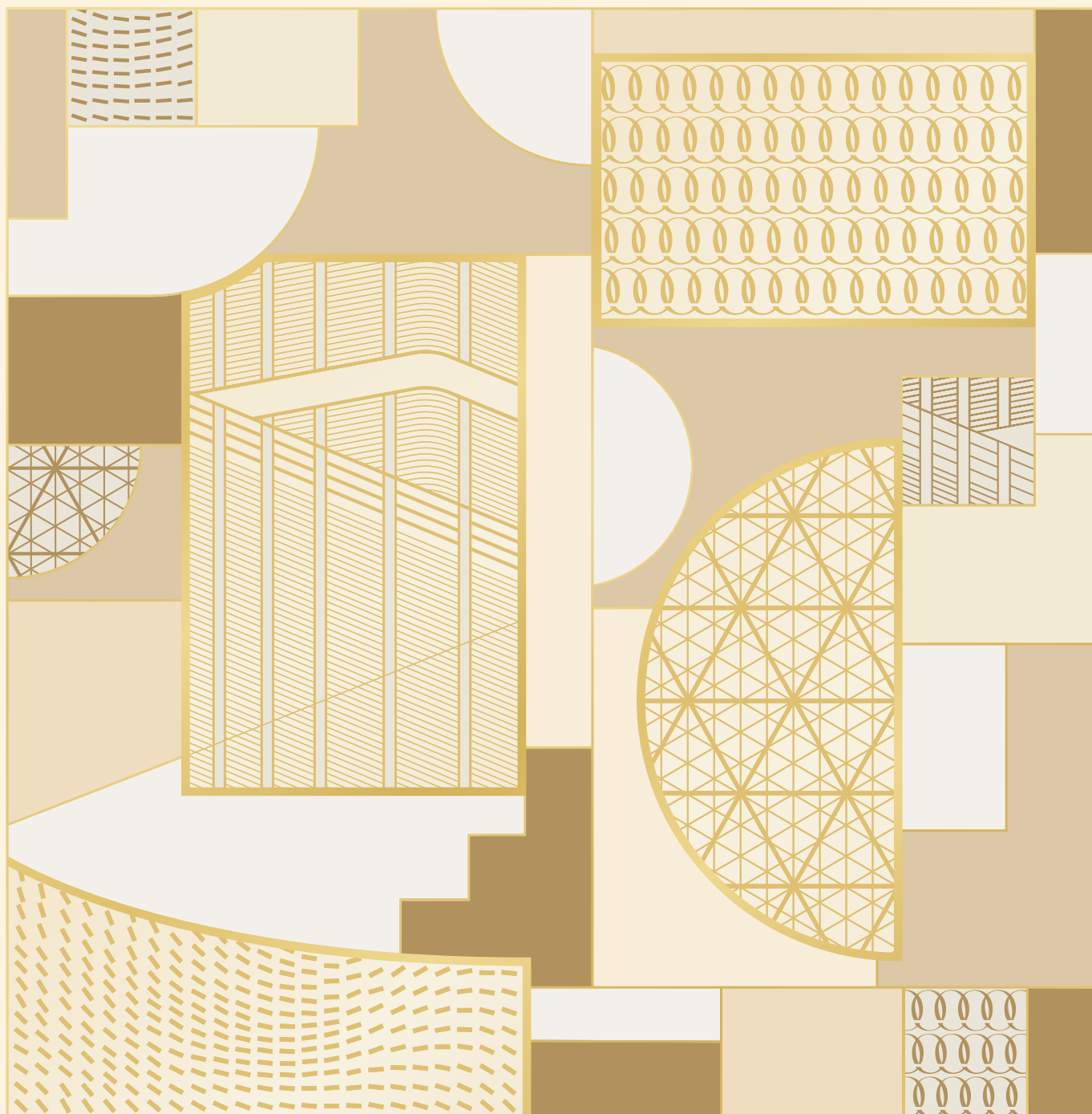




New World Development Company Limited

(Stock Code: 0017)



Annual Report 2026

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Disclaimer

The photographs, images, drawings or sketches shown in this annual report represent an artist's impression of the development concerned only. They are not drawn to scale and/or may have been edited and processed with computerised imaging techniques. Prospective purchasers should make reference to the sales brochure for details of the development. The vendor also advises prospective purchasers to conduct an on-site visit for a better understanding of the development site, its surrounding environment and the public facilities nearby.

All parties engaged in the production of this annual report have made their best efforts to ensure the highest accuracy of all information, photographs, images, drawings or sketches herein contained as to the printing of this annual report and to minimise the existence of clerical errors. Readers are invited to make enquiries to sales personnel or consult relevant professionals for verification of doubts or particulars of specific items.

If there is any inconsistency or conflict between the English and the Chinese versions, the English version shall prevail.







Corporate Structure



Financial Highlights

	FY2026 HK\$m	FY2025 HK\$m
Revenues	19,992.2	27,680.5
Segment results ⁽¹⁾	8,136.4	7,070.4
Net profit/(loss) from recurring operations	2,227.6	(1,225.0)
Core operating profit	7,702.3	6,016.5

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Total assets	391,697.0	420,265.0
Cash and bank balances – restricted and unrestricted	16,960.4	25,856.8
Undrawn facilities from banks	15,756.7	19,157.5
Consolidated net debt ⁽²⁾	126,307.1	120,113.3
Net gearing ratio ⁽³⁾	68.3%	58.1%

RESULTS HIGHLIGHTS:

- The Group's revenues recorded a year-on-year decrease of 28% to HK\$19,992 million due to lower construction revenue and fewer property handovers in the Chinese Mainland, partly offset by increased property handovers in Hong Kong.
- Gross profit recorded a year-on-year decrease of 19% to HK\$9,426 million, while gross margin increased from 42% to 47%.
- Core operating profit was HK\$7,702 million, increased by 28% year-on-year.
- Loss for the year amounted to HK\$26,818 million, primarily driven by non-cash impairment and provisions relating to 11 SKIES project. Excluding non-cash impairment, provisions and other losses, the Group's underlying operating performance remained resilient, with net profit from recurring operations amounted to HK\$2,228 million, representing its first return to profitability over the past few financial years.
- Continuous stringent cost control over general administrative and other operating expenses resulted in a year-on-year decrease of 19%.
- Revenues of property development in Hong Kong amounted to HK\$5,122 million, and the segment results was HK\$3,828 million.
- Revenues of property development in the Chinese Mainland amounted to HK\$5,826 million, and the segment results was HK\$2,182 million.
- Revenues of property investment in Hong Kong was HK\$3,424 million, and the segment results was HK\$2,620 million.
- Revenues of property investment in the Chinese Mainland was HK\$1,915 million, and the segment results was HK\$855 million.

Contracted Sales:

- The Group's total attributable contracted sales from property development projects and asset disposals amounted to approximately HK\$29.6 billion.
- The Group's attributable contracted sales in Hong Kong amounted to approximately HK\$22.1 billion, mainly contributed by residential projects including The Pavilia Farm III, Deep Water Pavilia, Pavilia Rosa, The Legacy and The Pavilia Forest.
- The Group's attributable contracted sales in the Chinese Mainland amounted to approximately RMB6.8 billion, with the Southern Region led by the Greater Bay Area being the largest contributor, accounting for approximately 53%.

Capital Expenditure and Treasury Management:

- Capital expenditure (CAPEX) amounted to HK\$11.8 billion, representing a year-on-year decrease of 6% as a result of the Group's continuous stringent control over CAPEX.
- Total capital resources amounted to approximately HK\$33 billion, including cash and bank balances of approximately HK\$17 billion and undrawn facilities from banks of approximately HK\$16 billion.
- Total debt amounted to approximately HK\$143.3 billion, a reduction of approximately HK\$2.7 billion during FY2026. Net debt amounted to approximately HK\$126.3 billion, an increase of approximately HK\$6.2 billion during FY2026.
- Gross financing costs recorded a year-on-year decrease of 15% to HK\$6.3 billion.
- The Board has resolved not to declare a final dividend for the year ended 30 June 2026. No dividend was declared for the year.

Remarks:

1. Include share of results of joint ventures and associated companies, but exclude changes in fair value of investment properties
2. The aggregate of bank loans, other loans, fixed rate bonds and notes payable less cash and bank balances – restricted and unrestricted
3. Consolidated net debt divided by total equity



Chairman's Statement

Amid changing times and an evolving world, we remain steadfast in our resolve to move forward. Over the past year, the global political and economic landscape remained complex and volatile, with persistent uncertainty surrounding the interest rate outlook and broader market conditions presenting both challenges and opportunities. Against this backdrop, the real estate industry continued to undergo cyclical adjustment, gradually moving towards a healthier and more sustainable path of development. Transaction volumes in Hong Kong's residential property market increased in 2025, demonstrating the market's resilience and vitality. The residential property market in the Chinese Mainland remained broadly stable, with signs of recovery emerging in certain core cities and market sentiment continuing to improve.



DEAR SHAREHOLDERS,

Amid changing times and an evolving world, we remain steadfast in our resolve to move forward. Over the past year, the global political and economic landscape remained complex and volatile, with persistent uncertainty surrounding the interest rate outlook and broader market conditions presenting both challenges and opportunities. Against this backdrop, the real estate industry continued to undergo cyclical adjustment, gradually moving towards a healthier and more sustainable path of development. Transaction volumes in Hong Kong's residential property market increased in 2025, demonstrating the market's resilience and vitality. The residential property market in the Chinese Mainland remained broadly stable, with signs of recovery emerging in certain core cities and market sentiment continuing to improve.

