGM will be proposed at the forthcoming AGM.

By Order of the Board

Winnie Ma

Company Secretary

Hong Kong, January 30, 2026

Independent Auditor's Report



Independent auditor's report to the members of Hang Lung Group Limited

(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Hang Lung Group Limited ("the Company") and its subsidiaries ("the Group") set out on pages 149 to 213, which comprise the consolidated statement of financial position as at December 31, 2025, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

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

Key audit matters

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

Valuation of investment properties and investment properties under development

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

The Key Audit Matter

The aggregate fair values of the Group's investment properties and investment properties under development as at December 31, 2025 amounted to HK\$202,895 million, representing 86% of the Group's total assets as at that date.

The decrease in fair values of the Group's investment properties and investment properties under development recorded in the consolidated statement of profit or loss for the year ended December 31, 2025 amounted to HK\$1,166 million.

The Group's investment properties and investment properties under development, which are located in Hong Kong and Mainland China, mainly comprise shopping malls, office premises, industrial premises, residential premises and car parking bays.

The fair values of the Group's investment properties and investment properties under development were assessed by management based on independent valuations prepared by an external property valuer.

How the matter was addressed in our audit

Our audit procedures to assess the valuation of investment properties and investment properties under development included the following:

- assessing the competence, capability, experience of the locations and types of properties subject to valuation and objectivity of the external property valuer;
- evaluating the valuation methodology used by the external property valuer based on our knowledge of other property valuers for similar types of properties;
- on a sample basis, comparing the tenancy information included in the valuation models, which included committed rents and occupancy rates, with underlying contracts and related documentation;
- discussing the valuations with the external property valuer in a separate private session and challenging key estimates adopted in the valuations, including those relating to market selling prices, market rents and capitalization rates, by comparing them with historical rates and available market data, taking into consideration comparability and other local market factors, with the assistance of our internal property valuation specialists;

Valuation of investment properties and investment properties under development

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

The Key Audit Matter

We identified valuation of the Group's investment properties and investment properties under development as a key audit matter because of the significance of investment properties and investment properties under development to the Group's consolidated financial statements and because the determination of the fair values and estimated development costs involves significant judgement and estimation, including selecting the appropriate valuation methodology, capitalization rates and market rents and, for investment properties under development, an estimation of costs to complete each property development project.

How the matter was addressed in our audit

- for investment properties under development, comparing the estimated construction costs to complete each property development project with the Group's updated budgets, and perform retrospective review by comparing the actual construction costs incurred with those included in prior year's forecasts;
- conducting site visits to all investment properties under development and discussing with management and the in-house quantity surveyor the development progress and the development budgets reflected in the latest forecasts for each property development project; and
- comparing, on a sample basis, the quantity surveyor's reports for the construction costs incurred for investment properties under development with the underlying payment records and other documentation relevant to the construction cost accruals and/or payments.

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. We obtained all of the other information prior to the date of this auditor's report apart from "Chair's Letter to Shareholders". The remaining information is expected to be made available to us after that date.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors for the consolidated financial statements

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is

sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group to as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

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

The engagement partner on the audit resulting in this independent auditor's report is Yau Ngai Lun, Alan (practicing certificate number: P06436).

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

January 30, 2026

Financial Statements

149	Consolidated Statement of Profit or Loss
150	Consolidated Statement of Profit or Loss and Other Comprehensive Income
151	Consolidated Statement of Financial Position
152	Consolidated Statement of Changes in Equity
154	Consolidated Cash Flow Statement
155	Notes to the Financial Statements
155	1. Material Accounting Policies
168	2. Revenue and Segment Information
171	3. Other Net Income
171	4. Net Interest Expense
172	5. Profit Before Taxation
172	6. Emoluments of Directors and Senior Management
174	7. Taxation in the Consolidated Statement of Profit or Loss
175	8. Dividends
176	9. Earnings Per Share
177	10. Investment Properties and Property, Plant and Equipment
180	11. Leases
181	12. Interests in Joint Ventures
182	13. Other Assets
182	14. Cash and Deposits with Banks
183	15. Trade and Other Receivables
184	16. Properties for Sale
184	17. Bank Loans and Other Borrowings
185	18. Trade and Other Payables
186	19. Taxation in the Consolidated Statement of Financial Position
187	20. Share Capital
188	21. Reserves
191	22. Cash Generated from Operations
192	23. Reconciliation of Liabilities Arising from Financing Activities
192	24. Commitments
193	25. Contingent Liabilities
193	26. Employee Benefits
197	27. Material Related Party Transactions
198	28. Financial Risk Management Objectives and Policies
205	29. Significant Accounting Estimates and Judgments
206	30. Company-Level Statement of Financial Position
207	31. Interests in Subsidiaries and Amounts due to Subsidiaries
207	32. Possible Impact of Amendments, New Standards and Interpretations Issued but not yet Effective for the Year Ended December 31, 2025
207	33. Approval of Financial Statements
208	34. Principal Subsidiaries
213	35. Joint Ventures

Consolidated Statement of Profit or Loss

For the year ended December 31, 2025

	Note			<i>For information purpose only</i>	
		2025 HK\$ Million	2024 HK\$ Million	2025 RMB Million	2024 RMB Million
Revenue	2(a)	10,414	11,760	9,566	10,788
Direct costs and operating expenses		(3,578)	(4,934)	(3,286)	(4,538)
		6,836	6,826	6,280	6,250
Other net income	3	46	25	42	23
Administrative expenses		(677)	(672)	(624)	(620)
Profit from operations before changes in fair value of properties		6,205	6,179	5,698	5,653
Decrease in fair value of properties	10	(1,166)	(1,197)	(1,060)	(1,105)
Profit from operations after changes in fair value of properties		5,039	4,982	4,638	4,548
Interest income		41	60	37	55
Finance costs		(991)	(947)	(914)	(873)
Net interest expense	4	(950)	(887)	(877)	(818)
Share of profits of joint ventures	12	48	157	46	146
Profit before taxation	5	4,137	4,252	3,807	3,876
Taxation	7(a)	(1,683)	(1,416)	(1,544)	(1,294)
Profit for the year	2(b)	2,454	2,836	2,263	2,582
Attributable to:					
Shareholders	21(a)	1,370	1,613	1,265	1,467
Non-controlling interests		1,084	1,223	998	1,115
Profit for the year		2,454	2,836	2,263	2,582
Earnings per share	9(a)				
Basic		HK\$1.01	HK\$1.18	RMB0.93	RMB1.08
Diluted		HK\$1.01	HK\$1.18	RMB0.93	RMB1.08

The accompanying notes form part of these financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2025

	Note			<i>For information purpose only</i>	
		2025 HK\$ Million	2024 HK\$ Million	2025 RMB Million	2024 RMB Million
Profit for the year		2,454	2,836	2,263	2,582
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss:					
Movement in exchange reserve:					
Exchange difference arising from translation to presentation currency		2,835	(2,417)	(2,089)	1,454
(Loss)/gain on net investment hedge	28(d)	(339)	148	–	–
Movement in hedging reserve:					
Effective portion of changes in fair value		(143)	120	(133)	110
Net amount transferred to profit or loss		20	(60)	18	(55)
Deferred tax		20	(9)	19	(8)
Item that will not be reclassified to profit or loss:					
Net change in fair value of equity investments		(3)	–	(3)	–
Other comprehensive income for the year, net of tax		2,390	(2,218)	(2,188)	1,501
Total comprehensive income for the year		4,844	618	75	4,083
Attributable to:					
Shareholders		2,808	282	(231)	2,445
Non-controlling interests		2,036	336	306	1,638
Total comprehensive income for the year		4,844	618	75	4,083

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

At December 31, 2025

	Note			<i>For information purpose only</i>	
		2025 HK\$ Million	2024 HK\$ Million	2025 RMB Million	2024 RMB Million
Non-current assets					
Investment properties	10	175,536	174,558	158,263	162,698
Investment properties under development	10	27,359	24,001	24,711	22,226
Property, plant and equipment	10	3,567	2,838	3,222	2,630
Interests in joint ventures	12	4,377	4,456	3,934	4,199
Other assets	13	1,431	1,434	1,286	1,351
Deferred tax assets	19(b)	157	143	142	135
		212,427	207,430	191,558	193,239
Current assets					
Cash and deposits with banks	14	6,792	10,817	6,117	10,153
Trade and other receivables	15	2,720	3,211	2,454	2,994
Properties for sale	16	14,293	13,510	12,880	12,623
		23,805	27,538	21,451	25,770
Current liabilities					
Bank loans and other borrowings	17	4,913	9,340	4,429	8,749
Trade and other payables	18	10,064	9,189	9,078	8,550
Lease liabilities	11(a)	26	23	23	21
Current tax payable	19(a)	335	314	302	292
		15,338	18,866	13,832	17,612
Net current assets					
		8,467	8,672	7,619	8,158
Total assets less current liabilities					
		220,894	216,102	199,177	201,397
Non-current liabilities					
Bank loans and other borrowings	17	49,924	48,454	44,932	45,471
Lease liabilities	11(a)	254	240	229	222
Deferred tax liabilities	19(b)	15,449	14,720	13,951	13,642
		65,627	63,414	59,112	59,335
NET ASSETS					
		155,267	152,688	140,065	142,062
Capital and reserves					
Share capital	20	4,065	4,065	3,164	3,164
Reserves	21	94,816	91,711	86,019	85,987
Shareholders' equity		98,881	95,776	89,183	89,151
Non-controlling interests		56,386	56,912	50,882	52,911
TOTAL EQUITY					
		155,267	152,688	140,065	142,062

Weber W.P. Lo
Chief Executive Officer

Kenneth K.K. Chiu
Chief Financial Officer

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended December 31, 2025

HK\$ Million	Shareholders' equity			Total	Non-controlling interests	Total equity
	Share capital (Note 20)	Other reserves (Note 21)	Retained profits (Note 21)			
At January 1, 2024	4,065	4,373	85,922	94,360	60,556	154,916
Profit for the year	–	–	1,613	1,613	1,223	2,836
Exchange difference arising from translation to presentation currency	–	(1,455)	–	(1,455)	(962)	(2,417)
Gain on net investment hedge	–	94	–	94	54	148
Cash flow hedges: net movement in hedging reserve	–	30	–	30	21	51
Total comprehensive income for the year	–	(1,331)	1,613	282	336	618
Final dividend in respect of previous year	–	–	(885)	(885)	–	(885)
Interim dividend in respect of current year	–	–	(286)	(286)	–	(286)
Employee share-based payments	–	(26)	74	48	26	74
Changes from increase of the Group's shareholding in a subsidiary	–	2,257	–	2,257	(2,295)	(38)
Dividends paid to non-controlling interests	–	–	–	–	(1,711)	(1,711)
At December 31, 2024 and January 1, 2025	4,065	5,273	86,438	95,776	56,912	152,688
Profit for the year	–	–	1,370	1,370	1,084	2,454
Exchange difference arising from translation to presentation currency	–	1,722	–	1,722	1,113	2,835
Loss on net investment hedge	–	(218)	–	(218)	(121)	(339)
Cash flow hedges: net movement in hedging reserve	–	(65)	–	(65)	(38)	(103)
Net change in fair value of equity investments	–	(1)	–	(1)	(2)	(3)
Total comprehensive income for the year	–	1,438	1,370	2,808	2,036	4,844
Final dividend in respect of previous year	–	–	(885)	(885)	–	(885)
Interim dividend in respect of current year	–	–	(286)	(286)	–	(286)
Employee share-based payments	–	20	17	37	17	54
Changes from increase of the Group's shareholding in a subsidiary	–	1,431	–	1,431	(1,252)	179
Dividends paid to non-controlling interests	–	–	–	–	(1,327)	(1,327)
At December 31, 2025	4,065	8,162	86,654	98,881	56,386	155,267

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended December 31, 2025

For information purpose only

RMB Million	Shareholders' equity				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained profits	Total		
At January 1, 2024	3,164	10,725	71,772	85,661	54,947	140,608
Profit for the year	–	–	1,467	1,467	1,115	2,582
Exchange difference arising from translation to presentation currency	–	950	–	950	504	1,454
Cash flow hedges: net movement in hedging reserve	–	28	–	28	19	47
Total comprehensive income for the year	–	978	1,467	2,445	1,638	4,083
Final dividend in respect of previous year	–	–	(824)	(824)	–	(824)
Interim dividend in respect of current year	–	–	(260)	(260)	–	(260)
Employee share-based payments	–	(25)	70	45	24	69
Change from increase of the Group's shareholding in a subsidiary	–	2,084	–	2,084	(2,119)	(35)
Dividends paid to non-controlling interests	–	–	–	–	(1,579)	(1,579)
At December 31, 2024 and January 1, 2025	3,164	13,762	72,225	89,151	52,911	142,062
Profit for the year	–	–	1,265	1,265	998	2,263
Exchange difference arising from translation to presentation currency	–	(1,434)	–	(1,434)	(655)	(2,089)
Cash flow hedges: net movement in hedging reserve	–	(61)	–	(61)	(35)	(96)
Net change in fair value of equity investments	–	(1)	–	(1)	(2)	(3)
Total comprehensive income for the year	–	(1,496)	1,265	(231)	306	75
Final dividend in respect of previous year	–	–	(810)	(810)	–	(810)
Interim dividend in respect of current year	–	–	(262)	(262)	–	(262)
Employee share-based payments	–	18	16	34	16	50
Change from increase of the Group's shareholding in a subsidiary	–	1,308	–	1,308	(1,145)	163
Dividends paid to non-controlling interests	–	–	–	–	(1,213)	(1,213)
At December 31, 2025	3,164	13,592	72,434	89,190	50,875	140,065

Consolidated Cash Flow Statement

For the year ended December 31, 2025

	Note	2025	2024	For information purpose only	
		HK\$ Million	HK\$ Million	2025 RMB Million	2024 RMB Million
Operating activities					
Cash generated from operations	22	7,347	6,726	6,709	6,221
Tax paid					
Hong Kong Profits Tax paid		(239)	(390)	(221)	(360)
Chinese Mainland Income Tax paid		(1,046)	(1,121)	(960)	(1,020)
Net cash generated from operating activities		6,062	5,215	5,528	4,841
Investing activities					
Payment for investment properties		(165)	(896)	(146)	(853)
Payment for investment properties under development		(1,960)	(2,210)	(1,793)	(2,014)
Payment for property, plant and equipment		(303)	(178)	(280)	(156)
Net sale proceeds from disposal of property, plant and equipment		–	23	–	21
Net sale proceeds from disposal of investment properties		148	–	137	–
Interest received		38	63	35	58
Dividends received from joint ventures		127	39	117	36
Repayment from a joint venture		–	112	–	103
Advance to an unlisted investee company		–	(1)	–	(1)
Increase in bank deposits with maturity greater than 3 months		(31)	(24)	(28)	(23)
Increase in cash restricted for use		(246)	–	(222)	–
Net cash used in investing activities		(2,392)	(3,072)	(2,180)	(2,829)
Financing activities					
Proceeds from new bank loans and other borrowings	23	42,310	45,533	39,026	42,012
Repayment of bank loans and other borrowings	23	(46,100)	(38,155)	(42,523)	(35,215)
Capital element of lease rentals paid	23	(13)	(17)	(12)	(15)
Interest and other borrowing costs paid		(1,908)	(2,032)	(1,739)	(1,914)
Interest element of lease rentals paid	23	(13)	(13)	(12)	(12)
Dividends paid		(1,171)	(1,171)	(1,072)	(1,084)
Dividends paid to non-controlling interests		(1,147)	(1,621)	(1,049)	(1,496)
Decrease in non-controlling interests in a subsidiary		–	(139)	–	(128)
Net cash (used in) / generated from financing activities		(8,042)	2,385	(7,381)	2,148
(Decrease) / increase in cash and cash equivalents		(4,372)	4,528	(4,033)	4,160
Effect of foreign exchange rate changes		69	(78)	(252)	202
Cash and cash equivalents at January 1		10,712	6,262	10,056	5,694
Cash and cash equivalents at December 31	14	6,409	10,712	5,771	10,056

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1 Material Accounting Policies

(a) Statement of compliance

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

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

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

(b) Basis of preparation of the financial statements

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

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

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 29.

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

1 Material Accounting Policies (Continued)

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

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

1 Material Accounting Policies (Continued)

(d) Joint ventures

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

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

When the Group's share of losses exceeds its interest in the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. For this purpose, the Group's interest in the joint venture is the carrying amount of the investment under the equity method together with the Group's long-term interest that in substance form part of the Group's net investment in the joint venture.

When the Group ceases to have joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former investee at the date when joint control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

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

(e) Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's share of the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities as of the acquisition date.

Goodwill is stated at cost less accumulated impairment losses and is tested regularly for impairment (Note 1(n)).

Any excess of the Group's share of the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities as of the acquisition date over the cost of a business combination is recognized immediately in profit or loss as a gain on a bargain purchase.

On disposal of an entity, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

1 Material Accounting Policies (Continued)

(f) Investment properties and investment properties under development

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

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

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

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

(g) Properties for sale

1. Properties under development for sale

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

2. Completed properties for sale

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

(h) Property, plant and equipment

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

1 Material Accounting Policies (Continued)

(i) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

1. As a lessee

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

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

The right-of-use asset recognized is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred.

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

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

2. As a lessor

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

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

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

1 Material Accounting Policies (Continued)

(j) Depreciation

1. *Investment properties and investment properties under development*

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

2. *Property, plant and equipment*

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

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

(k) Investments in equity instruments

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

(l) Derivative financial instruments

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

(m) Hedging

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

1. *Cash flow hedges*

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

1 Material Accounting Policies (Continued)

(m) Hedging (Continued)

2. Hedge of net investments in foreign operations

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

(n) Impairment of assets

- For property, plant and equipment, investments in joint ventures, goodwill and investments in subsidiaries in the Company's statement of financial position, an assessment is carried out at the end of each reporting period to determine whether there is objective evidence that these assets are impaired. If any such indication exists, the asset's recoverable amount is estimated. Goodwill is tested annually for impairment. The recoverable amount is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized in profit or loss if the carrying amount exceeds the recoverable amount. An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized. An impairment loss in respect of goodwill is not reversed.
- For trade and other receivables and other financial assets measured at amortized cost (including cash and deposits with banks, advances to unlisted investee companies and amounts due from joint ventures), the Group recognizes a loss allowance which is equal to 12-month expected credit losses unless the balance is a trade receivable or there has been a significant increase in credit risk of the financial asset since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime expected credit losses.

Expected credit losses are a probability-weighted estimate of credit losses measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

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

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

1 Material Accounting Policies (Continued)

(n) Impairment of assets (Continued)

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

(o) Trade and other receivables

Trade and other receivables are initially recognized at fair value and thereafter stated at amortized cost using the effective interest method, except where the receivables are interest-free loans without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for credit losses (Note 1(n)).

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for expected credit losses in accordance with the policy set out in note 1(n).

(q) Trade and other payables and contract liabilities

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

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

(r) Interest-bearing borrowings

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

1 Material Accounting Policies (Continued)

(s) Borrowing costs

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

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying assets for its intended use or sale are interrupted or complete.

(t) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognized at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognized in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognized in profit or loss.

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

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

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

1 Material Accounting Policies (Continued)

(t) Financial guarantees issued (Continued)

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an expected credit loss is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(u) Provisions and contingent liabilities

Provisions are recognized when the Group has a legal or constructive obligation arising as a result of past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the effect of the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

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

(v) Revenue and other income

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

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

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

1. Rental income

Rental income under operating leases is recognized on a straight-line basis over the terms of the respective leases, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognized in profit or loss as an integral part of the aggregate net lease payment receivable. Variable lease payments that do not depend on an index or a rate are recognized as income in the accounting period in which they are earned.

1 Material Accounting Policies (Continued)

(v) Revenue and other income (Continued)

2. *Sale of properties*

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

3. *Hotel revenue*

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

4. *Building management fees and other income from property leasing*

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

5. *Interest income*

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

6. *Dividends*

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

(w) Taxation

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets and liabilities that affect neither accounting nor taxable profits, and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

1 Material Accounting Policies (Continued)

(w) Taxation (Continued)

When investment properties and investment properties under development are carried at fair value in accordance with the accounting policy set out in note 1(f), the amount of deferred tax recognized is measured using the tax rates that would apply on the sale of those assets at their carrying value at the end of the reporting period unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognized when the liability to pay the related dividends is recognized.

Deferred tax is not recognized for those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development.

(x) Translation of foreign currencies

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (functional currency).

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognized in profit or loss, except those arising from the translation of non-derivative financial liabilities designated as the hedging instruments to hedge the foreign exchange risk on net investments in foreign operations. Such exchange gains or losses to the extent that the hedge is effective are recognized in other comprehensive income (Note 1(m)(2)).

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rate ruling at the transaction dates. The transaction date is the date on which the Group initially recognizes such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair values are translated using the foreign exchange rates ruling at the dates the fair value was determined.

1 Material Accounting Policies (Continued)

(x) Translation of foreign currencies (Continued)

The results and financial position of all operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

1. assets and liabilities are translated at the closing exchange rates at the end of the reporting period;
2. income and expenses are translated at the exchange rates approximating the exchange rates ruling at the dates of the transactions; and
3. all resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

(y) Related parties

1. A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
2. An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (1).
 - (vii) A person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

1 Material Accounting Policies (Continued)

(z) Segment reporting

Operating segments are reported in a manner consistent with the Group's internal financial reporting to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of the Group's various lines of business and geographical locations. For disclosure purpose, a reportable segment comprises either one or more operating segments which can be aggregated together because they share similar economic characteristics and nature of the regulatory environment, or single operating segments which are disclosable separately because they cannot be aggregated or they exceed quantitative thresholds.

(aa) Employee benefits

1. Short term employee benefits and contributions to defined contribution retirement schemes

Salaries, annual bonuses, paid annual leave, the cost of non-monetary benefits and obligation for contributions to defined contribution retirement schemes, including those payables in the Chinese Mainland and Hong Kong under relevant legislation, are accrued in the year in which the associated services are rendered by employees of the Group.

2. Share-based payments

The fair value of share options granted to employees is measured at grant date, taking into account the terms and conditions upon which the options were granted, and is expensed on a straight-line basis over the vesting period taking into account the probability that the options will vest, with a corresponding increase in equity (employee share-based compensation reserve).

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognized in prior years is charged/credited to profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the employee share-based compensation reserve. On vesting date, the amount recognized as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the employee share-based compensation reserve).

At the time when the share options are exercised, the related employee share-based compensation reserve is transferred to share capital. If the options expire or lapse after the vesting period, the related employee share-based compensation reserve is transferred directly to retained profits.

2 Revenue and Segment Information

The Group manages businesses according to the nature of services and products provided. Management has determined property leasing, hotels and property sales to be the reportable operating segments for the measurement of performance and the allocation of resources.

Segment assets principally comprise all non-current assets and current assets directly attributable to each segment with the exception of interests in joint ventures, other assets, deferred tax assets and cash and deposits with banks.

2 Revenue and Segment Information (Continued)

(a) Disaggregation of revenue

For the year ended December 31, 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 (Note 11(b))	–	–	–	8,625	8,625
Hotel revenue	107	190	297	–	297
Sales of completed properties	264	–	264	–	264
Building management fees and other income from property leasing	–	1,228	1,228	–	1,228
	371	1,418	1,789	8,625	10,414

For the year ended December 31, 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 (Note 11(b))	–	–	–	8,801	8,801
Hotel revenue	77	112	189	–	189
Sales of completed properties	1,538	–	1,538	–	1,538
Building management fees and other income from property leasing	–	1,232	1,232	–	1,232
	1,615	1,344	2,959	8,801	11,760

As of December 31, 2025, the aggregate amount of revenue expected to be recognized in the future arising from signed property pre-sale agreements amounted to HK\$1,199 million (2024: HK\$158 million), which is expected to be recognized in 2026 or after when control over the property has been transferred to buyers.

The Group has applied practical expedient in paragraph 121 of HKFRS 15 to exempt the disclosure of revenue expected to be recognized in the future arising from contracts with customers in existence at the reporting date to:

- building management fees and other income from property leasing, as the Group recognizes revenue at the amount to which it has a right to invoice, which corresponds directly with the value to the customer of the Group's performance completed to date;
- hotel revenue comprise room rental and food and beverages sales and other ancillary services which services are expected with duration of one year or less or are billed directly when the services are rendered; and
- revenue from sales of completed properties, as the performance obligation is part of a contract that has an original expected duration of one year or less.

2 Revenue and Segment Information (Continued)

(b) Revenue and results by segments

HK\$ Million	2025				2024			
	Property Leasing	Hotels	Property Sales	Total	Property Leasing	Hotels	Property Sales	Total
Revenue								
– Chinese Mainland	6,757	297	59	7,113	6,851	189	56	7,096
– Hong Kong	3,096	–	205	3,301	3,182	–	1,482	4,664
	9,853	297	264	10,414	10,033	189	1,538	11,760
Profit/(loss) from operations before changes in fair value of properties								
– Chinese Mainland	4,138	(34)	(51)	4,053	4,245	(63)	(197)	3,985
– Hong Kong	2,175	–	(23)	2,152	2,242	–	(48)	2,194
	6,313	(34)	(74)	6,205	6,487	(63)	(245)	6,179
Decrease in fair value of properties	(1,166)	–	–	(1,166)	(1,197)	–	–	(1,197)
– Chinese Mainland	(867)	–	–	(867)	(851)	–	–	(851)
– Hong Kong	(299)	–	–	(299)	(346)	–	–	(346)
Net interest expense	(904)	(46)	–	(950)	(854)	(33)	–	(887)
– Interest income	39	2	–	41	58	2	–	60
– Finance costs	(943)	(48)	–	(991)	(912)	(35)	–	(947)
Share of profits/(losses) of joint ventures	70	(22)	–	48	182	(25)	–	157
Profit/(loss) before taxation	4,313	(102)	(74)	4,137	4,618	(121)	(245)	4,252
Taxation	(1,681)	–	(2)	(1,683)	(1,397)	–	(19)	(1,416)
Profit/(loss) for the year	2,632	(102)	(76)	2,454	3,221	(121)	(264)	2,836
Net profit/(loss) attributable to shareholders	1,492	(73)	(49)	1,370	1,862	(84)	(165)	1,613

Certain comparative figures have been reclassified to conform with information provided to the Group's most senior executive management.