During the year, the Group implemented a "quick-turnover" operational strategy, with a number of residential projects recording satisfactory sales performance. From The Pavilia Farm III, PAVILIA ROSA and House Muse in Hong Kong to projects in other Greater Bay Area cities, including WELL SPRING, the first-phase residential component of the large-scale urban renewal project New World 188 in Shenzhen, these meticulously crafted developments received enthusiastic market response and broad recognition. Their performance reaffirmed the enduring competitiveness of high-quality products across market cycles. At the same time, we steadily expanded our commercial retail and office portfolio, contributing to vibrant urban developments through a series of premium urban landmarks. Leveraging the K11 brand's profound artistic and cultural heritage as well as strong market appeal, the office component of K11 ELYSEA on Huaihai Road in Shanghai has achieved encouraging pre-leasing progress ahead of its opening, further strengthening the project's positioning within the city's premium commercial district. K11 MUSEA Hong Kong recorded an approximately 40% year-on-year increase in mall sales during the first half of the year, reaching a record high for the corresponding period since its opening and reaffirming its unique positioning and operational strength as a cultural-retail landmark. In our hotel business, Rosewood Hong Kong was once again recognised as the World's Best Hotel in 2026, having topped The World's 50 Best Hotels ranking in 2025. It became the first hotel in the history of the ranking to retain the global No. 1 position for two consecutive years. This achievement underscores the exceptional quality and global influence of the Group's landmark properties.

These achievements would not have been possible without the steadfast dedication of all our colleagues. Guided by a spirit of continuous self-improvement, they have pursued excellence with professionalism and passion, overcome market challenges and continually turned our vision into tangible results. Their collective efforts have driven the Group steadily forward.

Those who build on strong foundations create lasting legacies. In an industry shaped by successive market cycles, only brands that create genuine value can transcend cycles and stand the test of time. New World's meticulously developed portfolio of high-quality properties in Hong Kong and core cities across the Chinese Mainland responds to the market's aspirations for a better quality of life through exceptional products and services, providing a solid foundation for the Group's steady growth. Equally important are our team's extensive professional experience, profound insight into market needs and proven ability to transform vision into high-quality developments. These strengths are instrumental in safeguarding our brand value and driving the stable, long-term development of the Group's businesses.

The year 2026 marks the beginning of China's 15th Five-Year Plan. Looking ahead, Hong Kong will play an increasingly important role in integrating into and contributing to the country's overall development. At the same time, the continued development of the Northern Metropolis will inject new momentum into Hong Kong's economic and industrial advancement. As an enterprise rooted in Hong Kong for more than half a century and with a longstanding presence in the Chinese Mainland, we firmly believe that the Group's long-term development should remain aligned with the country's needs, the direction of urban development and the aspirations of the community. We will continue to leverage our landbank in the Northern Metropolis and capture opportunities arising from regional development and deeper integration within the Greater Bay Area, thereby opening up broader prospects for the Group's long-term development.

I would like to take this opportunity to express my sincere gratitude to our shareholders for their continued support; my fellow Board members for their commitment and dedication; our exceptional management team for steering the Group steadily forward with professionalism and accountability and all our employees, whose steadfast loyalty, spirit of unity and passion for their work have enabled us to advance together. As we embark on this new journey, let us remain united in purpose and pursue progress while maintaining stability, taking concrete actions to achieve high-quality development and create greater and more enduring value for our shareholders and society.

Dr Cheng Kar-Shun, Henry

Chairman

Hong Kong, China, 30 September 2026



CEO's Report

BUSINESS REVIEW

Hong Kong Property Development, Property Investment and Others

During the financial year ended 30 June 2026, Hong Kong's residential property market showed encouraging signs of recovery. Improving market sentiment and attractive pricing following a prolonged market correction supported a gradual rebound in transaction activity and housing prices.

According to public data from the Land Registry, the total consideration of sale and purchase agreements ("SPAs") for residential building units increased by approximately 49% year on year, from approximately HK\$442 billion for the period from July 2024 to June 2025, to approximately HK\$657 billion for the period from July 2025 to June 2026. The number of residential SPAs also rose by approximately 38% year on year, from 54,270 to 74,695 during the same periods.

In addition, according to statistics published by the Rating and Valuation Department, the territory-wide private domestic property price index increased by approximately 13% between June 2025 and June 2026. The increase reflected strengthening housing demand and improving buyer confidence during the period.

The recovery in the Hong Kong residential property market was underpinned by resilient housing demand, including pent-up demand accumulated in recent years and purchasing interest from existing homeowners seeking to upgrade their homes. Hong Kong's employment market also remained healthy, supported in part by the Hong Kong Government's talent admission initiatives, particularly the Top Talent Pass Scheme (TTPS) and the Admission Scheme for Mainland Talents and Professionals (ASMTP). These initiatives continued to attract skilled professionals and their families to Hong Kong, contributing to the city's economic vitality and housing demand.



Hong Kong also continued to reinforce its position as a leading international financial centre. In 2025, the Hong Kong equity market performed strongly with a sharp increase in total market capitalisation and average daily turnover, and the city regained its position as the world's leading IPO venue for the first time since 2019. In addition, the introduction of the New Capital Investment Entrant Scheme (CIES) has further strengthened Hong Kong's appeal to international capital and high net worth individuals.



Nevertheless, amid a mixed macroeconomic environment, homebuyers and investors remained selective. Project quality, location and brand reputation remained key considerations in purchase decisions.

During the year under review, the Group's revenue and segment results of property development in Hong Kong were HK\$5,122 million and HK\$3,828 million, respectively. The major contributions were attributed by The Pavilia Farm, The Legacy, Mount Pavilia and Fleur Pavilia. The Group's attributable contracted sales in Hong Kong amounted to approximately HK\$22.1 billion.

The Group's flagship premium residential brand, the PAVILIA COLLECTION, continued to demonstrate its resilience across market cycles. Supported by its established reputation, premium positioning and broad customer appeal, the collection remained a key contributor to the Group's residential property business. Two major projects were introduced under the PAVILIA COLLECTION in the second half of FY2026, namely The Pavilia Farm III in April 2026 and Pavilia Rosa in May 2026.

The Pavilia Farm III, jointly developed by the Group and MTR Corporation, is a landmark riverfront residential project atop Tai Wai Station, with convenient access to major commercial districts and cross border transportation networks. The project was well received following its relaunch in April 2026. As of 30 June 2026, the project achieved gross contracted sales of approximately HK\$5.0 billion. Since its relaunch, The Pavilia Farm III achieved an average selling price of approximately HK\$26,000 per square foot, the highest among residential developments in the New Territories in 2026 to date. A four-bedroom unit was sold for HK\$37,888 per square foot, setting a new record for the highest price per square foot achieved by a standard single floor residential unit in the New Territories in 2026 to date. As of 25 September 2026, a total of 356 units were sold, generating gross contracted sales of approximately HK\$5.9 billion.

Pavilia Rosa is a scarce low density residential development located in one of Kowloon's most established upscale neighbourhoods. Drawing on the area's rich heritage, it caters to affluent families and benefits from a prestigious school network. Since its launch in May 2026, Pavilia Rosa has attracted strong

market interest and recorded the highest single day tender sales value among new residential projects launched in Hong Kong in 2026 to date. A deluxe four-bedroom unit sold for HK\$91.4 million, equivalent to HK\$56,866 per square foot. As of 30 June 2026, the project achieved gross contracted sales of approximately HK\$2.7 billion. As of 25 September 2026, the project has sold 67 units, with gross contracted sales of approximately HK\$2.8 billion.

The Group also maintained the sales momentum across existing projects under the PAVILIA COLLECTION during the year under review.

Deep Water Pavilia, an ultra-luxury residential project in the Southern District, is co-developed by the Group, Empire Group, CSI Properties, Lai Sun Development and MTR Corporation. Based on gross contracted sales, it was the top-selling first-hand project in Hong Kong in 2025. During the year under review, the project generated gross contracted sales of approximately HK\$7.3 billion. As of 25 September 2026, a total of 791 units were sold since launch with gross contracted sales of approximately HK\$13.9 billion.





The Pavilia Forest, a luxury residential landmark in the prime Kai Tak runway area jointly developed by the Group and Far East Consortium Group, also delivered strong sales performance. The project recorded the highest gross contracted sales among pre-sale residential projects in the Kai Tak runway area. Gross contracted sales amounted to approximately HK\$2.4 billion during the year under review. As of 25 September 2026, approximately 965 units had been sold since launch, generating gross contracted sales of more than HK\$7.1 billion. State Pavilia, a large-scale heritage residence in North Point launched in January 2025, sold all 388 units by December 2025, achieving gross contracted sales over HK\$4.2 billion.

Complementing the premium positioning of the PAVILIA COLLECTION, the BOHEMIAN COLLECTION targets urban professionals and young homebuyers seeking contemporary homes in prime urban neighbourhoods. With convenient access to transportation networks,

commercial centres and lifestyle amenities, its projects broaden the Group's appeal across different segments of the residential market.

Grand Austin Bohemian, located near Austin Station, benefiting from access to the High-Speed Rail network and connections to four railway lines, continued to attract buyers' attention. All 64 units were sold on the day of launch on 11 March 2026, achieving gross contracted sales of approximately HK\$341 million.