2 Revenue and Segment Information (Continued)

(c) Total segment assets

HK\$ Million	2025				2024			
	Property Leasing	Hotels	Property Sales	Total	Property Leasing	Hotels	Property Sales	Total
Chinese Mainland	141,056	3,299	7,434	151,789	136,440	2,544	6,640	145,624
Hong Kong	64,488	–	7,198	71,686	64,577	–	7,917	72,494
	205,544	3,299	14,632	223,475	201,017	2,544	14,557	218,118
Interests in joint ventures				4,377				4,456
Other assets				1,431				1,434
Deferred tax assets				157				143
Cash and deposits with banks				6,792				10,817
				236,232				234,968

3 Other Net Income

HK\$ Million	2025	2024
Government grants	15	7
Gain on disposal of investment properties	28	–
(Loss)/gain on disposal of property, plant and equipment	(1)	17
Dividend income from equity investments measured at FVTOCI	2	2
Net exchange loss	–	(2)
Others	2	1
	46	25

4 Net Interest Expense

HK\$ Million	2025	2024
Interest income on bank deposits	41	60
Interest expense on bank loans and other borrowings	1,832	2,016
Interest on lease liabilities	13	13
Other borrowing costs	130	101
Total borrowing costs	1,975	2,130
Less: Borrowing costs capitalized (Note)	(984)	(1,183)
Finance costs	991	947
Net interest expense	(950)	(887)

Note:

The borrowing costs were capitalized at an average rate of 3.8% (2024: 4.2%) per annum to properties under development.

5 Profit Before Taxation

HK\$ Million	2025	2024
Profit before taxation is arrived at after charging:		
Cost of properties sold	253	1,225
Provision for properties for sale	–	384
Staff costs (Note)	1,514	1,556
Depreciation	150	117
Auditors' remuneration		
– audit services	14	14
– non-audit services	2	2
and after crediting:		
Rental and related income from investment properties less direct outgoings of HK\$2,881 million (2024: HK\$2,899 million)	6,972	7,134

Note:

The staff costs included employee share-based payments of HK\$54 million (2024: HK\$74 million). If the amounts not recognized in the statement of profit or loss, including amounts capitalized, were accounted for, staff costs would have been HK\$1,805 million (2024: HK\$1,860 million).

6 Emoluments of Directors and Senior Management

The Nomination and Remuneration Committee consists of three Independent Non-Executive Directors. The Committee makes recommendation to the Board on the Non-Executive Directors' and Independent Non-Executive Directors' remuneration packages and determines the remuneration package of individual Executive Directors. The emoluments of Executive Directors are determined by their scope of responsibility and accountability, and performance, taking into consideration of the Group's performance and profitability, market practice and prevailing business conditions, etc.

6 Emoluments of Directors and Senior Management (Continued)

(a) Directors' emoluments

Details of directors' emoluments are summarized below:

HK\$ Million						
Name	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	The Group's contributions to retirement schemes	2025	2024
Executive Directors						
Adriel Chan	2.2	21.1	2.6	2.1	28.0	24.9
Weber W.P. Lo	1.6	20.6	2.5	1.5	26.2	26.0
Kenneth K.K. Chiu	1.6	5.7	2.5	0.3	10.1	9.4
Non-Executive Directors						
Gerald L. Chan	0.8	–	–	–	0.8	0.8
George K.K. Chang	1.0	–	–	–	1.0	1.0
Roy Y.C. Chen	0.8	–	–	–	0.8	0.8
Independent Non-Executive Directors						
Simon S.O. Ip	1.2	–	–	–	1.2	1.2
P.W. Liu	1.2	–	–	–	1.2	1.2
L.C. Tsui	0.8	–	–	–	0.8	0.9
Martin C.K. Liao	0.9	–	–	–	0.9	0.9
May S.B. Tan (Appointed as independent non-executive director on March 20, 2024)	1.1	–	–	–	1.1	0.7
Honorary Chair						
Ronnie C. Chan (Retired as executive director on April 26, 2024)	–	–	–	–	–	11.7
2025	13.2	47.4	7.6	3.9	72.1	79.5
2024	13.4	54.8	6.6	4.7	79.5	

(b) Individuals with highest emoluments

Of the five individuals with the highest emoluments, three (2024: four) are existing or retired directors of the Company whose emoluments are disclosed in note 6(a). The emoluments in respect of the remaining two (2024: one) individual are as follows:

HK\$ Million		
	2025	2024
Salaries, allowances and benefits in kind	14.7	8.7
Discretionary bonuses	2.7	1.0
The Group's contributions to retirement schemes	0.6	0.4
	18.0	10.1

6 Emoluments of Directors and Senior Management (Continued)

(b) Individuals with highest emoluments (Continued)

The emoluments of the above two (2024: one) individuals are within the following bands:

	Number of individuals	
	2025	2024
HK\$8,000,001 – HK\$8,500,000	1	–
HK\$9,500,001 – HK\$10,000,000	1	–
HK\$10,000,001 – HK\$10,500,000	–	1
	2	1

- (c) In addition to the above emoluments, certain directors of the Company were granted share options under the share option schemes of Hang Lung Properties Limited (HLP), details of which are disclosed in note 26(b).

7 Taxation in the Consolidated Statement of Profit or Loss

- (a) Taxation in the consolidated statement of profit or loss represents:

HK\$ Million	2025	2024
Current tax		
Hong Kong Profits Tax	249	260
Under-provision in prior years	4	5
	253	265
Chinese Mainland Income Tax	1,046	1,084
Chinese Mainland Land Appreciation Tax ("LAT")	2	–
Total current tax	1,301	1,349
Deferred tax		
Changes in fair value of properties	282	(44)
Other origination and reversal of temporary differences	100	111
Total deferred tax (Note 19(b))	382	67
Total income tax expense	1,683	1,416

Provision for Hong Kong Profits Tax is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits for the year. Chinese Mainland Income Tax represents Chinese Mainland Corporate Income Tax calculated at 25% (2024: 25%) and Chinese Mainland 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 the Chinese Mainland was 5% (2024: 5%).

LAT is levied on properties in the Chinese Mainland developed by the Group for sale, at progressive rates ranging from 30% to 60% (2024: 30% to 60%) on the appreciation of land value, which under the applicable regulations is calculated based on the revenue from sale of properties less deductible expenditure including lease charges of land use rights, borrowing costs and property development expenditure.

- (b) Share of joint ventures' taxation for the year ended December 31, 2025 of HK\$23 million (2024: HK\$23 million) is included in the "share of profits of joint ventures".

7 Taxation in the Consolidated Statement of Profit or Loss (Continued)

(c) Reconciliation between actual tax expense and profit before taxation at applicable tax rates is as follows:

HK\$ Million	2025	2024
Profit before taxation	4,137	4,252
Notional tax on profit before taxation at applicable rates	1,126	1,163
Tax effect of non-taxable income	(14)	(38)
Tax effect of non-deductible expenses	93	125
Tax effect of unrecognized temporary differences	125	(214)
Tax effect of unrecognized tax losses	349	375
Under-provision in prior years	4	5
Actual tax expense	1,683	1,416

(d) The Hong Kong government has enacted legislation to implement the Pillar Two Model rules (the Global Anti-Base Erosion Rules, or GloBE rules) published by the Organisation for Economic Co-operation and Development (OECD) which became effective on June 6, 2025, having 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 the Chinese Mainland 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 the Chinese Mainland 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% apart from those where the Group's subsidiaries were already subject to qualified domestic minimum top-up-tax and/or exempted under safe harbours or other OECD permitted exemptions. Based on the latest financial information, the Group has no top-up tax exposure for the year ended December 31, 2025.

8 Dividends

(a) Dividends attributable to the year

HK\$ Million	2025	2024
Interim dividend declared and paid of HK21 cents (2024: HK21 cents) per share	286	286
Final dividend of HK65 cents (2024: HK65 cents) per share proposed after the end of the reporting period	885	885
	1,171	1,171

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

(b) The final dividend of HK\$885 million (calculated based on HK65 cents per share and the total number of issued shares as of the dividend pay-out date) for the year ended December 31, 2024 was approved and paid in the year ended December 31, 2025 (2024: HK\$885 million).

9 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	1,370	1,613

	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 years as there were no dilutive potential ordinary shares in existence during both years.

(b) The underlying net profit attributable to shareholders, which excluded changes in fair value of properties net of related income tax and non-controlling interests, is calculated as follows:

HK\$ Million	2025	2024
Net profit attributable to shareholders	1,370	1,613
Effect of changes in fair value of properties	1,166	1,197
Effect of income tax for changes in fair value of properties	282	(44)
Effect of changes in fair value of investment properties of joint ventures	85	(39)
	1,533	1,114
Non-controlling interests	(496)	(400)
	1,037	714
Underlying net profit attributable to shareholders	2,407	2,327

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

	2025	2024
Basic	HK\$1.77	HK\$1.71
Diluted	HK\$1.77	HK\$1.71

10 Investment Properties and Property, Plant and Equipment

HK\$ Million	Investment properties	Investment properties under development	Property, Plant and Equipment		Total
			Hotel properties	Others	
Cost or valuation:					
At January 1, 2024	177,458	23,610	–	972	202,040
Exchange adjustment	(2,427)	(511)	(39)	(20)	(2,997)
Additions	686	3,087	110	68	3,951
Disposals	–	–	–	(23)	(23)
Decrease in fair value	(1,053)	(144)	–	–	(1,197)
Transfer in/(out)	(460)	(2,041)	2,501	–	–
Transfer from properties for sale (Note 16)	354	–	–	–	354
At December 31, 2024 and January 1, 2025	174,558	24,001	2,572	997	202,128
Exchange adjustment	2,769	642	79	15	3,505
Additions	34	2,618	313	45	3,010
Disposals	(120)	–	–	(10)	(130)
Decrease/(increase) in fair value	(1,655)	489	–	–	(1,166)
Transfer in/(out)	(50)	(391)	441	–	–
At December 31, 2025	175,536	27,359	3,405	1,047	207,347
Accumulated depreciation:					
At January 1, 2024	–	–	–	644	644
Exchange adjustment	–	–	–	(13)	(13)
Charge for the year	–	–	28	89	117
Written back on disposals	–	–	–	(17)	(17)
At December 31, 2024 and January 1, 2025	–	–	28	703	731
Exchange adjustment	–	–	2	11	13
Charge for the year	–	–	76	74	150
Written back on disposals	–	–	–	(9)	(9)
At December 31, 2025	–	–	106	779	885
Net book value:					
At December 31, 2025	175,536	27,359	3,299	268	206,462
At December 31, 2024	174,558	24,001	2,544	294	201,397
Cost or valuation of investment properties and property, plant and equipment are as follows:					
December 31, 2025					
Valuation	175,536	27,359	–	–	202,895
Cost	–	–	3,299	268	3,567
	175,536	27,359	3,299	268	206,462
December 31, 2024					
Valuation	174,558	24,001	–	–	198,559
Cost	–	–	2,572	997	3,569
	174,558	24,001	2,572	997	202,128

10 Investment Properties and Property, Plant and Equipment (Continued)

(a) The investment properties include right-of-use assets.

(b) Fair value measurement of properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's investment properties and investment properties under development measured at the end of the reporting period on a recurring basis, categorized into a three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified and determined with reference to the observability and significance of the inputs used in the valuation technique is as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs

HK\$ Million	Fair value measurement at 2025		
	Level 1	Level 2	Level 3
Investment properties	–	175,536	–
Investment properties under development	–	–	27,359

HK\$ Million	Fair value measurement at 2024		
	Level 1	Level 2	Level 3
Investment properties	–	174,558	–
Investment properties under development	–	–	24,001

The Group's policy is to recognize transfers between levels of fair value hierarchy at the time at which they occur. During the year, other than the transfers from investment properties under development to investment properties upon their completion, there were no transfers between levels of fair value hierarchy.

The Group's investment properties and investment properties under development were revalued as of December 31, 2025 by Savills Valuation and Professional Services Limited, an independent qualified valuer, on a market value basis. Management has discussions with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

10 Investment Properties and Property, Plant and Equipment (Continued)

(b) Fair value measurement of properties (Continued)

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of the Group's investment properties is determined by using income capitalization approach with reference to current market rents and capitalization rates using market data.

(iii) Information about Level 3 fair value measurements

The fair value of investment properties under development is determined by using direct comparison approach, with reference to comparable market transactions as available in the market to derive the fair value of the property and, where appropriate, after deducting the following items:

- Estimated development costs to be expended to complete the properties that would be incurred by a market participant; and
- Estimated profit margin that a market participant would require to hold and develop the property to completion.

The higher the estimated development costs or profit margin, the lower the fair value of investment properties under development.

The main Level 3 unobservable inputs used by the Group are as follows:

The total estimated development costs to be incurred for each of the Group's investment properties under development ranged from HK\$0.04 billion to HK\$3.8 billion (2024: HK\$0.1 billion to HK\$9.3 billion). The estimates are largely consistent with the budgets developed internally by the Group based on management experience and knowledge of market conditions.

The movements in the investment properties under development during the year represent the movements in the balances of these Level 3 fair value measurements.

Fair value adjustments of investment properties and investment properties under development is recognized in "decrease in fair value of properties" in the consolidated statement of profit or loss.

- (c) An analysis of net book value of investment properties and investment properties under development is as follows:

HK\$ Million	Investment properties		Investment properties under development	
	2025	2024	2025	2024
In Hong Kong				
– long-term leases (over 50 years)	35,918	36,612	–	–
– medium-term leases (10 to 50 years)	28,205	27,666	–	–
Outside Hong Kong				
– medium-term leases (10 to 50 years)	111,413	110,280	27,359	24,001
	175,536	174,558	27,359	24,001

10 Investment Properties and Property, Plant and Equipment (Continued)

(d) An analysis of net book value of land and buildings under property, plant and equipment is as follows:

HK\$ Million	Hotel properties		Other land and buildings	
	2025	2024	2025	2024
In Hong Kong				
– long-term leases (over 50 years)	–	–	8	8
Outside Hong Kong				
– long-term leases (over 50 years)	–	–	8	9
– medium-term leases (10 to 50 years)	3,201	2,427	8	9
	3,201	2,427	24	26

11 Leases

(a) As a lessee

The Group leases properties for property leasing business and administrative use.

Most of the Group's leased properties meet the definition of investment properties and are presented in the consolidated statement of financial position as investment properties. The Group did not recognize right-of-use assets and lease liabilities for other leases that are of short-term or of low-value assets.

Amounts recognized in profit or loss:

HK\$ Million	2025	2024
Interest on lease liabilities	13	13
Expenses relating to short-term leases	–	2
	13	15

Lease liabilities recognized in the consolidated statement of financial position:

HK\$ Million	2025	2024
Current liabilities	26	23
Non-current liabilities	254	240
	280	263

A maturity analysis of lease liabilities is disclosed in note 28(b).

Amounts included in the cash flow statement:

HK\$ Million	2025	2024
Within operating cash flows	–	(2)
Within financing cash flows	(26)	(30)
	(26)	(32)

11 Leases (Continued)

(b) As a lessor

The Group leases out investment properties under operating leases. The leases typically run for an initial period of two to five years, with an option to renew the lease after that date, at which time all terms are renegotiated. Certain long-term leases contain rent review or adjustment clauses and the Group has a regular proportion of leases up for renewal each year. Certain leases include variable lease payments calculated with reference to the revenue of tenants.

Lease income from lease contracts in which the Group acts as a lessor is as below:

HK\$ Million	2025	2024
Operating leases		
Fixed or variable depending on an index or rate	7,520	7,674
Variable not depending on an index or rate	1,105	1,127
	8,625	8,801

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments under non-cancellable operating leases to be received after the reporting date.

HK\$ Million	2025	2024
Within 1 year	6,024	6,367
After 1 year but within 2 years	3,688	3,841
After 2 years but within 3 years	1,964	1,884
After 3 years but within 4 years	964	746
After 4 years but within 5 years	451	402
After 5 years	227	277
	13,318	13,517

12 Interests in Joint Ventures

HK\$ Million	2025	2024
Share of net assets	3,942	4,021
Amounts due from joint ventures	435	440
Amounts due to joint ventures	–	(5)
	4,377	4,456

Amounts due from joint ventures are unsecured, interest-free with no fixed terms of repayment and classified as non-current assets as they are not expected to be recoverable within the next 12 months.

Amounts due to joint ventures are unsecured and interest-free with no fixed terms of repayment.

12 Interests in Joint Ventures (Continued)

At December 31, 2025, the Group had financial guarantees payable on demand of an amount not exceeding HK\$573 million (2024: HK\$573 million) issued to a bank in respect of a banking facility granted to a joint venture. This guarantee is not recognized in the Group's statement of financial position as its fair value is considered immaterial and the initial transaction price was nil.

Details of principal joint ventures are set out in note 35. The aggregate financial information related to the Group's share of joint ventures that are not individually material are as follows:

HK\$ Million	2025	2024
Non-current assets	5,018	5,123
Current assets	345	323
Non-current liabilities	(1,134)	(1,135)
Current liabilities	(287)	(290)
Net assets	3,942	4,021

HK\$ Million	2025	2024
Revenue	395	385
Profits and total comprehensive income for the year	48	157

13 Other Assets

HK\$ Million	2025	2024
Investments in unlisted equity instruments (Note 13(a))	89	92
Advance to unlisted investee companies	160	160
Intangible assets (Note 13(b))	1,182	1,182
	1,431	1,434

- (a) Investments in unlisted equity instruments were measured at fair value through other comprehensive income. These equity instruments are primarily of Ever Light Limited, a company engaged in property leasing, and are expected to be held for long-term strategic purposes.
- (b) Intangible assets represent goodwill arising from the Group's additions in equity interests in its subsidiary, HLP, for transactions before July 1, 2009.

14 Cash and Deposits with Banks

HK\$ Million	2025	2024
Cash at banks	2,844	3,394
Time deposits	3,948	7,423
Cash and deposits with banks in the consolidated statement of financial position	6,792	10,817
Less: Bank deposits with maturity greater than 3 months	(137)	(105)
Less: Cash restricted for use	(246)	–
Cash and cash equivalents in the consolidated cash flow statement	6,409	10,712

14 Cash and Deposits with Banks (Continued)

As of December 31, 2025, cash and bank balances included an aggregate amount of HK\$246 million (2024: Nil) which were restricted for use and comprised the guarantee deposits for the construction of certain property development projects under pre-sales in the Chinese Mainland.

During the year, the Group's cash and deposits with banks were interest-bearing at an average rate of 1.1% (2024: 1.8%) per annum. The currencies of cash and deposits with banks at the year end date were as follows:

HK\$ Million	2025	2024
Hong Kong Dollars	3,811	8,415
Hong Kong Dollar equivalent of:		
Renminbi	2,980	2,400
United States Dollars	1	2
	6,792	10,817

After deducting cash and deposits with banks from bank loans and other borrowings, the net debt position of the Group at the end of the reporting period was as follows:

HK\$ Million	2025	2024
Bank loans and other borrowings (Note 17)	54,837	57,794
Less: Cash and deposits with banks	(6,792)	(10,817)
Net debt	48,045	46,977

15 Trade and Other Receivables

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

HK\$ Million	2025	2024
Not past due or less than 1 month past due	166	166
1 – 3 months past due	10	16
More than 3 months past due	3	2
	179	184

Provision for expected credit losses was assessed and adequately made on a tenant-by-tenant basis, based on the historical default experience and forward-looking information that may impact the tenants' ability to repay the outstanding balances. The details on the Group's credit policy are set out in note 28(c).

16 Properties for Sale

HK\$ Million	2025	2024
In Chinese Mainland		
– Completed properties for sale	4,520	3,497
– Properties under development for sale	2,913	3,143
	7,433	6,640
In Hong Kong		
– Completed properties for sale	2,170	2,375
– Properties under development for sale	4,690	4,495
	6,860	6,870
	14,293	13,510

During the year ended December 31, 2024, certain completed properties for sale in the Chinese Mainland with aggregate carrying amount of HK\$354 million were transferred to investment properties upon the change in use from property for sale to property leasing (Note 10).

All properties under development for sale are expected to be recovered after more than one year, except HK\$101 million (2024: HK\$17 million) of which are expected to be completed and handed over to buyers within one year after the end of the reporting period.

17 Bank Loans and Other Borrowings

At the end of the reporting period, bank loans and other borrowings were unsecured and repayable as follows:

HK\$ Million	2025	2024
Bank loans (Note 17(a))		
Within 1 year or on demand	3,056	3,751
After 1 year but within 2 years	14,001	9,067
After 2 years but within 5 years	24,819	26,781
Over 5 years	3,806	3,485
	45,682	43,084
Other borrowings (Note 17(b))		
Within 1 year or on demand	1,861	5,596
After 1 year but within 2 years	2,904	1,817
After 2 years but within 5 years	4,632	7,107
Over 5 years	–	400
	9,397	14,920
	55,079	58,004
Less: unamortized front end fees	(242)	(210)
Total bank loans and other borrowings	54,837	57,794
Amount due within 1 year included under current liabilities	(4,913)	(9,340)
	49,924	48,454

17 Bank Loans and Other Borrowings (Continued)

- (a) All bank loans are interest-bearing at rates ranging from 2.7% to 5.2% (2024: 3.4% to 7.0%) per annum.

Certain of the Group's borrowings with carrying amounts of HK\$37,638 million (2024: HK\$35,956 million) are attached with financial covenants which require that at any time, the Group's consolidated or its subsidiaries' tangible net worth is not less than and the ratio of borrowings to consolidated tangible net worth is not more than certain required levels. During the year, all these covenants have been complied with by the Group or its subsidiaries.

At December 31, 2025, the Group had HK\$22,739 million (2024: HK\$13,955 million) of undrawn committed banking facilities.

- (b) Other borrowings represent bonds issued at coupon rates ranging from 2.00% to 5.00% (2024: 2.00% to 5.00%) per annum.

At December 31, 2025, the available balances of the Group's US\$4 billion (2024: US\$4 billion) Medium Term Note Program amounted to US\$2,792 million (2024: US\$2,078 million), equivalent to HK\$21,731 million (2024: HK\$16,134 million).

18 Trade and Other Payables

HK\$ Million	2025	2024
Creditors and accrued expenses (Note 18(a))	6,563	6,158
Contract liabilities (Note 18(b))	538	141
Deposits received (Note 18(c))	2,963	2,890
	10,064	9,189

- (a) Creditors and accrued expenses include retention money payable of HK\$459 million (2024: HK\$502 million) which is not expected to be settled within one year.

(b) Contract liabilities

- (i) Building management fees and other income from property leasing received in advance of HK\$93 million (2024: HK\$96 million)

Building management fees and other rental related charges are due for payment on the first day of the service period. The fees and charges received before the payment due date are classified as contract liabilities and recognized as revenue when the services are rendered.

- (ii) Property sales proceeds received in advance of HK\$445 million (2024: HK\$45 million)

Typically, the Group receives certain percentage of the consideration from buyers shortly after signing the preliminary sale and purchase agreement (S&P) of residential properties. The remaining balance is paid before or upon closing of contracts when legal titles are transferred to buyers. Proceeds received in advance are recognized as contract liabilities until the legal titles are transferred to buyers, at which time the contract liabilities are recognized as revenue.

None of the above balance is expected to be recognized as revenue after one year.

18 Trade and Other Payables (Continued)**(b) Contract liabilities** (Continued)**(iii)** Movement in contract liabilities

HK\$ Million	2025	2024
At 1 January	141	518
Decrease as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	(140)	(493)
Increase as a result of billing in advance of building management fees and other income from property leasing	93	96
Increase as a result of receiving property sales proceeds	441	20
Exchange adjustment	3	–
At 31 December	538	141

- (c) In the amount of deposits received, HK\$1,572 million (2024: HK\$1,648 million) are not expected to be settled within one year.

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

HK\$ Million	2025	2024
Due within 3 months	1,175	1,404
Due after 3 months	2,874	2,660
	4,049	4,064

19 Taxation in the Consolidated Statement of Financial Position**(a) Current taxation**

HK\$ Million	2025	2024
Hong Kong Profits Tax	94	80
Chinese Mainland Income Tax	239	234
Chinese Mainland LAT	2	–
	335	314

(b) Deferred taxation

HK\$ Million	2025	2024
Deferred tax liabilities	15,449	14,720
Deferred tax assets	(157)	(143)
	15,292	14,577

19 Taxation in the Consolidated Statement of Financial Position (Continued)

(b) Deferred taxation (Continued)

The components of deferred tax liabilities/(assets) recognized in the consolidated statement of financial position and the movements during the year are as follows:

HK\$ Million	Depreciation allowances in excess of related depreciation	Revaluation of properties	Future benefit of tax losses	Others	Total
At January 1, 2024	2,693	12,257	(129)	(16)	14,805
Exchange adjustments	(41)	(262)	–	(1)	(304)
Charged/(credited) to					
– profit or loss (Note 7(a))	138	(44)	(14)	(13)	67
– other comprehensive income	–	–	–	9	9
At December 31, 2024 and January 1, 2025	2,790	11,951	(143)	(21)	14,577
Exchange adjustments	48	304	–	1	353
Charged/(credited) to					
– profit or loss (Note 7(a))	136	282	(25)	(11)	382
– other comprehensive income	–	–	–	(20)	(20)
At December 31, 2025	2,974	12,537	(168)	(51)	15,292

(c) Deferred tax assets not recognized

The Group has not recognized deferred tax assets in respect of tax losses of HK\$11,187 million (2024: HK\$10,644 million) sustained in the operations of certain subsidiaries as the availability of future taxable profits against which the assets can be utilized is not probable at December 31, 2025. The tax losses arising from Hong Kong operations do not expire under current tax legislation. The tax losses arising from the operations in the Chinese Mainland will expire at various dates up to 2030.