Two other projects under the BOHEMIAN COLLECTION also received overwhelming market response upon their launches in September 2025 and December 2025. House Muse located on Nga Tsin Long Road in Kowloon City, and Austin Bohemian located on Canton Road near the High-Speed Rail station, sold all price-list units on their respective launch days. Together, the two projects generated contracted sales of approximately HK\$1.2 billion during the year under review.



Another notable launch during the year under review was The Legacy, a premium residential development jointly developed by the Group and Henderson Land. Launched in September 2025, the project is situated in the traditional luxury residential enclave of Mid-Levels, and is one of the area's few large-scale luxury residential launches in recent years. During the year under review, the project generated gross contracted sales of approximately HK\$6.5 billion. As of 25 September 2026, 62 units had been sold, generating gross contracted sales of approximately HK\$10.5 billion.

Besides the residential development portfolio, the Group's office development projects also made steady progress during the year under review. Situated in one of Kowloon West's emerging commercial districts, 83 Wing Hong Street offers 28 storeys of office space with a total gross floor area of approximately 440,000 square feet. It is one of the few brand-new Grade-A office buildings available for sale in the district. The project featured over 8,600 square feet of retail space and approximately 20,000 square feet of twin terraced gardens. It has also

received multiple architectural awards and green building certifications. To date, more than 75 units have been sold, representing around 80% of total units launched.

As of 30 June 2026, among the unrecognised attributable income of the Group from contracted sales of properties in Hong Kong, approximately HK\$20,914 million would be booked in FY2027 and FY2028. Key projects expected to be booked in FY2027 and FY2028 include Deep Water Pavilia, The Pavilia Farm III, State Pavilia, Pavilia Rosa and House Muse.

The Hong Kong retail market showed encouraging signs of recovery during the year under review. Inbound tourism continued to recover, with the city recording approximately 53 million visitor arrivals from July 2025 to June 2026, representing an increase of approximately 13% year on year. The resurgence in Hong Kong's IPO and capital market activity also supported a pickup in luxury retail sales, driven by spending from business executives and high net worth consumers. In addition, the appreciation of the Renminbi supported spending by Mainland visitors in Hong Kong.



Despite these positive developments, Hong Kong's retail market continued to face headwinds during the year under review. Outbound travel and cross border consumption by local residents continued to weigh on domestic consumption, while consumers became increasingly selective in their spending. Retail competition consequently intensified, prompting retailers to step up efforts to attract and retain customers through experiential offerings, promotional activities and store upgrades.

During the year under review, the Group's revenues and segment results from property investment in Hong Kong amounted to HK\$3,424 million and HK\$2,620 million, respectively. Leveraging K11's distinctive positioning in cultural-retail, the Group continued to refine the tenant mix at K11 MUSEA and K11 Art Mall through the introduction of new brands, first-in-Hong Kong concept stores and experiential offerings. These initiatives supported sustained footfall, encouraged repeat visits and strengthened customer engagement across both properties.

K11 MUSEA, the Group's luxury and premium lifestyle cultural-retail landmark, continued to reinforce its position as a premier retail destination in Hong Kong. During the year under review, mall sales increased by approximately 23% year on year, setting a new record for the same period since its opening, with sales growth recorded across different categories. Collectively, the luxury, jewellery and watches categories recorded year-on-year growth of 45%, while watches and jewellery member spending and several international luxury brands recorded all-time high monthly sales. As at 30 June 2026, K11 MUSEA achieved an occupancy rate of 99%, and footfall continued to grow and reached record levels.



Since the announcement of the first phase of brand portfolio upgrade in 2025, K11 MUSEA is expected to refresh over 30% of its total retail area, with more than 60 brands joining the portfolio for the first time by the end of 2026. During the year under review, Miu Miu and Rolex have established their presence at K11 MUSEA, while a series of first-tier international luxury brands also enhanced their presence at the mall. Audemars Piguet expanded its AP HOUSE with a new wing, while Balenciaga upgraded to its first duplex store in Hong Kong, featuring a first-of-its-kind dedicated VIC (Very Important Client) area. Van Cleef & Arpels and Brunello Cucinelli also upgraded to duplex stores, while Delvaux enhanced its Hong Kong flagship store at K11 MUSEA. Max Mara opened a new store in August 2026; Alo Yoga's first flagship store in Greater China has opened in September 2026 and Prada, Bottega Veneta and an anchor tenant are expected to open by the end of 2026.

As part of the brand portfolio upgrade, K11 MUSEA has attracted international lifestyle brands to launch their first shop in Hong Kong, including SHIRO, Läderach, and Kailas. It has also broadened its tenant mix by introducing premium sports fashion and food and beverage brands, such as On Running, HOKA, and Unagi Yondaime Kikukawa, further enhancing its appeal to a diverse customer base.

K11 MUSEA is home to world-class exhibitions and mega events. Notable events include "CHIIKAWA ARTIVERSE" by AllRightsReserved (ARR) which made its anticipated return to K11 MUSEA in August 2026, Formula 1 Red Bull Racing Exhibition, La Patinoire Longchamp, and the Dior Fashion pop-up marking the launch of Jonathan Anderson's first collection. These activations broadened K11 MUSEA's reach across diverse customer segments and further strengthened its position as a destination for retail, culture, lifestyle and experiential engagement. The large-scale themed exhibition became one of Hong Kong's most popular summer attractions, drawing strong visitor traffic and supporting mall sales during the period.

As the Group's first K11 project and a key destination for Gen Z and millennial consumers, K11 Art Mall continued to deliver solid performance during the year under review. Occupancy remained high at 99% as at 30 June 2026. In August 2025, the mall recorded its highest monthly footfall since its opening in 2009.

K11 Art Mall continued to diversify its tenant mix and reinforce its appeal to trend-conscious and fashion-forward consumers during the year under review. In June 2026, the mall welcomed Saucony, one of the world's leading running brands, opening its first Hong Kong store at K11 Art Mall. Other notable additions included South Korean minimalist streetwear label Matin Kim in April 2026, and heritage sportswear brand Adidas Originals also joined the mall's refreshed fashion portfolio in June 2026.

Beyond tenant upgrades, the mall continued to attract a diverse range of brand partnerships and experiential activations across lifestyle, entertainment, financial services and consumer sectors. Collaborations with partners such as Nintendo, Jo Malone and Ulike generated additional foot traffic and shopper engagement while contributing to licensing and advertising revenues.

In addition, having topped The World's 50 Best Hotels list in 2025, Rosewood Hong Kong retained its global number one ranking in 2026, becoming the first hotel in the list's history to achieve this distinction for two consecutive years. This prestigious recognition further demonstrates the exceptional quality and international influence of the Group's landmark projects.

During the year under review, the Hong Kong office sector continued its gradual recovery. According to data published by CBRE, overall Grade A office rents increased by 3.5% from January to June 2026, marking a reversal of the declines recorded during the second half of 2025.

The Group's office portfolio during the year under review continued to demonstrate strong operating performance, reinforcing its position as a leading premium office portfolio in Hong Kong. As at 30 June



2026, K11 ATELIER Victoria Dockside and K11 ATELIER King's Road recorded occupancy rates of 99% and 95%, respectively, outperforming market averages. According to data published by Cushman and Wakefield, the average office vacancy rates in Tsim Sha Tsui and Island East for the second quarter of 2026 were 22.1% and 16.7%, respectively.

The Group's office properties in Central also delivered solid performance during the year under review. Occupancy at Manning House rose from 94% as at 30 June 2025 to 97% as at 30 June 2026, while occupancy at New World Tower rose from 83% to 90% during the same period.

Other office properties under the Group's portfolio in Hong Kong also maintained positive leasing momentum during the period. 83 King Lam Street, completed in March 2024 and the first twin tower Grade A office development in the district, continued to ramp up with occupancy increasing from 50% as at 30 June 2025 to 83% as at 30 June 2026. Notable tenants include AECOM, Ralph Lauren, Sushiro, Delsey Paris, Lush, Pepsi and LOJEL.

Hong Kong Landbank

As at 30 June 2026, the Group had a landbank with a total attributable gross floor area (GFA) of approximately 2.5 million square feet for property development use in Hong Kong.

The year 2026 marks the beginning of the 15th Five-Year Plan (2026–2030) for National Economic and Social Development of the People's Republic of China, which supports Hong Kong's development as an international innovation and technology hub, as well as the accelerated development of the Northern Metropolis. Against this backdrop, the Northern Metropolis is expected to play an increasingly important role in supporting Hong Kong's innovation and technology development, economic growth and talent attraction.

As a new engine for Hong Kong's future development, the Northern Metropolis is expected to inject new economic vitality into the city. Upon full development, the Northern Metropolis is expected to provide over 500,000 residential units, accommodate approximately

2.5 million residents and create about 650,000 jobs. On 16 September 2026, the Hong Kong Government published its First Five-Year Plan for Economic and Social Development, which reaffirmed the Northern Metropolis's role in driving economic growth, advancing innovation and technology, and strengthening Hong Kong's integration with the Greater Bay Area. The commissioning of the Fanling Bypass Eastern Section in May 2026 also marked the completion of the first major transport infrastructure project in the Northern Metropolis, enhancing the area's road network and connectivity.

The Group is well-positioned to capture emerging opportunities brought about by the Northern Metropolis. As at 30 June 2026, the Group held an agricultural land reserve with a total attributable land area of approximately 12.4 million square feet pending land use conversion in the New Territories, of which approximately 10.3 million square feet are within the Northern Metropolis. Converting the Group's agricultural land holdings remains a key strategy for the Group to effectively lower its average land cost and capital expenditure and unlock the value of its agricultural land.