20 Share Capital

	At January 1, 2025 and December 31, 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

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

21 Reserves

(a) The Group

HK\$ Million	Other reserves							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, 2024	(3,247)	(12)	61	285	275	7,011	4,373	85,922	90,295	
Profit for the year	-	-	-	-	-	-	-	1,613	1,613	
Exchange difference arising from translation to presentation currency	(1,455)	-	-	-	-	-	(1,455)	-	(1,455)	
Gain on net investment hedge	94	-	-	-	-	-	94	-	94	
Cash flow hedges: net movement in hedging reserve	-	30	-	-	-	-	30	-	30	
Total comprehensive income for the year	(1,361)	30	-	-	-	-	(1,331)	1,613	282	
Final dividend in respect of previous year	-	-	-	-	-	-	-	(885)	(885)	
Interim dividend in respect of current year	-	-	-	-	-	-	-	(286)	(286)	
Employee share-based payments	-	-	-	(26)	-	-	(26)	74	48	
Changes from increase of the Group's shareholding in a subsidiary (Note)	-	-	3	11	-	2,243	2,257	-	2,257	
At December 31, 2024 and January 1, 2025	(4,608)	18	64	270	275	9,254	5,273	86,438	91,711	
Profit for the year	-	-	-	-	-	-	-	1,370	1,370	
Exchange difference arising from translation to presentation currency	1,722	-	-	-	-	-	1,722	-	1,722	
Loss on net investment hedge	(218)	-	-	-	-	-	(218)	-	(218)	
Cash flow hedges: net movement in hedging reserve	-	(65)	-	-	-	-	(65)	-	(65)	
Net change in fair value of equity investments	-	-	(1)	-	-	-	(1)	-	(1)	
Total comprehensive income for the year	1,504	(65)	(1)	-	-	-	1,438	1,370	2,808	
Final dividend in respect of previous year	-	-	-	-	-	-	-	(885)	(885)	
Interim dividend in respect of current year	-	-	-	-	-	-	-	(286)	(286)	
Employee share-based payments	-	-	-	20	-	-	20	17	37	
Changes from increase of the Group's shareholding in a subsidiary (Note)	-	-	-	7	-	1,424	1,431	-	1,431	
At December 31, 2025	(3,104)	(47)	63	297	275	10,678	8,162	86,654	94,816	

Note:

During the year ended December 31, 2025, the Group's equity interests in its subsidiary, HLP, increased from 63.7% to 65.1% through distribution of scrip dividend from HLP.

During the year ended December 31, 2024, the Group's equity interests in its subsidiary, HLP, increased from 61.2% to 63.7% through purchase of HLP's share from third parties and distribution of scrip dividend from HLP.

21 Reserves (Continued)

(a) The Group (Continued)

The retained profits of the Group at December 31, 2025 included HK\$652 million (2024: HK\$635 million) in respect of statutory reserves of the subsidiaries in the Chinese Mainland.

The exchange reserve of the Group comprises exchange differences arising from the translation of the Group's operations in the Chinese Mainland and the effective portion of any foreign exchange differences arising from hedging of net investments in foreign operations (Note 1(m)(2)).

The hedging reserve comprises the Group's share of effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss (Note 1(m)(1)).

The table below provides a reconciliation of the hedging reserve in respect of interest rate risk (Note 28(a)) and currency risk (Note 28(d)):

HK\$ Million	Interest rate risk	Currency risk	Total
At January 1, 2024	(2)	(10)	(12)
Effective portion of cash flow hedge recognized in other comprehensive income	115	5	120
Amount reclassified to profit or loss	(62)	2	(60)
Related tax	(9)	–	(9)
Effect of share of non-controlling interests	(18)	(3)	(21)
At December 31, 2024 and January 1, 2025	24	(6)	18
Effective portion of cash flow hedge recognized in other comprehensive income	(143)	–	(143)
Amount reclassified to profit or loss	21	(1)	20
Related tax	20	–	20
Effect of share of non-controlling interests	37	1	38
At December 31, 2025	(41)	(6)	(47)

The investment revaluation reserve comprises the cumulative net change in the fair value of equity investments measured at FVTOCI (Note 1(k)).

The employee share-based compensation reserve comprises the fair value of share options granted which are not yet exercised, as explained in note 1(aa).

The general reserve was derived from retained profits and is distributable.

The other capital reserve represents any difference between the cost of the additional investment and the carrying amount of the net assets acquired at the date of exchange when acquiring an additional non-controlling interest in an existing subsidiary.

21 Reserves (Continued)

(b) The Company

HK\$ Million	General reserve	Retained profits	Total reserves
At January 1, 2024	862	21,443	22,305
Profit and total comprehensive income for the year	–	2,382	2,382
Final dividend in respect of previous year	–	(885)	(885)
Interim dividend in respect of current year	–	(286)	(286)
At December 31, 2024 and January 1, 2025	862	22,654	23,516
Profit and total comprehensive income for the year	–	2,339	2,339
Final dividend in respect of previous year	–	(885)	(885)
Interim dividend in respect of current year	–	(286)	(286)
At December 31, 2025	862	23,822	24,684

The aggregate amount of the Company's reserves available for distribution to equity shareholders of the Company at December 31, 2025 was HK\$24,684 million (2024: HK\$23,516 million).

(c) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits to other stakeholders, and to secure access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in the light of changes in the Group's business portfolio and economic conditions.

The Group monitors its capital structure by reviewing its leveraging ratio (net debt to equity ratio and debt to equity ratio) and cash flow requirements, taking into account future financial obligations and commitments. Net debt represents bank loans and other borrowings less cash and deposits with banks. Equity comprises shareholders' equity and non-controlling interests.

The Group has a net debt position as of December 31, 2025 (Note 14). Net debt to equity ratio and debt to equity ratio as of December 31, 2025 were 30.9% (2024: 30.8%) and 35.3% (2024: 37.9%), respectively. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

22 Cash Generated from Operations

HK\$ Million	2025	2024
Profit before taxation	4,137	4,252
Adjustments for:		
Gain on disposal of investment properties	(28)	–
Loss/(gain) on disposal of property, plant and equipment	1	(17)
Dividend income from equity investments measured at FVTOCI	(2)	(2)
Employee share-based payments	54	74
Depreciation	150	117
Decrease in fair value of properties	1,166	1,197
Interest income on bank deposits	(41)	(60)
Finance costs	991	947
Share of profits of joint ventures	(48)	(157)
Provision for properties for sale	–	384
(Increase)/decrease in properties for sale	(346)	159
Decrease in trade and other receivables	504	224
Increase/(decrease) in creditors and accrued expenses and contract liabilities	788	(420)
Increase in deposits received	21	28
Cash generated from operations	7,347	6,726

23 Reconciliation of Liabilities Arising from Financing Activities

HK\$ Million	Bank loans and other borrowings (Note 17)	Lease liabilities (Note 11)	Total
At January 1, 2024	50,693	278	50,971
Cash flows	7,378	(30)	7,348
Non-cash changes:			
Entering into new leases	–	8	8
Unwind of discount and amortization of transaction costs	79	13	92
Exchange adjustment	(356)	(6)	(362)
At December 31, 2024 and January 1, 2025	57,794	263	58,057
Cash flows	(3,790)	(26)	(3,816)
Non-cash changes:			
Entering into new leases	–	23	23
Unwind of discount and amortization of transaction costs	94	13	107
Exchange adjustment	739	7	746
At December 31, 2025	54,837	280	55,117

24 Commitments

As of December 31, 2025, the Group's capital commitments for the construction related costs to be incurred in respect of development of investment properties and hotels which were not provided for in the financial statements were as follows:

HK\$ Million	2025	2024
Contracted for	4,518	4,931
Authorized but not contracted for	2,705	8,424
	7,223	13,355

As of December 31, 2025, the Group's capital commitments in relation to capital injection to new joint venture projects were RMB790 million (or HK\$875 million) (2024: Nil).

In addition, a wholly owned subsidiary of the Group has entered into an agreement with an independent third party to lease a property for subleasing purposes that is not yet commenced. Subject to fulfillment of certain conditions, the estimated total fixed lease payments under the lease agreement will amount to approximately RMB3.2 billion (or HK\$3.5 billion) over the lease term of 20 years.

25 Contingent Liabilities

As of December 31, 2025, an amount of RMB120 million (or HK\$132 million) (2024: Nil) was given to banks with respect to mortgage loans procured by the buyers of properties in the Chinese Mainland. Such guarantees will be released by banks upon the issuance of real estate ownership certificates to the buyers and upon completion of the relevant mortgage properties registration.

26 Employee Benefits

(a) Retirement benefits

Staff of the Group's entities operating in Hong Kong are offered either an MPF Exempted Occupational Retirement Scheme (the "ORSO Scheme") or a master trust Mandatory Provident Fund Scheme (the "MPF Scheme"). The eligibility for membership of the ORSO and MPF schemes is identical for new employees. In addition, the employees employed under the Hong Kong Employment Ordinance are also entitled to long service payment (LSP) if the eligibility criteria are met.

The ORSO Scheme is a defined contribution provident fund scheme, the assets of which are held separately from those of the Group by an independent corporate trustee and managed by professional fund managers. Contributions are made by both the employer and the employees at a certain percentage of employees' basic salaries, the percentage varying with their length of service. When an employee leaves the scheme prior to his or her interest in the Group's contributions being fully vested, forfeited contributions are refunded to the Group. Total contributions made by the Group for the year amounted to HK\$31 million (2024: HK\$33 million) and forfeited sums refunded to the Group amounted to HK\$2 million (2024: HK\$2 million).

The MPF Scheme is operated by an independent service provider. Mandatory contributions are made by both the employer and the employees at 5% of the employees' monthly relevant income, up to a limit of HK\$30,000. The Group's contributions will be fully and immediately vested in the employees' accounts as their accrued benefits in the scheme. Total MPF contributions made by the Group for the year amounted to HK\$7 million (2024: HK\$7 million).

Staff of the Group's Chinese Mainland subsidiaries are members of a retirement benefits scheme (the "Mainland RB Scheme") operated by the local municipal government in the Chinese Mainland. The only obligation of the subsidiaries in the Chinese Mainland is to contribute a certain percentage of their payroll to Mainland RB Scheme to fund the retirement benefits. The local municipal government in the Chinese Mainland undertakes to assume the retirement benefits obligations of all existing and future retired employees of subsidiaries in the Chinese Mainland. Total contributions made by subsidiaries in the Chinese Mainland for the year amounted to HK\$75 million (2024: HK\$76 million).

26 Employee Benefits (Continued)

(b) Equity compensation benefits

The share option scheme adopted by HLP, on April 18, 2012 (the "2012 Share Option Scheme") was terminated upon the adoption of a new share option scheme on April 27, 2022 (the "2022 Share Option Scheme", together with the 2012 Share Option Scheme are referred to as the "Schemes"). The 2022 Share Option Scheme became valid and effective for a period of ten years commencing from the date of adoption. Upon termination of the 2012 Share Option Scheme, no further share options could be granted under the 2012 Share Option Scheme but in all other respects the provisions of the 2012 Share Option Scheme remain in full force and effect, and all share options granted prior to such termination and not exercised nor forfeited/lapsed at the date of termination remain valid.

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

Under the Schemes, the board of directors of HLP is authorized to grant options to selected participants, including employees and directors of any company in HLP group, subject to the terms and conditions such as performance targets as the board of directors of HLP may specify on a case-by-case basis or generally. 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. The period open for acceptance of the option and amount payable thereon, the vesting period, the exercisable period and the number of HLP shares subject to each option are determined by the board of directors of HLP at the time of grant.

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.

As of the date of this annual report, the total number of HLP shares available for issue under the 2022 Share Option Scheme is 276,275,550 shares, 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 2022 Share Option Scheme in any 12-month period shall not exceed 1% of HLP shares in issue.

26 Employee Benefits (Continued)

(b) Equity compensation benefits (Continued)

The movements of share options of HLP during the year are as follows:

(i) 2012 Share Option Scheme

Date granted	Number of share options			Period during which share options are exercisable	Exercise price (HK\$)
	Outstanding on January 1, 2025	Forfeited/ Lapsed	Outstanding on December 31, 2025		
August 10, 2017	25,219,000	(2,063,000)	23,156,000	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	(3,332,000)	33,340,500	June 28, 2021 to June 27, 2029	18.58
May 12, 2021	49,406,000	(5,026,000)	44,380,000	May 12, 2023 to May 11, 2031	19.95
October 6, 2021	2,000,000	–	2,000,000	October 6, 2023 to October 5, 2031	17.65
February 21, 2022	52,840,000	(5,168,000)	47,672,000	February 21, 2024 to February 20, 2032	16.38
Total	176,137,500	(15,589,000)	160,548,500		

All the above share options may vest after two to five years of the grant date and are exercisable up to the tenth anniversary of the date of grant, after which they will lapse. No share options were granted, exercised or cancelled during the year.

During the year, 15,589,000 share options (2024: 18,139,600 share options) were forfeited upon cessations of the grantees' employments and no share options (2024: 17,480,000 share options) lapsed due to the expiry of the period for exercising the share options.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2025		2024	
	Weighted average exercise price (HK\$)	Number of options	Weighted average exercise price (HK\$)	Number of options
Outstanding at January 1	18.52	176,137,500	18.87	211,757,100
Forfeited	18.48	(15,589,000)	18.67	(18,139,600)
Lapsed	–	–	22.60	(17,480,000)
Outstanding at December 31	18.52	160,548,500	18.52	176,137,500
Exercisable at December 31	18.95	180,750,300	19.09	92,730,500

26 Employee Benefits (Continued)

(b) Equity compensation benefits (Continued)

(i) 2012 Share Option Scheme (Continued)

The weighted average remaining contractual life of share options outstanding at the end of the reporting period was 4.5 years (2024: 5.5 years).

(ii) 2022 Share Option Scheme

Date granted	Number of share options			Outstanding on December 31, 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	–	(4,131,000)	43,993,000	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	(4,131,000)	50,593,000		

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. During the year, 6,600,000 share options were granted. No share options were exercised or cancelled during the year.

In respect of the share options granted during the year, the closing share price immediately before the date of grant was HK\$5.95.

During the year, 4,131,000 share options (2024: 4,854,000 share options) were forfeited upon cessations of the grantees' employments.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2025		2024	
	Weighted average exercise price (HK\$)	Number of options	Weighted average exercise price (HK\$)	Number of options
Outstanding at January 1	12.49	48,124,000	12.49	52,978,000
Granted	6.21	6,600,000	–	–
Forfeited	12.49	(4,131,000)	12.49	(4,854,000)
Outstanding at December 31	11.67	50,593,000	12.49	48,124,000
Exercisable at December 31	12.49	8,857,800	–	–

The weighted average remaining contractual life of share options outstanding at the end of the reporting period was 7.7 years (2024: 8.5 years).

26 Employee Benefits (Continued)

(b) Equity compensation benefits (Continued)

(ii) 2022 Share Option Scheme (Continued)

The fair value of share options granted was estimated at the date of grant using the Black-Scholes pricing model taking into account the terms and conditions upon which the options were granted. 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

The expected volatility is based on the historical volatility and the expected dividends per share are based on historical dividends. Changes in the above assumptions could materially affect the fair value estimate.

(iii) The directors of the Company, who were also directors of HLP, during the year held share options of HLP. The related charge recognized for such options for the year ended December 31, 2025, estimated in accordance with the Group's accounting policy in note 1(aa)(2) was as follows:

- (1) Mr. Ronnie C. Chan (retired on April 26, 2024), Nil (2024: HK\$5.2 million);
- (2) Mr. Adriel Chan, HK\$3.7 million (2024: HK\$4.7 million);
- (3) Mr. Weber W.P. Lo, HK\$4.1 million (2024: HK\$4.7 million); and
- (4) Mr. Kenneth K.K. Chiu, HK\$2.4 million (2024: HK\$3.1 million).

27 Material Related Party Transactions

Except for the emoluments to directors and key management personnel disclosed in notes 6 and 26(b) and the transactions and balances already disclosed elsewhere in the financial statements, the Group did not have any material related party transactions in the ordinary course of business.

None of the above related party transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

28 Financial Risk Management Objectives and Policies

Exposure to interest rate, liquidity, credit and currency risks arises in the normal course of the Group's business. The Group has policies and practices approved by management as described below in managing these risks.

(a) Interest rate risk

The Group's interest rate risk arises primarily from deposits with banks and floating rate bank borrowings. Interest rate trends and movements are closely monitored and, if appropriate, existing borrowings will be replaced with new bank facilities when favorable pricing opportunities arise.

The Group enters into floating-for-fixed interest rate swaps to manage its exposure to interest rate risk. In addition, the Group maintains the Medium Term Note Program which facilitates the Group to mitigate future interest rate volatility and re-financing risks.

The Group has designated the interest rate swaps in their entirety as the hedging instruments of the interest rate risk on variability in cash flows arising from certain floating rate bank loans. The table below summarizes the details of hedging instruments as of the end of the reporting period and the effect of the hedge accounting during the year:

HK\$ Million	2025	2024
Notional amount of hedging instruments	6,200	5,700
Carrying amount of hedging instruments		
– Trade and other receivables	–	44
– Trade and other payables	(79)	–
Change in fair value used for measuring hedge ineffectiveness		
– Hedging instruments	(143)	115
– Hedged items	143	(115)
Change in fair value of hedging instruments recognized in other comprehensive income	(143)	115
Amount reclassified from hedging reserve to profit or loss that are charged/(credited) to finance costs	21	(62)

28 Financial Risk Management Objectives and Policies (Continued)

(a) Interest rate risk (Continued)

These interest rate swaps will mature during 2026 to 2029, of which the Group receives Hong Kong Interbank Offered Rate and pays fixed rates ranging from 2.90% to 3.39% (2024: 2.90% to 3.39%). The hedge ratio is determined to be 1:1 as the Group uses interest rate swaps to match the critical terms of the bank loans, including the notional amounts, benchmark interest rates, interest repricing dates and interest payment/receipt dates. Hedge ineffectiveness is expected to be insignificant.

After taking into account the effect of interest rate swaps, the interest rate risk profile of the Group's borrowings at the end of the reporting period is as follows:

HK\$ Million	2025	2024
Fixed	22,418	23,725
Floating	32,419	34,069
Total borrowings	54,837	57,794

Based on the simulations performed at year end in relation to the Group's bank deposits as disclosed in note 14 and floating rate borrowings as listed above, it was estimated that the impact of a 100 basis-point increase in market interest rates from the rates applicable at the year end date, with all other variables held constant, would increase the Group's annual net interest payments by approximately HK\$258 million (2024: HK\$234 million).

This analysis is based on a hypothetical situation, as in practice market interest rates rarely change in isolation, and should not be considered a projection of likely future profits or losses. The analysis assumes the following:

- changes in market interest rates affect the interest income and interest expense of floating rate financial instruments and bank loans (after taking into account the effect of interest rate swaps); and
- all other financial assets and liabilities are held constant.

The analysis was performed on the same basis for 2024.

28 Financial Risk Management Objectives and Policies (Continued)

(b) Liquidity risk

The Group manages surplus cash centrally and the liquidity risk of the Company and subsidiaries at the corporate level. The Group maintains adequate amount of cash and undrawn committed bank facilities to meet all funding requirements. Significant flexibility is achieved through diverse sources of committed credit lines for capturing future expansion opportunities.

HK\$ Million	Contractual undiscounted cash flow					
	Carrying amount	Total	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
Bank loans and other borrowings	54,837	61,947	6,851	18,466	31,804	4,826
Trade and other payables	10,064	10,064	8,034	1,125	816	89
Lease liabilities	280	373	27	28	87	231
At December 31, 2025	65,181	72,384	14,912	19,619	32,707	5,146

HK\$ Million	Contractual undiscounted cash flow					
	Carrying amount	Total	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
Bank loans and other borrowings	57,794	66,188	11,695	12,845	36,714	4,934
Trade and other payables	9,189	9,189	7,039	1,274	785	91
Lease liabilities	263	362	24	24	75	239
At December 31, 2024	67,246	75,739	18,758	14,143	37,574	5,264

28 Financial Risk Management Objectives and Policies (Continued)

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables with tenants and deposits held with reputable banks and financial institutions.

The Group maintains a defined credit policy including stringent credit evaluation on and payment of a rental deposit from tenants. In addition to the payment of rental deposits, tenants are required to pay monthly rents in respect of leased properties in advance. Receivables are regularly reviewed and closely monitored to minimize any associated credit risk.

Surplus cash is placed with reputable banks and financial institutions in accordance with pre-determined limits based on credit ratings and other factors to minimize concentration risk.

The Group does not provide any financial guarantee which would expose the Group to material credit risk.

There are no significant concentrations of credit risk within the Group.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

The Group measures loss allowances for trade receivables with tenants in accordance with note 1(n).

28 Financial Risk Management Objectives and Policies (Continued)

(d) Currency risk

The Group adopts a conservative risk management policy to manage foreign currency exposure. The level of hedge is decided through cost and benefit analysis with reference to prevailing market situation. If appropriate, the Group may use derivative financial instruments solely for hedging purposes. These derivatives reduce the uncertainty of interest payments and principal repayments of foreign currency debts and can be entered into on or after the issuance of a foreign currency debt.

Currency risk arises from assets and liabilities denominated in a currency other than the functional currency of the Group's entities to which they related. The Group has bonds outstanding amounting to US\$50 million (2024: US\$50 million). The currency risk arising from the USD denominated bonds is hedged by back-to-back USD/HKD cross currency swaps, at exchange rate of 7.75 HKD/USD and fixed interest rates at 2.03% (2024: 2.03%) per annum. These swaps will mature in 2028.

The Group has designated the cross currency swaps in their entirety as the hedging instruments of the foreign currency risk arising from the USD denominated bonds. The table below summarizes the details of hedging instruments as of the end of the reporting period and the effect of the hedge accounting during the year:

HK\$ Million	2025	2024
Notional amount of hedging instruments	388	388
Carrying amount of hedging instruments		
– Trade and other payables	(8)	(8)
Change in fair value used for measuring hedge ineffectiveness		
– Hedging instruments	–	5
– Hedged items	–	(5)
Change in fair value of hedging instruments recognized in other comprehensive income	–	5
Amount reclassified from hedging reserve to profit or loss that are (credited)/charged to other net income	(1)	2

The hedge ratio is determined to be 1:1 as the Group uses cross currency swaps to match the critical terms of the bonds, including the notional amounts, currencies, interest payment/receipt dates and maturity dates. Hedge ineffectiveness is expected to be insignificant.

28 Financial Risk Management Objectives and Policies (Continued)

(d) Currency risk (Continued)

The Group engages in property development and investments in the Chinese Mainland through local subsidiaries whose net carrying values are exposed to currency risk. In addition, the Group has Renminbi deposits of RMB2,690 million (2024: RMB2,223 million), for which there are currency risks but which are held to meet ongoing Renminbi payment obligations in relation to development projects in the Chinese Mainland. Where appropriate, the Group seeks to minimize the exposure to currency risk in the Chinese Mainland through borrowings denominated in Renminbi.

The Group has designated its Renminbi denominated borrowings outside the Chinese Mainland as a hedging instrument for the changes in the value of the net investment in the Chinese Mainland attributable to changes in the HKD/RMB spot rate. It is the Group's policy to monitor the currency risk arising from the net investment in the Chinese Mainland and to adjust the hedging strategy when necessary. The risk management policy and hedging strategy are reviewed in light of the changes in the value of the Group's total net investment in the Chinese Mainland.

The carrying amount of the Renminbi denominated borrowings designated as hedging instruments at December 31, 2025 was HK\$8,420 million (2024: HK\$5,711 million). The hedge was determined to be fully effective as the carrying value of the hedged item did not drop below the carrying amount of the hedging instrument throughout the hedging period. A foreign exchange loss of HK\$339 million (2024: gain of HK\$148 million) was recognized in the Group's other comprehensive income for the year on translation of the Renminbi denominated borrowings to Hong Kong dollars.

Management estimated that a 5% (2024: 5%) appreciation/depreciation of Renminbi against Hong Kong dollar would increase/decrease the Group's equity attributable to shareholders by HK\$3,215 million (2024: HK\$3,113 million).

The above analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and that all other variables, in particular interest rates, remain constant. The analysis was performed on the same basis for 2024.

28 Financial Risk Management Objectives and Policies (Continued)

(e) Fair value

The fair value of the Group's financial instruments is measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified and determined with reference to the observability and significance of the inputs used in the valuation technique is as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs

(i) Financial assets and liabilities measured at fair value

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

HK\$ Million	Fair value		Fair value measurements categorized into
	2025	2024	
Financial assets			
Trade and other receivables			
Interest rate swaps (cash flow hedges)	–	44	Level 2
Other assets			
Investment in equity instruments	89	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)	(79)	–	Level 2

28 Financial Risk Management Objectives and Policies (Continued)

(e) Fair value (Continued)

(i) *Financial assets and liabilities measured at fair value* (Continued)

The fair value of the cross currency swaps and interest rate swaps is determined based on the amount that the Group would receive or pay to terminate the swaps at the end of the reporting period taking into account current interest rates and current creditworthiness of the swap counter-parties.

The fair value of non-publicly traded equity investments is determined by reference to the net asset value of these investments.

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

During the year, there were no transfers of instruments between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy at the time at which they occur.