The Group continued to advance its agricultural land reserve projects during the year under review. Construction of the Ma Sik Road project, the Group's first Northern Metropolis development jointly developed with China Merchants Shekou Industrial Zone Holdings, has proceeded according to plan since works commenced in March 2025. The Group also made further progress on the Phase 1 of the Yuen Long South project, its second residential project in the Northern Metropolis, developed in collaboration with China Resources Land (Overseas) Limited. Notably, Phase 2 of the Yuen Long South

project secured a planning approval in June 2026, with completion currently scheduled for 2030. Further details on these two projects will be discussed in the outlook section. Separately, the rezoning of the Wing Ning Tsuen site to residential use was approved in May 2026.

The Group's converted and planned agricultural land conversions are expected to provide approximately 10.6 million square feet of attributable GFA, with approximately 3.4 million square feet of GFA being short-term projects (including those converted projects), and the remaining approximately 7.2 million square feet GFA being medium to long term development projects.

The Group expects to complete the land premium process for several projects within the next 1 to 2 years, which includes Wing Ning Tsuen, Lam Hau Tsuen, Phase 2 of Yuen Long South and Phase 5 of Lung Tin Tsuen, and Tai Shu Ha Road East located in the Northern Metropolis, as well as Sha Ha Phase 1 and 2 located in Sai Kung. These projects are expected to provide approximately 2.9 million square feet of attributable GFA.

In the medium to long term, the Group expects to add approximately 7.2 million square feet of attributable GFA through planning and land exchange applications. Key sites include Tong Yan San Tsuen, Wing Kei Tsuen, Phase 2A and 2B of Sha Po North, Lau Fau Shan, Ngau Tam Mei and Phase 3 of Sha Po North.

The Group will continue to expedite agricultural land conversion to unlock value and replenish its landbank, aligning with government development policies to meet housing demand.

Landbank by District for Property Development

	Total Attributable GFA (sq ft'000)
As at 30 June 2026	
Hong Kong Island	665.6
Kowloon	892.8
New Territories	931.9
Total	2,490.3

In addition to the landbank resources outlined above, the Group also holds an inventory of completed projects with potential for future revenue and cash flow contributions. These include The Pavilia Farm III at Tai Wai; The Pavilia Forest, The Knightsbridge, Miami Quay and Double Coast, all of which are located at the Kai Tak Runway; Uptown East at Kowloon Bay; as well as The Legacy at Mid-Levels. As of 30 June 2026, the GFA of unsold units attributable to the Group is approximately 592,000 square feet.

Agricultural Landbank by District

	Total Land Area (sq ft'000)	Total Attributable Land Area (sq ft'000)
As at 30 June 2026		
Yuen Long District	9,351	9,068
North District	1,249	1,249
Sha Tin District and Tai Po District	1,220	1,166
Sai Kung District	1,133	964
Total	12,953	12,447



Agricultural Land Reserve Conversion Status

Agricultural Land Reserve (Selected) ^{note 1}		Status ^{note 2}	Proposed Plot Ratio ^{note 3} (Subject to Government Approval)	Attributable GFA (sq ft'000)
I. High-end professional services and logistics hub				
1	Lam Hau Tsuen	Short term	3.5	504
2	Yuen Long South (Phase 2) ^{note 4}	Short term	5.0	275
3	Yuen Long South (Phase 1) ^{note 5}	Converted	5.0	173
4	Lung Tin Tsuen (Phase 5) ^{note 6}	Short term	6.5	397
5	Tai Shu Ha Road East	Short term	4.3	25
6	Tong Yan San Tsuen (Mountain) (Site A)	Medium term	3.6	1,597
7	Tong Yan San Tsuen (Mountain) (Site B)	Medium term	3.6	1,417
8	Wing Ning Tsuen ^{note 7}	Short term	6.0	889
			(private portion) (Rezoned to Residential)	
9	Tong Yan San Tsuen 3	Medium term	1.0	102
10	Tong Yan San Tsuen 4	Medium term	3.6	743
11	Shap Pat Heung Road, Yuen Long ^{note 8}	Medium term	6.0	240
12	Lau Fau Shan	Long term	3.0	661
II. Innovation and technology zone				
13	Wing Kei Tsuen ^{note 9}	Medium term	0.4 to 1.55 (+388% Approved by TPB)	1,086
14	Sha Po North (Phase 2A + 2B)	Medium term	1.2 & 1.7	265
15	Sha Po North (Phase 3)	Long term	1.2	7
16	Ngau Tam Mei	Long term	5.0	1,090
III. Boundary commerce and industry zone				
17	Ma Sik Road, Fanling	Converted	7.2	336
IV. Miscellaneous				
18	Sha Ha, Sai Kung (Phase 1 + 2) ^{note 10}	Short Term	1.5 (Approved by TPB)	790

^{note 1} Excluded projects that fall within the resumption zone for Phase 1 development of San Tin Technopole (STT) as outlined in the Gazette notice published on 26 June 2026.

^{note 2} Short Term: Land expected to be ready for development within 1–2 years; Medium Term: Land expected to be ready for development within 3–5 years; Long Term: Land expected to be ready for development in 5 years or more; Converted: Land conversion completed and currently under construction.

^{note 3} All proposed plot ratios and estimated developable GFAs are subject to change and Government's approval.

^{note 4} Previously Lung Tin Tsuen (Phase 2). A planning application approval was secured on 5 June 2026.

^{note 5} Previously Lung Tin Tsuen (Phase 4). Land Grant executed on 26 September 2025.

^{note 6} Statutory plan amendment for residential zoning was approved on 10 April 2026.

^{note 7} Statutory plan amendment for residential zoning was approved on 22 May 2026.

^{note 8} Statutory plan amendment for residential zoning was approved on 10 April 2026.

^{note 9} Next to Au Tau Station, which is under construction; application for up-zoning was approved by TPB on 10 November 2023.

^{note 10} Planning application for Phase 2 residential development was approved by TPB on 7 November 2025, while Phase 1 was already approved on 14 January 2022.



Chinese Mainland Property Development, Property Investment and Others

In FY2026, the Chinese Mainland real estate market remained at a critical stage in the transition of its development model and advancement towards high-quality development. As the inaugural year of the 15th Five-Year Plan, the Central Government continued to pursue its policy priorities of market stabilisation, risks mitigation and facilitating developers' transformation, with the aim of establishing a new development model for the real estate sector and accelerating the industry's shift from incremental development towards quality enhancement of existing assets and sustainable operations. During the year under review, local governments continued to implement city-specific policies, with urban renewal serving as a key focus of urban development initiatives. With a view to releasing reasonable housing demand, restrictive policies in first-tier and core cities were gradually relaxed, accompanied by improvements in the credit environment and enhancements to housing provident fund arrangements, including allowing provident fund withdrawals for down-payment payments on home purchases. Benefiting from these measures, residential markets in certain core cities and high-quality residential projects continued to exhibit resilience.

During the year under review, the Group adhered to its long-term development strategy amid the ongoing reshaping of the market landscape, closely aligning with national policy priorities of promoting high-quality development and the delivery of "good homes". Leveraging its forward-looking land bank strategy, premium housing quality and disciplined execution capabilities, the Group achieved solid sales performance across several of the Group's residential projects in the Chinese Mainland. Guangzhou Central Park-view, a benchmark luxury property project in Guangzhou, achieved transaction prices of up to approximately RMB200,000 per sq m during the year under review, maintaining a leading position in the premium residential market in the Chinese Mainland. THE SILLAGE also maintained a leading position in Guangzhou's urban core upgraders' residential market during the year under review. In Shenzhen, New World 188, the Group's first urban renewal project in the city, represents a key milestone for the Group's participation in Shenzhen's urban renewal and high-quality urban development. New World 188 is well aligned with the national development agenda of advancing urban renewal initiatives, enhancing urban functionality and improving residents' quality of life. Well Spring, the first phase residential component in New World 188, was launched in April and received





positive market of the response, recording over 100 units sold at launch and subsequently ranking first in Longgang District by number of transacted units in June. In the northern market, PARKSVILLE in Shenyang continued to lead the market, ranking first in terms of sales value in the private residential market within its respective districts in November 2025, and topping Shenyang's commodity housing market based by sales value in May 2026.

The strong performance of these projects not only highlights the strong demand for high-quality housing in the Chinese Mainland, but also reflects the continuous enhancement of the Group's brand value and product competitiveness. In addition to achieving excellent sales results, the Group delivered several key projects during the year under review, including the luxury residential projects "CITY GATHER" in Shanghai and THE SILLAGE. This further demonstrates the Group's ability to fulfil its commitment to delivering premium quality projects and a better lifestyle.

During the year under review, the Group's revenue from property development in the Chinese Mainland totalled HK\$5,826 million, with segment results of HK\$2,182 million. The contributions were mainly from residential projects such as THE SILLAGE, Shenyang New World Garden and Guangzhou Park Paradise.

During the year under review, the Group's attributable contracted sales of properties in the Chinese Mainland amounted to approximately RMB6.8 billion. The contracted sales area was approximately 340,000 sq m, with an average price of residential contracted sales of approximately RMB26,800 per sq m. In terms of the geographical distribution of contracted sales proceeds, the Southern Region, led by the Greater Bay Area, was the largest contributor, accounting for approximately 53%. This contribution was mainly generated by projects including THE SILLAGE, Canton View of Central Parkview, Guangzhou Park Paradise, New World 188 and Shenyang New World Garden, as well as commercial projects including the Ningbo Tower office building and Guangzhou Central Parkview apartments.