(ii) *Fair value of financial instruments carried at other than fair value*

The carrying amounts of the Group's financial instruments carried at amortized cost were not materially different from their fair values as of December 31, 2024 and 2025.

29 Significant Accounting Estimates and Judgments

Key sources of estimation uncertainty

Note 10(b) contains information about the assumptions and the risk relating to valuation of investment properties and investment properties under development.

Besides, the Group determines the net realizable value of properties for sale based on estimation of future selling price less estimated costs of completion and costs to be incurred in relation to the sale, with reference to the prevailing market data and market survey reports available from independent property valuers.

30 Company-Level Statement of Financial Position

At December 31, 2025

HK\$ Million	Note	2025	2024
Non-current assets			
Interests in subsidiaries	31	29,199	28,071
Current assets			
Cash and deposits with banks		3	–
Trade and other receivables		3	3
		6	3
Current liabilities			
Trade and other payables		17	16
Net current liabilities			
		11	13
Total assets less current liabilities			
		29,188	28,058
Non-current liabilities			
Amounts due to subsidiaries	31(b)	439	477
NET ASSETS			
		28,749	27,581
Capital and reserves			
Share capital	20	4,065	4,065
Reserves	21(b)	24,684	23,516
TOTAL EQUITY			
		28,749	27,581

Weber W.P. Lo
Chief Executive Officer

Kenneth K.K. Chiu
Chief Financial Officer

31 Interests in Subsidiaries and Amounts due to Subsidiaries

HK\$ Million	2025	2024
Unlisted shares, at cost	166	166
Amounts due from subsidiaries (Note 31(a))	29,033	27,905
	29,199	28,071

Details of principal subsidiaries are set out in note 34.

The following table lists out the information relating to HLP in which the Group has material non-controlling interest (NCI). The summarized financial information presented below represents the amounts before any inter-company elimination.

HK\$ Million	2025	2024
NCI percentage at the end of the reporting period	34.9%	36.3%
Non-current assets	199,613	194,673
Current assets	23,299	26,975
Current liabilities	(15,424)	(18,948)
Non-current liabilities	(63,022)	(61,650)
Net assets	144,466	141,050
Carrying amount of NCI	47,020	47,766
Revenue	9,950	11,242
Profit for the year	2,328	2,657
Total comprehensive income for the year	4,589	561
Profit allocated to NCI	630	782
Dividends paid to NCI	907	1,254
Net cash flow:		
generated from operating activities	5,864	4,956
used in investing activities	(2,421)	(3,173)
(used in)/generated from financing activities	(7,748)	3,205

- (a) Amounts due from subsidiaries are unsecured, interest-free with no fixed terms of repayment and classified as non-current assets as they are not expected to be recoverable within the next 12 months.
- (b) Amounts due to subsidiaries are unsecured, interest-free with no fixed terms of repayment and classified as non-current liabilities as they are not expected to be repaid within the next 12 months.

32 Possible Impact of Amendments, New Standards and Interpretations Issued but not yet Effective for the Year Ended December 31, 2025

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard which are not yet effective for the year ended December 31, 2025 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's financial statements, except for HKFRS 18, *Presentation and disclosure in financial statements*, where the presentation and disclosure of the consolidated financial statements are expected to change.

33 Approval of Financial Statements

The financial statements were approved and authorized for issue by the Board of Directors on January 30, 2026.

34 Principal Subsidiaries

At December 31, 2025

Company	Issued Share Capital (HK\$)	% Held by the Group	% Held by the Company	Activity	Place of Incorporation and Operations
Antonis Limited*	10,000	65.1	–	Property leasing	Hong Kong
AP City Limited	2	65.1	–	Property leasing	Hong Kong
AP Joy Limited	2	65.1	–	Property leasing	Hong Kong
AP Properties Limited				Property leasing	Hong Kong
'A' shares	34	65.1	–		
'B' shares	6	65.1	–		
AP Star Limited*	2	65.1	–	Investment holding	Hong Kong
AP Success Limited	2	65.1	–	Property leasing	Hong Kong
AP Universal Limited*	2	65.1	–	Property leasing	Hong Kong
AP Win Limited*	1,000,000	65.1	–	Property leasing	Hong Kong
AP World Limited	2	65.1	–	Property leasing	Hong Kong
Bayliner Investment Ltd.*	US\$ 1	100	100	Investment holding	British Virgin Islands
Believecity Limited*	2	100	–	Investment holding	Hong Kong
Bonna Estates Company Limited	1,000,000	65.1	–	Property leasing	Hong Kong
Caddo Enterprises, Limited*	4,000,000	65.1	–	Property leasing	Hong Kong
Cokage Limited*	2	100	100	Investment holding	Hong Kong
Country Bond Development Limited				Investment holding	Hong Kong
'A' shares	990	62.0	–		
'B' share	1	65.1	–		
Country First Enterprises Limited*	2	100	–	Investment holding	Hong Kong
Country Link Enterprises Limited	5,000,000	60.8	–	Investment holding	Hong Kong
Curicao Company Limited*	2	100	–	Investment holding	Hong Kong
Dokay Limited*	2	65.1	–	Property leasing	Hong Kong
Dynamia Company Limited	2	100	100	Property development & leasing	Hong Kong
Ease Smart Development Limited				Investment holding	Hong Kong
'A' share	1	100	–		
'B' share	1	65.1	–		

34 Principal Subsidiaries (Continued)

At December 31, 2025

Company	Issued Share Capital (HK\$)	% Held by the Group	% Held by the Company	Activity	Place of Incorporation and Operations
Easegood Enterprises Limited*	2	65.1	–	Investment holding	Hong Kong
Ever Brilliant Investment Limited*	2	100	100	Investment holding	Hong Kong
Fu Yik Company Limited*	3	65.1	–	Property leasing	Hong Kong
Gala Ruby Limited*	2	65.1	–	Investment holding	Hong Kong
Grand Centre Limited	4	65.1	–	Property leasing	Hong Kong
Grand Hotel Group Limited	10,200	65.1	–	Apartment operating & management	Hong Kong
Grand Hotel Holdings Limited*				Investment holding	Hong Kong
'A' shares	1,004,834,694	65.1	–		
'B' shares	6,000,000	65.1	–		
Great Cheer Development Limited	2	100	100	Property development	Hong Kong
Hang Chui Company Limited	2	65.1	–	Property leasing	Hong Kong
Hang Far Company Limited*	2	65.1	–	Investment holding	Hong Kong
Hang Fine Company Limited	200	65.1	–	Property leasing	Hong Kong
Hang Kong Company Limited*	2	100	–	Investment holding	Hong Kong
Hang Kwok Company Limited*	10,000	65.1	–	Property leasing	Hong Kong
Hang Lung (Administration) Limited	10,000	65.1	–	Management services	Hong Kong
Hang Lung (China) Limited*	2	100	100	Investment holding	Hong Kong
Hang Lung (Dalian) Limited*	1	65.1	–	Investment holding	Hong Kong
Hang Lung (Jiangsu) Limited*	1	65.1	–	Investment holding	Hong Kong
Hang Lung (Jinan) Limited*	1	65.1	–	Investment holding	Hong Kong
Hang Lung (Kunming) Limited*	1	65.1	–	Investment holding	Hong Kong
Hang Lung (Liaoning) Limited*	1	65.1	–	Investment holding	Hong Kong
Hang Lung (Shenyang) Limited*	2	65.1	–	Investment holding	Hong Kong
Hang Lung (Tianjin) Limited*	2	65.1	–	Investment holding	Hong Kong
Hang Lung (Wuhan) Limited*	1	65.1	–	Investment holding	Hong Kong
Hang Lung (Wuxi) Limited*	1	65.1	–	Investment holding	Hong Kong

34 Principal Subsidiaries (Continued)

At December 31, 2025

Company	Issued Share Capital (HK\$)	% Held by the Group	% Held by the Company	Activity	Place of Incorporation and Operations
Hang Lung Enterprises Limited*	2	100	100	Investment holding	Hong Kong
Hang Lung Financial Services Limited	2	100	100	Financial services	Hong Kong
Hang Lung Gala Place Limited	2	65.1	–	Property leasing	Hong Kong
Hang Lung Investments Limited*	2	100	100	Investment holding	Hong Kong
Hang Lung Project Management Limited*	10,000	65.1	–	Project management	Hong Kong
Hang Lung Properties Limited	43,837,444,062	65.1	–	Investment holding	Hong Kong
Hang Lung Property Management Limited*	100,000	65.1	–	Property management	Hong Kong
Hang Lung Real Estate Agency Limited*	2	65.1	–	Property agencies	Hong Kong
Hang Lung Treasury Limited	2	100	100	Financial services	Hong Kong
Hang Top Limited*	3	76.7	–	Investment holding	Hong Kong
Hang Wise Company Limited*	200	76.7	–	Property development	Hong Kong
Hebo Limited	2	100	100	Property development	Hong Kong
HL Enterprises Limited*	2	100	100	Investment holding	Hong Kong
HL Mortgage (HTG) Limited*	2	100	100	Financial services	Hong Kong
HL Mortgage (NH) Limited*	2	100	100	Financial services	Hong Kong
HL Mortgage (NP) Limited*	2	100	100	Financial services	Hong Kong
HLP (China) Administrative Limited	1	65.1	–	Management services	Hong Kong
HLP (China) Limited*	2	65.1	–	Investment holding	Hong Kong
HLP Finance Limited#	US\$1	65.1	–	Financial services	British Virgin Islands
HLP Financial Services Limited	RMB1	65.1	–	Financial services	Hong Kong
HLP Treasury Limited	2	65.1	–	Financial services	Hong Kong
HLP Treasury Services Limited*	2	65.1	–	Financial services	Hong Kong
Hoi Sang Limited*	2	65.1	–	Investment holding	Hong Kong

34 Principal Subsidiaries (Continued)

At December 31, 2025

Company	Issued Share Capital (HK\$)	% Held by the Group	% Held by the Company	Activity	Place of Incorporation and Operations
Kindstock Limited*	2	100	–	Investment holding	Hong Kong
Lockoo Limited*	1,000,002	65.1	–	Property development	Hong Kong
Luckyson Investments Limited*	10,000	100	–	Investment holding	Hong Kong
Mansita Limited*	2	65.1	–	Property leasing	Hong Kong
Modalton Limited	2	65.1	–	Property leasing	Hong Kong
Nikco Limited	2	100	–	Property leasing	Hong Kong
Palex Limited*	2	65.1	–	Property leasing	Hong Kong
Passion Success Limited*	1	65.1	–	Investment holding	Hong Kong
Pocaliton Limited	2	65.1	–	Property leasing	Hong Kong
Prosperland Housing Limited*	1,560,000	100	100	Investment holding	Hong Kong
Purotat Limited*	2	100	100	Investment holding	Hong Kong
Rago Star Limited	2	65.1	–	Property leasing	Hong Kong
Scotat Limited	2	89.7	–	Investment holding	Hong Kong
Stanman Properties Limited	20	100	100	Property development & leasing	Hong Kong
Stocket Limited	2	65.1	–	Property leasing	Hong Kong
Success Cosmos Development Limited*	2	100	100	Property development	Hong Kong
Superlane Development Limited*	1,000	76.7	–	Property development	Hong Kong
Tegraton Limited	2	65.1	–	Property leasing	Hong Kong
Topnic Limited	2	100	100	Property leasing	Hong Kong
Total Select Limited	1	65.1	–	Property development	Hong Kong
Wai Luen Investment Company, Limited*	100,000	65.1	–	Property leasing	Hong Kong
Yangli Limited*	2	65.1	–	Property leasing	Hong Kong
Yee Fly Investment Limited*	1,000	100	100	Investment holding	Hong Kong

34 Principal Subsidiaries (Continued)

At December 31, 2025

Wholly Foreign Owned Enterprises in Chinese Mainland	Registered Capital	% Held by the Group	% Held by the Company	Activity	Place of Incorporation and Operations
Dalian Hang Lung Properties Ltd.	RMB5,786,877,355	65.1	–	Property development & leasing	Chinese Mainland
Hangzhou Hang Lung Properties Ltd.	RMB11,917,500,000	65.1	–	Property & hotel development & leasing	Chinese Mainland
Hubei Hang Lung Property Development Co., Ltd.	RMB7,900,000,000	65.1	–	Property development & leasing	Chinese Mainland
Kunming Hang Ying Properties Ltd.	RMB8,605,634,575	65.1	–	Property development, leasing & hotel investment	Chinese Mainland
Liaoning Hang Lung Properties Ltd.	RMB8,680,096,324	65.1	–	Property development, leasing & hotel investment	Chinese Mainland
Shandong Hang Lung Properties Ltd.	US\$385,000,000	65.1	–	Property development & leasing	Chinese Mainland
Shenyang Hang Lung Properties Ltd.	US\$349,990,000	65.1	–	Property development & leasing	Chinese Mainland
Tianjin Hang Lung Properties Ltd.	HK\$5,329,600,000	65.1	–	Property development & leasing	Chinese Mainland
Wuxi Hang Lung Properties Ltd.	RMB4,691,746,261	65.1	–	Property development & leasing	Chinese Mainland
Wuxi Hang Ying Properties Ltd.	RMB1,411,000,000	65.1	–	Property & hotel development	Chinese Mainland

Equity Joint Ventures in Chinese Mainland	Registered Capital (US\$)	% Held by the Group	% Held by the Company	Activity	Place of Incorporation and Operations
Shanghai Hang Bond Property Development Co., Ltd.	167,004,736	61.9	–	Property development & leasing	Chinese Mainland
Shanghai Heng Cheng Real Estate Development Co., Ltd.	17,766,000	70	–	Property development	Chinese Mainland
Shanghai Kong Hui Property Development Co., Ltd.	165,000,000	57.2	–	Property development & leasing	Chinese Mainland

Operated in Hong Kong

* Not audited by KPMG

The above list gives the principal subsidiaries of the Group which in the opinion of the directors, principally affect the profit and assets of the Group.