Contracted Sales by Region

FY2026 Region	Area (sq m'000)	Proceeds (RMB m)
Southern Region (i.e. the Greater Bay Area)	112.3	3,599
Eastern Region (i.e. the Yangtze River Delta Region)	132.7	1,909
Central Region	10.5	54
Northern Region	18.4	129
North-Eastern Region	64.0	1,143
Total	337.9	6,834

As at 30 June 2026, among the unrecognised gross revenue of the Group from contracted sales of properties in the Chinese Mainland, approximately RMB3.4 billion would be recognised in FY2027 and FY2028.

During the year under review, the total GFA of the Group's property development and investment completed projects in the Chinese Mainland (excluding car parks) was approximately 283,000 sq m, most of which were located in Shanghai and the Greater Bay Area. The total GFA of the Group's property development completed projects in the Chinese Mainland (excluding car parks) is expected to reach approximately 84,000 sq m in FY2027.

FY2026 Project Completion in the Chinese Mainland – Property Development

Region	Project/Total GFA (sq m)	Residential	Commercial	Total (excluding car parks)	Total (including car parks)
Guangzhou	Guangzhou Zengcheng International Community Project	—	3,123	3,123	3,123
	Guangzhou Covent Garden Zone 4 (i.e. THE SILLAGE)	124,752	1,043	125,795	182,907
Shanghai	Shanghai Putou Land B2-18 (i.e. CITY GATHER)	54,945	—	54,945	78,693
Total		179,697	4,166	183,863	264,723



FY2026 Project Completion in the Chinese Mainland – Property Investment and Others

Region	Project/Total GFA (sq m)	Commercial	Office	Total (excluding carparks)	Total (including carparks)
Shanghai	SHHHL Project (i.e. K11 ELYSEA)	61,043	38,163	99,206	127,154

FY2027 Project Completion Plan in the Chinese Mainland – Property Development

Region	Project/Total GFA (sq m)	Residential	Commercial	Total (excluding carparks)	Total (including carparks)
Hangzhou	Hangzhou Wangjiang New Town Project Phase 2	—	42,770	42,770	42,770
Guangzhou	Guangzhou Covent Garden Zone 4 (i.e. THE SILLAGE)	40,244	1,188	41,432	83,261
Total		40,244	43,958	84,202	126,031

In FY2026, despite macroeconomic pressures and consumer confidence that had yet to fully recover, the Chinese Mainland consumer market continued to record moderate growth as a whole. According to data released by the National Bureau of Statistics, total retail sales of consumer goods for the year under review reached RMB50,446.6 billion, representing a year-on-year increase of 1.4%. Among these, online retail and service consumption remained relatively resilient, reflecting the ongoing evolution of consumer behaviour towards digitalisation, experience-led consumption and service-oriented spending.

The transformation of consumption patterns has continued, with consumer demand shifting from the mere purchase of goods towards the pursuit of quality of life, social experiences, cultural engagement and emotional connection. The focus of competition in the commercial property sector has evolved beyond traditional leasing and retail offerings to encompass content curation, community engagement, experiential placemaking, and brand co-creation. In response to these market trends, the Group has continued to place

K11's "Cultural Retail" model at the core of its strategy, integrating art, culture, nature and community elements to deliver differentiated commercial experiences, thereby enhancing the appeal of its projects and their long-term asset value.

During the year under review, the Group's revenues and segment results from property investment in the Chinese Mainland amounted to HK\$1,915 million and HK\$855 million, respectively. The overall occupancy rate of major projects in the investment property portfolio remained stable.

Shanghai K11 Art Mall continued to strengthen customer engagement through exhibitions, membership activities and digital partnerships. Two major exhibitions launched in April 2026 attracted over 10,000 visitors and more than 13,000 new members, respectively. During the year under review, the project also continued to expand its membership base with spending increasing by 7% year-on-year. As at 30 June 2026, the project's occupancy rate was 95%.

During the year under review, Ningbo K11 continued to deepen its presence in the local consumer market, steadily advancing customer engagement initiatives and tenant mix optimisation. More than 80 themed events held around key shopping periods helped attract over 8.8 million visits and increase total membership to over 190,000. It also introduced distinctive retailers such as POP MART, NoFilter Fashion Publisher and The Little Seals Physical Fitness (小小特工體適能), further enriching its range of trendy retail, lifestyle and family-oriented experiential offerings, thereby reinforcing its differentiated positioning in Ningbo's commercial property market.

Leveraging its distinctive waterfront location and K11's cultural retail positioning, the Shenzhen K11 ECOAST Art and Cultural District by the Sea continued to strengthen its position as an emerging cultural, tourism and consumption landmark in the Greater Bay Area. During the year under review, the project recorded total footfall of nearly 16.7 million visits. It organised 316 themed events, including offline events, cultural and arts workshops, and international exhibitions. Through a series of cultural, arts and promotional initiatives, it further enhanced its distinctive waterfront art-and-

commerce characteristics and brand influence. As operations continued to mature, the occupancy rate improved accordingly.

Guangzhou Hanxi K11 officially opened on 29 September 2025. Adhering to its "Future Living+" positioning, the project strategically introduced close to 50 iconic brands making their debut at the national, Guangzhou or Panyu district levels, creating a diverse commercial ecosystem that combines an international vision with local characteristics. Since its opening, the project had demonstrated a strong ability to attract substantial footfall, receiving approximately 700,000 visits during the National Day Golden Week and over 650,000 visits during the Christmas and New Year period. During the year under review, the project hosted two major exhibitions. Since opening, the project had organised a total of 25 thematic marketing and promotional events, attracting a broad range of visitors and recording approximately 8.4 million visits during the year under review, supporting its ambition to become a new landmark for cultural consumption in the city. With operations gaining momentum, the project's occupancy rate rose steadily to 73% as at 30 June 2026, while the tenant mix and operating quality continued to be enhanced.



During the year under review, Wuhan Hankou K11 Art Mall made initial progress in its tenant mix repositioning and brand enhancement, introducing more than 50 new brands across dining, retail, travel and lifestyle categories, further enriching the project's tenant mix and consumer offerings. Supported by promotional and customer engagement initiatives, the project's sales increased by approximately 11% year-on-year, while annual footfall reached approximately 11 million visits, representing a 7% year-on-year increase. Average monthly footfall during the summer holiday period since June 2026 recorded year-on-year growth of more than 20%. Market awareness and customer engagement also showed continued improvement. As at 30 June 2026, the project's occupancy rate was 92%.

During the year under review, Wuhan Guanggu K11 continued to deepen its experiential consumption offerings and refine its brand tenant mix around its positioning as a "Gen Z Cultural Exploration Hub". The project introduced 47 new brands during the year, spanning the trendy retail, dining, sports, retail and experiential categories. The project also leveraged community-based marketing by organising 10 e-sports competitions and anime-themed events. These initiatives successfully drove footfall, boosted market awareness, and consolidated the project's competitive edge among Wuhan's younger demographic. As at 30 June 2026, the project's occupancy rate was 94%.

Shenyang K11 continued to optimise its tenant mix during the year under review. It successfully introduced "Aomei Winter Sports (奥美冰雪)", the first competition-standard ice sports arena in a shopping mall in Liaoning Province. The project actively collaborated with the government and tenants to organise a range of promotional events, including the second Snow Beer Festival, a New Year's Eve drone light show, Shenyang's first Dessert Festival, celebrity appearance events and journaling markets. These activities successfully attracted younger consumer segments and further enhanced the project's market appeal and customer engagement. During the year under review, the project recorded more than 13 million visits, reflecting its consistently stable footfall performance and market appeal.

During the year under review, Guangzhou Yunmen NEW PARK continued to focus on the first-store economy, brand upgrading, and experiential-based operations, successively introducing a diverse range of tenants. Benefiting from a series of festive campaigns, themed markets, lifestyle sporting events and fragrance-themed activations, the project recorded annual footfall of 23 million visits during the year under review, representing a year-on-year increase of 3%. As at 30 June 2026, the occupancy rate of the project was 95%, reflecting the continued resilience of its tenant mix and operating performance.



The Canton Place, a premier open-air commercial project in Guangzhou's Zhujiang New Town, successfully introduced the first LIBERATURS store in Guangzhou during the year under review. The project also collaborated with F&B group tenants to launch several exclusive first-store dining brands, including JUWA Korean Bistro (JUWA韓國料理), Yauchi Izakaya (屋煮居酒屋) and Ran (四季小館•燃), further enhancing the project's uniqueness and market appeal. As at 30 June 2026, the project's occupancy rate was 96%.

As more large-scale commercial projects are successively completed, the Group will continue to adhere to its strategic vision of "Improving Integration and Connectivity in First-Tier Cities in the Greater Bay Area and the Yangtze River Delta Region" and further diversify its business, thereby increasing recurring rental income.

Chinese Mainland Landbank

As of 30 June 2026, the Group had a landbank (excluding carparks) in the Chinese Mainland with a total GFA of approximately 2.78 million sq m available for immediate development, of which approximately 1.54 million sq m was zoned for residential use. Of the total GFA of the landbank (excluding carparks), approximately 2.19 million sq m were core property development projects mainly located in Guangzhou, Shenzhen, Foshan, Wuhan, Shanghai, Hangzhou, Beijing and Shenyang. Of this, approximately 960,000 sq m were designated for residential use.