35 Joint Ventures

At December 31, 2025

Company	Issued Share Capital (HK\$)	% Held by the Group	% Held by the Company	Activity	Place of Incorporation and Operations
Daily Win Development Limited	400	25	–	Property leasing	Hong Kong
Hang Lung-Hakuyosha Dry Cleaning Limited	519,000	50	–	Dry and laundry cleaning	Hong Kong
Metro Classic Holdings Limited	US\$1	20	–	Property development	British Virgin Islands
Metro Trade International Limited	US\$60	20	–	Property development	British Virgin Islands
Newfoundworld Holdings Limited	2,000,000	26.67	–	Investment holding	Hong Kong
Newfoundworld Investment Holdings Limited	US\$5	26.67	–	Investment holding	British Virgin Islands
Newfoundworld Limited	2,000,000	26.67	–	Property development	Hong Kong
Pure Jade Limited	1,000,000	20	–	Property development	Hong Kong
Star Play Development Limited	3	21.7	–	Property leasing	Hong Kong

The above companies are not audited by KPMG.

The above list gives the principal joint ventures of the Group which in the opinion of the directors, principally affect the profit and assets of the Group.

Ten-Year Financial Summary

For the year ended December 31

in HK\$ million (unless otherwise stated)	2025	2024	2023
CONSOLIDATED STATEMENT OF PROFIT OR LOSS			
Revenue			
Property leasing	9,853	10,033	10,725
Hotels	297	189	154
Property sales	264	1,538	2
	10,414	11,760	10,881
Operating profit			
Property leasing	6,972	7,134	7,843
Hotels	(34)	(63)	1
Property sales	(102)	(245)	(50)
	6,836	6,826	7,794
Underlying net profit attributable to shareholders			
Effect of changes in fair value of properties	(1,037)	(714)	(120)
	1,370	1,613	2,811
Net profit/(loss) attributable to shareholders			
Dividends for the year	(1,171)	(1,171)	(1,171)
	199	442	1,640
CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Net assets employed (Note 1)			
Investment properties	175,536	174,558	177,458
Investment properties under development	27,359	24,001	23,610
Property, plant and equipment	3,567	2,838	328
Properties for sale	14,293	13,510	14,244
Other assets	8,685	9,244	9,469
	229,440	224,151	225,109
Other liabilities	(26,128)	(24,486)	(25,843)
	203,312	199,665	199,266
Financed by			
Shareholders' equity	98,881	95,776	94,360
Non-controlling interests	56,386	56,912	60,556
Net debt	48,045	46,977	44,350
	203,312	199,665	199,266
Number of shares issued (in million)	1,362	1,362	1,362
PER SHARE DATA			
Basic earnings/(loss) (HK\$)	\$1.01	\$1.18	\$2.06
Dividends (HK cents)	86¢	86¢	86¢
Interim	21¢	21¢	21¢
Final	65¢	65¢	65¢
Special	–	–	–
Net assets attributable to shareholders (HK\$)	\$72.6	\$70.3	\$69.3
FINANCIAL INDICATORS			
Dividend payout ratio	85%	73%	42%
Underlying dividend payout ratio	49%	50%	40%
Net debt to equity	30.9%	30.8%	28.6%
Debt to equity	35.3%	37.9%	32.7%
Interest cover (times)	3.2	3.0	3.8
Return on average shareholders' equity	1.4%	1.7%	3.0%

Note:

1. Net assets employed are presented by excluding net debt / cash.

	2022	2021	2020	2019	2018	2017	2016
	10,540	10,806	9,373	9,107	8,784	8,354	8,326
	85	113	91	32	–	–	–
	316	–	62	296	1,231	3,420	5,322
	10,941	10,919	9,526	9,435	10,015	11,774	13,648
	7,636	7,918	6,852	6,747	6,484	6,074	6,129
	(40)	(20)	(16)	(11)	–	–	–
	87	(91)	44	162	765	2,238	3,209
	7,683	7,807	6,880	6,898	7,249	8,312	9,338
	3,002	2,991	2,834	3,796	2,631	3,314	3,772
	(284)	(402)	(4,375)	3,020	2,654	2,000	(59)
	2,718	2,589	(1,541)	6,816	5,285	5,314	3,713
	(1,171)	(1,171)	(1,116)	(1,470)	(1,089)	(1,089)	(1,089)
	1,547	1,418	(2,657)	5,346	4,196	4,225	2,624
	176,381	186,582	173,235	168,218	144,572	142,406	133,005
	22,703	22,399	27,544	27,602	31,186	21,592	17,282
	317	286	250	231	213	218	324
	11,689	10,811	8,009	5,662	2,463	1,634	2,374
	9,659	8,803	8,908	7,866	7,654	7,715	8,860
	220,749	228,881	217,946	209,579	186,088	173,565	161,845
	(25,368)	(27,651)	(26,630)	(23,799)	(17,210)	(18,193)	(17,237)
	195,381	201,230	191,316	185,780	168,878	155,372	144,608
	92,819	95,842	92,105	91,294	86,447	83,137	75,658
	62,394	68,645	67,234	67,033	64,289	66,419	62,355
	40,168	36,743	31,977	27,453	18,142	5,816	6,595
	195,381	201,230	191,316	185,780	168,878	155,372	144,608
	1,362	1,362	1,362	1,362	1,362	1,362	1,362
	\$2.00	\$1.90	(\$1.13)	\$5.01	\$3.88	\$3.90	\$2.73
	86¢	86¢	82¢	108¢	80¢	80¢	80¢
	21¢	21¢	19¢	19¢	19¢	19¢	19¢
	65¢	65¢	63¢	63¢	61¢	61¢	61¢
	–	–	–	26¢	–	–	–
	\$68.2	\$70.4	\$67.6	\$67.0	\$63.5	\$61.1	\$55.5
	43%	45%	N/A	22%	21%	20%	29%
	39%	39%	39%	39%	41%	33%	29%
	25.9%	22.3%	20.1%	17.3%	12.0%	3.9%	4.8%
	29.6%	27.9%	24.3%	19.7%	20.3%	18.7%	22.5%
	4.8	5.1	4.4	5.0	6.9	10.4	14.4
	2.9%	2.8%	N/A	7.7%	6.2%	6.7%	4.9%

Glossary

Financial Terms

Finance costs	Total of interest expense on total borrowings and other borrowing costs, net of amount capitalized
Total borrowings	Total of bank loans and other borrowings, net of unamortized other borrowing costs
Net debt	Total borrowings net of cash and deposits with banks
Net profit attributable to shareholders	Profit for the year (after tax) less amounts attributable to non-controlling interests
Underlying net profit attributable to shareholders	Net profit attributable to shareholders excluding changes in fair value of properties net of related income tax and non-controlling interests

Financial Ratios

Basic earnings per share	= $\frac{\text{Net profit attributable to shareholders}}{\text{Weighted average number of shares in issue during the year}}$	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	= $\frac{\text{Profit from operations before changes in fair value of properties}}{\text{Finance costs before capitalization less interest income}}$	Payout ratio	= $\frac{\text{Dividends attributable to the year}}{\text{Net profit attributable to shareholders}}$

General Terms

2012 Share Option Scheme	the share option scheme of HLP adopted on April 18, 2012
2022 Share Option Scheme	the share option scheme of HLP adopted on April 27, 2022
AGM	annual general meeting of the Company
AI	artificial intelligence
Articles of Association	the articles of association of the Company
Board	board of directors of the Company
CEO	chief executive officer
CFO	chief financial officer
CG Code	Corporate Governance Code contained in Appendix C1 to the Listing Rules
Companies Ordinance	Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
Company	Hang Lung Group Limited
CRM	customer relationship management
Director(s)	director(s) of the Board
ERM	enterprise risk management
ESG	environmental, social and governance
ESG Guide	Environmental, Social and Governance Reporting Guide contained in Appendix C2 to the Listing Rules
Executive Director(s)	executive Director(s) of the Board
Group	the Company and its subsidiaries
HKEX	Hong Kong Exchanges and Clearing Limited
HKSAR	the Hong Kong Special Administrative Region of the People's Republic of China
HLP	Hang Lung Properties Limited, the Company's listed subsidiary
INED(s)	independent non-executive Director(s)
Listing Rules	Rules Governing the Listing of Securities on the Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
NED(s)	non-executive Director(s)
RMB	Renminbi
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share Option Scheme	the 2022 Share Option Scheme and the 2012 Share Option Scheme (as the case maybe)
Stock Exchange	The Stock Exchange of Hong Kong Limited

Corporate Information

Honorary Chair

Ronnie C. Chan *GBM*

Directors

Adriel Chan (*Chair*)

Weber W.P. Lo (*Chief Executive Officer*)

Gerald L. Chan[#]

Simon S.O. Ip *GBS, CBE, JP**

P.W. Liu *SBS, JP**

L.C. Tsui *OC, GBM, GBS, JP**

Martin C.K. Liao *GBM, GBS, JP**

George K.K. Chang[#]

Roy Y.C. Chen[#]

May S.B. Tan^{*}

Kenneth K.K. Chiu (*Chief Financial Officer*)

[#] *Non-Executive Director*

^{*} *Independent Non-Executive Director*

Audit Committee

Simon S.O. Ip *GBS, CBE, JP (Chair)*

P.W. Liu *SBS, JP*

George K.K. Chang

May S.B. Tan

Nomination and Remuneration Committee

P.W. Liu *SBS, JP (Chair)*

Simon S.O. Ip *GBS, CBE, JP*

Martin C.K. Liao *GBM, GBS, JP*

May S.B. Tan

Authorized Representatives

Weber W.P. Lo

Winnie Ma

Company Secretary

Winnie Ma

Registered Office

28th Floor, 4 Des Voeux Road Central, Hong Kong

Tel: 2879 0111

Fax: 2868 6086

Website: <http://www.hanglunggroup.com>

Email: HLGroup@hanglung.com

Auditor

KPMG

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

Financial Calendar

2025

July

Announcement of interim results July 30, 2025

September

Interim dividend paid September 24, 2025

2026

January

Announcement of annual results January 30, 2026

April

Latest time for lodging transfers (for attending and voting at annual general meeting) 4:30 p.m. on April 24, 2026

Closure of share register (for attending and voting at annual general meeting) April 27 to 30, 2026 (both days inclusive)

Annual general meeting (Details are set out in the notice of annual general meeting accompanying this annual report) 11:00 a.m. on April 30, 2026

May

Latest time for lodging transfers (for final dividend) 4:30 p.m. on May 7, 2026

Closure of share register (for final dividend) May 8, 2026

June

Proposed final dividend payable June 15, 2026

Listing Information

At December 31, 2025

1,361,618,242 shares listed on The Stock Exchange of Hong Kong Limited

Stock Code

Hong Kong Stock Exchange: 00010

Reuters: 0010.HK

Bloomberg: 10 HK

Board Lot Size (Share)

1,000

American Depositary Receipt (ADR)

Sponsored Level-1 (Over the Counter)

CUSIP Number/Ticker Symbol: 41043E102/HNLGY

ADR to Underlying Share Ratio: 1:5

Depository Bank: The Bank of New York Mellon

Website: <http://www.adrbnymellon.com>

Share Registrar

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor, Hopewell Centre

183 Queen's Road East, Wan Chai, Hong Kong

Tel: 2862 8555

Fax: 2865 0990

Investor Relations Contact

Joyce Kwok

Email: ir@hanglung.com

Share Information

	Share Price		Total Trading Volume Number of Shares (‘000)		Share Price		Total Trading Volume Number of Shares (‘000)
	High HK\$	Low HK\$			High HK\$	Low HK\$	
2025				2024			
First quarter	11.44	10.02	97,556	First quarter	10.70	8.86	140,250
Second quarter	13.82	9.72	63,741	Second quarter	9.68	8.45	116,362
Third quarter	15.28	13.30	66,972	Third quarter	10.68	8.06	103,710
Fourth quarter	16.43	14.06	41,657	Fourth quarter	11.68	9.80	98,415
Share Price as at December 31, 2025:			HK\$15.24	Share Price as at December 31, 2024:			HK\$10.46
Market Capitalization as at December 31, 2025:			HK\$20.75 billion	Market Capitalization as at December 31, 2024:			HK\$14.24 billion

STOCK CODE
00010