Landbank by Region

	Total GFA (excluding carparks) (sq m'000)	Residential Total GFA (sq m'000)
As at 30 June 2026		
Southern Region (i.e. the Greater Bay Area)	1,078.8	956.7
Eastern Region (i.e. the Yangtze River Delta region)	225.6	—
Central Region	720.5	422.8
Northern Region	95.2	17.9
North-Eastern Region	663.6	143.5
Total	2,783.7	1,540.9
Of which, Core Projects	2,190.3	956.7

Over the years, the Group has remained committed to its strategic objective of improving integration and connectivity in core cities in the Greater Bay Area and the Yangtze River Delta, unwaveringly upholding the principle of high-quality development. Against the backdrop of a market environment characterised by ongoing adjustment and divergence, the Group will continue to manage its landbank through a prudent and pragmatic approach, focusing on core projects with clear development prospects and cash flow generation potential, thereby driving the targeted allocation of resources and unlocking asset value. At the same time, the Group will actively seize opportunities in urban renewal, integrated development and strategic cooperation, collaborating with major central and state-owned enterprises as strategic partners, integrating resources and leveraging complementary strengths to inject new momentum into high-quality urban development.

Hotel

During the year under review, the Group's hotel portfolio across Hong Kong, the Chinese Mainland and Southeast Asia delivered a resilient operating performance. Revenue and gross operating profit ("GOP") recorded year-on-year growth across all three regions, with Hong Kong and Southeast Asia registering particularly notable improvements. Occupancy and average daily rate ("ADR") increased across all regions, notwithstanding the mixed performance for individual properties mainly within the Group's Chinese Mainland portfolio. The overall improvement was supported by the continued recovery in travel demand, stronger event-driven business activities and disciplined cost management across the portfolio.

The Hong Kong hotel market recorded a steady recovery throughout the reporting period. According to the Hong Kong Tourism Board, the city welcomed approximately 53 million visitors during the reporting period, representing a 13% year-on-year increase in total arrivals, with arrivals from the Chinese Mainland and international markets increasing by 14% and 9.5%, respectively. The recovery was underpinned by Hong Kong's continued efforts to strengthen its position as the premier hub for mega events, including concerts, sporting & art events and MICE (global Meetings, Incentives, Conferences and Exhibitions). Key events during the year under review included the Hong Kong Football Festival, HYROX Hong Kong, the Hong Kong Sevens, Art Basel and various financial and business forums on the back of the recovery of Hong Kong's capital markets. These events and activities attracted both leisure and business travellers to Hong Kong. Reflecting the broader market recovery, the Group's Hong Kong hotel portfolio delivered a solid performance during the year under review, with all properties reporting positive year-on-year growth in both revenue and GOP. The three luxury hotels in Hong Kong, comprising Renaissance Harbour View Hotel Hong Kong, Grand Hyatt Hong Kong and Hyatt Regency Hong Kong, Sha Tin, delivered year-on-year GOP growth of 14%, 10% and 11%, respectively.

The Chinese Mainland hotel market continued to face challenges stemming from persistent oversupply in the non-luxury segment, particularly within the mid-scale and economy categories. Corporate travel and entertainment spending also remained subdued, especially among state-owned enterprises adhering to government frugality measures. Against this backdrop, the Group remained focused on rate management, market segmentation and cost discipline, enabling the portfolio to maintain profitability and operational efficiency despite the challenging market conditions. The Group's hotel portfolio in the Chinese Mainland demonstrated profit resilience during the year under review, with most properties achieving positive GOP growth in a competitive operating environment. ADR performance was mixed, with selected hotels, including Rosewood Beijing, New World Shenyang Hotel and New World Dalian Hotel, achieving growth, while other properties encountered challenges in maintaining room rates.

The Southeast Asia hotel market demonstrated resilient growth during the year under review despite heightened geopolitical uncertainty. Vietnam remained one of the strongest performing markets in the region, benefiting from robust growth in international arrivals and tourism spending. In particular, Ho Chi Minh City achieved exceptional growth, receiving 6.4 million international visitors during the same period, representing nearly 50% year-on-year growth. This strong performance was supported by the expansion of visa exemption programmes for selected European countries, together with enhanced connectivity from key source markets. The Group's hotels in Vietnam delivered solid operating performances, supported by increases in both ADR and occupancy. Vietnam recorded one of its strongest

tourism years on record. In Thailand, Phuket remained a preferred destination for luxury travellers. Leveraging its strong market positioning, Rosewood Phuket successfully captured affluent leisure demand, with occupancy increasing by 10% in the reporting period compared with the same period last year. Overall, the Group's Southeast Asia hotel portfolio remained a key growth driver during the year under review, benefiting from robust tourism demand, favourable industry trends and the strong market positioning of its hotel assets across the region.

As at 30 June 2026, the Group operated a total of 17 hotel properties in Hong Kong, the Chinese Mainland and Southeast Asia, representing a total of approximately 6,455 rooms.

OUTLOOK

Amid an increasingly uncertain global environment, investors and businesses are gravitating towards markets that offer stability, deep liquidity and sustainable growth. Against this backdrop, the Chinese Mainland, as one of the world's largest economies, continues to serve as a major engine of the world's economic activity and growth. The 15th Five-Year Plan is expected to guide the Chinese Mainland's next phase of high-quality development, with a focus on innovation, productivity enhancement and sustainable development. With its unique position as an international financial centre and gateway between the Chinese Mainland and global markets, Hong Kong remains well placed to support the cross-border flow of capital, talent and businesses looking to capture opportunities arising from the Chinese Mainland's next phase of development.



Improving capital market activity, including a growing IPO pipeline, is strengthening business confidence and economic momentum across Hong Kong. Together with government initiatives aimed at enhancing Hong Kong's competitiveness as an asset and wealth management hub, including the recent tax incentive plans targeting fund managers, these developments are reinforcing Hong Kong's attractiveness to capital, businesses and talent, supporting continued inflows of professionals and their families. In turn, this is expected to sustain the city's long-term housing demand.

The Group remains confident in Hong Kong's long-term prospects, with its enduring competitiveness and strategic role sustaining demand across both the residential and commercial property markets.

Looking ahead, the Group remains committed to its strategic focus on its core businesses of property development and property investment. By capitalising on the Group's premium brands and products, effective sales and operating strategies, as well as a disciplined and prudent management approach, the Group will continue to navigate the challenging and uncertain global environment while pursuing sustainable business growth.

At the same time, further strengthening cash flow and reducing overall indebtedness will remain the Group's key strategic priorities. To support these objectives, the Group will continue to execute its "Seven Measures to Reduce Indebtedness". These include 1) accelerated development property sales, 2) asset disposals, 3) unlocking value of the Group's agricultural land, 4) ramping up recurring income with rental yield improvement, 5) capital and operating expenditure optimisation, 6) temporary halt of the stock dividend payments and temporary distribution deferral on the Group's Perpetual Capital Securities, and 7) prudent treasury management strategies.

Notably, on 17 September 2026, the Group submitted an application to the China Securities Regulatory Commission (CSRC) and the Shanghai Stock Exchange (SSE) for the registration and listing of a publicly offered commercial real estate investment trust fund (REIT). This would involve the proposed spin-off and separate listing of the REIT on the SSE (Proposed Spin-off), with the Shanghai Hong Kong New World Tower serving as its underlying asset. Located at 300 Huaihai Road Central, Huangpu District, Shanghai, the asset is a mixed-use property comprising Shanghai K11 Art Mall and Shanghai K11 ATELIER NWT. The SSE subsequently issued a notice of acceptance in respect of the Proposed Spin-off on 19 September 2026.

The expected offering size of the REIT is approximately RMB3,818 million. The Group is expected to subscribe for 20% of the total units of the REIT, while the remaining 80% would be subscribed for by external investors. Upon completion of the Proposed Spin-off, the Group expects to receive estimated net proceeds of approximately RMB3,240 million. The Group would also continue to provide operation management, property management and related management services in respect of the asset.

During the same month, the Group also announced asset disposal transactions exceeding RMB1.7 billion, involving Ningbo Tower, the Grade-A office component of Ningbo New World, and the Phase One office property at the Hangzhou development, comprising office and retail premises on floors 1 to 16 and underground parking spaces.

In the Chinese Mainland market, property policies continue to focus on market stabilisation, risks mitigation and facilitating developers' transformation, with further progress made in areas such as urban renewal and the development of "good homes". The Central Government remains firmly committed to stabilising the market and is driving the industry's transition from traditional volume-based development to quality enhancement. Relevant supply-side, demand-side and financial support measures are expected to support reasonable housing demand and foster a more favourable development environment for high-quality residential projects and premium commercial properties.





Regarding the Property Development segment, several of the Group projects in Hong Kong and the Chinese Mainland are underway and are progressing according to plan. The Group's projects in the Northern Metropolis are strategically positioned to benefit from Hong Kong's next phase of economic development. As a key platform for advancing Hong Kong's role as an international innovation and technology centre, the Northern Metropolis is expected to become a major driver of future economic growth. By attracting enterprises, capital and talent while creating new employment opportunities and communities, it is poised to reinforce Hong Kong's long-term competitiveness and development prospects.

The large-scale residential and commercial development on Ma Sik Road, Fanling, jointly developed by the Group and China Merchants Shekou Industrial Zone Holdings, is strategically positioned near well-established New Towns and benefits from a robust railway network, comprehensive transport infrastructure and modern commercial amenities. The project is also adjacent to the Fanling Bypass, with the Eastern Section having commenced operation in 2026, further enhancing the local road network and improving the project's connectivity. It has been designated as part of the "Boundary Commerce and Industry Zone" under the Northern Metropolis, aligning with broader regional development goals and enhancing connectivity with the adjacent San Tin Technopole.

This project will be the Group's first PAVILIA COLLECTION project in the Northern Metropolis. The project spans over 1.1 million square feet of GFA, providing approximately 2,300 residential units. It will also feature the largest shopping mall in the area, set to inject new vitality into the region's urban landscape while unlocking the value of the Group's farmland. Sales of the project may commence as early as FY2027.

Located within the High-end Professional Service and Logistics Hub of the Northern Metropolis, Phase 1 and 2 of the Yuen Long South project, jointly developed with China Resources Land (Overseas) Limited, are well positioned to benefit from the area's planned transformation into a major economic and employment hub for professional services and modern logistics. Construction of Phase 1, the first residential site within the project, commenced in 2025 and is expected to be completed in 2029. Following the planning approval obtained in June 2026, Phase 2 is scheduled for completion in 2030. Pre-sales for both phases are expected to commence as early as FY2028. Together, the two phases are expected to provide approximately 1,900 residential units, with a combined gross floor area of over 720,000 square feet.

In addition, under Hong Kong's first Five-Year Plan, the Hong Kong government will develop three university towns within the Northern Metropolis, namely the San Tin University Town, the Hung Shui Kiu University Town and the Ta Kwu Ling University Town. By integrating approximately 300 hectares of education facilities across three university towns with adjoining strategic industry area, conservation areas, sports and cultural facilities and surrounding communities, the Government aims to foster an integrated ecosystem for education, research, industry and community development. Under this broader planning approach, the overall planned area will exceed 1,000 hectares, representing more than three

times the area designated for education facilities. The Group's projects, such as Tong Yan San Tsuen, Wing Kei Tsuen and Ngau Tam Mei, are strategically located near the university towns and are well positioned to benefit from the development of a vibrant ecosystem comprising campuses, innovation and technology industries, talent clusters and supporting communities.

Beyond the Northern Metropolis, the Group is also advancing a pipeline of projects in Hong Kong's established urban districts. A notable project is the commercial-residential project on Hankow Road, Tsim Sha Tsui. Situated in the heart of the city, the project benefits from a vibrant urban setting, being adjacent to the open green spaces of Kowloon Park, as well as within close proximity to the Hong Kong High-Speed Rail terminus and the cultural district in West Kowloon. The 27-storey development will offer a diversified property mix spanning residential, retail, office and hotel components, each featuring its own dedicated lift lobby, with a total gross floor area of approximately 140,000 square feet. The residential component, located on the upper floors, will comprise approximately 100 units, with the remaining floor area dedicated to hotel and commercial use.

The Pak Shing Kok project is a rare large-scale residential development in the established Tseung Kwan O (TKO) Town Centre, developed in collaboration with China Merchants Land. Conveniently located near the Hang Hau MTR station, the project is expected to provide approximately 610 units with a total gross floor area of approximately 291,000 square feet. As one of the few sizable new developments in the area, the project is expected to benefit from continued demand in the district.



In addition to the Group's residential development projects, the State Theatre Office project is expected to contribute to the Group's development property sales and leasing pipeline in FY2027. Situated within the State Theatre redevelopment in Fortress Hill, alongside the State Pavilia residential development and the upcoming STATE THEATRE by K11 retail component, the office project forms an integral part of the mixed-use development. All office spaces will be offered for sale and lease, and the initial market response to the project has been encouraging. The Group expects sales and leasing momentum to build progressively in FY2027 as marketing and sales activities continue.

In the Chinese Mainland, New World 188, an urban renewal project in Shenzhen, has a total GFA of approximately 900,000 sq m, comprising over 220,000 sq m of office space and more than 10 residential buildings. The project features a distinctive retail street, a nursery, an integrated healthcare service centre, a cultural activity centre and large underground carparks, forming a well-rounded and diversified living community. The first phase of the residential project, "Well Spring", offers approximately 1,140 residential units. The first batch of 315 units was launched for sale in April 2026, making it the first residential project in eastern Shenzhen to record sales of over 100 units upon its initial launch, positioning it at the forefront of the Longgang market. Subject to market conditions and sales arrangements, the Group plans to launch the next batch of residential units in the fourth quarter of 2026, thereby providing sustained momentum for the Group's residential sales and urban renewal businesses in the Greater Bay Area.

Another urban renewal project, The Bay Pavilia, located in the core innovation and technology hub of Shenzhen Bay in Nanshan District, is also progressing as planned, with a market launch expected in FY2027. This project will be the Group's first PAVILIA COLLECTION project

in the Chinese Mainland. It has a total planned GFA of approximately 149,000 sq m, of which more than 48,000 sq m comprise the saleable residential component, "Bay Pavilia". Positioned as a premium residential development, the project adopts a two-lift-two-unit design, with all units enjoying approximately 270-degree panoramic views. It will also be complemented by large-scale commercial and public facilities designed to attract technology innovation talent from the region. As the district gradually develops into a key transport hub in Shenzhen, several rail transit lines will converge in the district, further enhancing the area's accessibility and development potential and bringing long-term value to the project.

In addition, the Group will continue to promote the sale of key projects, including Central Parkview, THE SILLAGE, New Metropolis Mansion and THE PARKSVILLE in Shenyang.

Regarding the property investment market in Hong Kong, while the Hong Kong retail landscape is expected to remain competitive amid evolving consumption patterns and continued outbound travel trends, the Group remains confident in the long-term prospects of Hong Kong's retail market. The continued recovery in visitor arrivals, improving local consumer sentiment and Hong Kong's position as a leading tourism and cultural destination are expected to provide ongoing support to retail activity.

Looking ahead, K11 MUSEA will continue to elevate its luxury and experiential offerings through strategic tenant curation, brand upgrades and innovative customer experiences. By leveraging its unique positioning of cultural-retail, the property seeks to strengthen customer loyalty, attract high value visitors and reinforce its position as one of Hong Kong's premier retail destinations.

K11 Art Mall will continue to capitalise on its strong appeal among Gen Z and millennial consumers through the introduction of emerging brands, innovative retail concepts and trend driven experiences that resonate with younger audiences. The mall will also continue to leverage its Atrium and Piazza spaces as platforms for pop up experiences and strategic partnerships, reinforcing its role as a preferred destination for brands seeking to engage young consumers, while driving footfall and generating licensing and advertising revenues.

As the retail component of State Pavilia, STATE THEATRE by K11 is set to become one of the largest retail podiums in Fortress Hill to open over the past decade, and also the first K11 retail project on Hong Kong Island. The four-storey shopping centre boasts a total GFA of approximately 85,000 square feet, accommodating 40 to 50 retail units. Its tenant mix is centred around specialty dining, premium lifestyle offerings and cultural experiences. It will also feature businesses that capture the essence of North Point, integrating a spirit of heritage into its modern architectural design to create a diverse and high-quality experience. The project is expected to be launched in FY2027.

While demand fundamentals in the Hong Kong office market have continued to improve, according to data published by Colliers, approximately 1.2 million square feet of new Grade A office supply is expected to enter the market in the second half of 2026, including around 1.0 million square feet in Central and Causeway Bay. Market conditions are expected to remain competitive despite improving demand fundamentals.

Despite these challenges, the Group remains confident in the long-term attractiveness of its office portfolio. The Group's premium office assets, strategic locations and diversified tenant base provide a strong foundation for occupancy retention and leasing performance. The Group will continue to strengthen tenant relationships, optimise its tenant mix and pursue opportunities arising from sectors benefiting from Hong Kong's continued development as an international financial and business centre.

In terms of property investments in the Chinese Mainland, the Group will continue to advance key investment property projects in core cities, further expanding K11's footprint in cultural retail and high-end commercial sectors across the Chinese Mainland. K11 ELYSEA, located in the heart of Middle Huaihai



Road in Shanghai, is progressing in an orderly manner. Guided by a vision that integrates art, culture, nature, luxury and office spaces, the project aims to create a “vertical creative city”, offering commercial and office experiences through innovative and inspiring work and living environments. It also thoughtfully complements the natural landscape of Huaihai Park, featuring nearly 30,000 sq m of diversified lifestyle offerings and open social spaces. The office component of the project, K11 ATELIER Huaihai, represents a new premium commercial landmark in Shanghai’s core business district. K11 ATELIER Huaihai has won multiple

architectural awards and green building certifications, including the Silver Award at the BETTER FUTURE World Design Awards 2026, and has attracted strong interest from tenants in the professional services sectors, including legal, financial and consultancy firms. At present, K11 ATELIER Huaihai has been completed, and arrangements are being made for tenants to move in on a phased basis to carry out interior fit-out works. With a pre-leasing rate of approximately 70%, the project is expected to commence phased operations from the fourth quarter of 2026. The retail component is planned to open progressively from December 2027 onwards.



In addition, the Group’s New World · City Art Centre, situated in a prime location in Wangjiang New City, Hangzhou, is also progressing as planned. Adjacent to Wangjiang FinTech City, the project integrates financial industry clusters, premium residential developments and public facilities, benefiting from strong urban fundamentals and significant consumption potential. The commercial component features a spatial design with nine above-ground floors and three underground floors, aiming to present a new, mixed-use commercial experience that integrates retail, culture, art, entertainment and lifestyle. A leading cinema operator has been secured as one of the anchor tenants. Hangzhou K11 Art Mall and K11 ATELIER are planned to open in phases from the fourth quarter of 2027, further bolstering the Group’s investment property portfolio in core cities in the Yangtze River Delta, while injecting new momentum into future recurring income growth.

Regarding the hotel sector, the Group’s Hong Kong hotel portfolio is expected to maintain steady growth in the near term, supported by the continuing recovery of the tourism industry and a strong calendar of events, exhibitions, conferences and entertainment activities. Visitor arrivals from the Chinese Mainland and short-haul

regional markets are expected to remain the primary growth drivers. Leveraging its strong presence in the luxury and upscale hospitality segments, the Group will continue to enhance operational efficiency and optimise its offerings to capture quality demand and deliver resilient performance in an evolving and competitive market.

The Chinese Mainland hotel market is expected to achieve cautious growth. Industry performance is expected to be supported primarily by occupancy growth rather than ADR expansion. As the oversupply of hotel rooms, coupled with a shift towards more value-oriented travel consumption, may continue to moderate room rate growth across the market. Against this backdrop, the Group will continue to focus on protecting occupancy and maintaining rate discipline. It will also prioritise operational efficiency, cost control and elevating the customer experience to strengthen the competitiveness and profitability of its hotel portfolio in the Chinese Mainland.

The outlook for Southeast Asia remains positive, supported by continued tourism growth in Vietnam and the expected improvement in air connectivity in Thailand. Vietnam is projected to be among Southeast Asia's strongest tourism markets, with Ho Chi Minh City well positioned to benefit from the opening of Long Thanh International Airport, ongoing infrastructure investment and preparations to host APEC 2027. In Phuket, the recovery of flight connectivity from key source markets is expected to support visitor growth. The luxury hospitality segment is anticipated to remain comparatively resilient, supported by Phuket's continued appeal as a premium resort destination. Accordingly, the Group's Southeast Asia hotel portfolio is expected to maintain positive operating momentum in the coming year.

Looking ahead, the Group will remain focused on its core property business and adhere to a "dual-engine" development strategy driven by property development and investment, with a focus on the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta and key first-tier cities nationwide. The Group will continue to leverage its unique advantages in the property sector, steadfastly pursuing a path of high-quality development. Supported by its international perspective and efficient local execution, the Group will fully harness its brand influence and strive to deliver high-quality products and contribute to the creation of better living environments for the communities it serves. Against the backdrop of continued policy support and growing demand for upgraded housing in core cities, the Group is confident in its ability to capture emerging opportunities and achieve high-quality and sustainable development.

Ms. Huang Shaomei, Echo

Executive Director and Chief Executive Officer
Hong Kong, China, 30 September 2026



Major Property Projects in Hong Kong

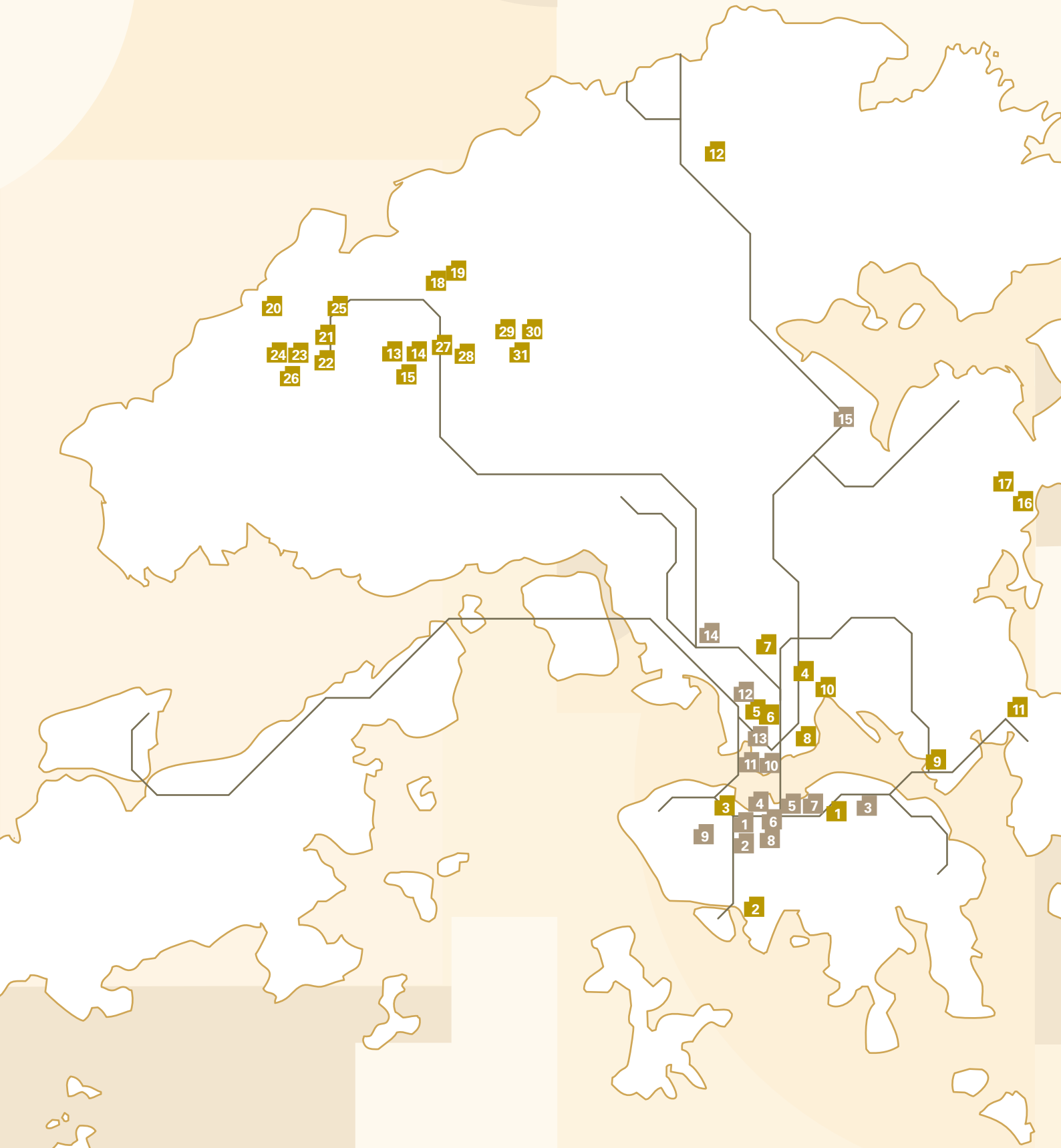
Major Property Development Projects

- 1 STATE PAVILIA, 283 King’s Road, North Point
- 2 DEEP WATER PAVILIA, The Southside Package 5, Wong Chuk Hang
- 3 9-19 Lyndhurst Terrace, Central
- 4 28A-30 Grampian Road, Kowloon City
- 5 Austin Bohemian, 530–538 Canton Road, Jordan
- 6 Grand Austin Bohemian, 52–56 Kwun Chung Street, Jordan
- 7 Pavilia Rosa, 23–34 Rose Street, Kowloon Tong
- 8 43-49A Hankow Road, Tsim Sha Tsui
- 9 Yau Tong Redevelopment Project, Kowloon East
- 10 House Muse, 3-13 Nga Tsin Long Road, Kowloon City
- 11 Pak Shing Kok Ventilation Building Property Development
- 12 Ma Sik Road, Fanling
- 13 Yuen Long South (Phase 2), Yuen Long
- 14 Yuen Long South (Phase 1), Yuen Long
- 15 Lung Tin Tsuen (Phase 5), Yuen Long
- 16 Sha Ha (Phase 1), Sai Kung
- 17 Sha Ha (Phase 2), Sai Kung
- 18 Wing Kei Tsuen, Yuen Long
- 19 Ngau Tam Mei, Yuen Long
- 20 Lau Fau Shan, Yuen Long
- 21 Tong Yan San Tsuen (Phase 3), Yuen Long
- 22 Tong Yan San Tsuen (Phase 4), Yuen Long
- 23 Tong Yan San Tsuen (Mountain) (Site A), Yuen Long
- 24 Tong Yan San Tsuen (Mountain) (Site B), Yuen Long
- 25 Wing Ning Tsuen, Yuen Long
- 26 Lam Hau Tsuen, Yuen Long
- 27 Shap Pat Heung Road, Yuen Long
- 28 Tai Shu Ha Road East, Yuen Long
- 29 Sha Po North (Phase 2A), Yuen Long
- 30 Sha Po North (Phase 2B), Yuen Long
- 31 Sha Po North (Phase 3), Yuen Long

Major Property Investment and Other Projects

- 1 Manning House, Central
- 2 New World Tower, Central
- 3 K11 ATELIER King’s Road, 704-730 King’s Road, North Point
- 4 Hong Kong Convention and Exhibition Centre, Shopping Arcade, Wan Chai
- 5 Grand Hyatt Hong Kong
- 6 Renaissance Harbour View Hotel
- 7 Pearl City, Causeway Bay – Ground Floor to 5th Floor
- 8 Methodist House, Wan Chai
- 9 The Legacy, 8 Castle Road, Mid Levels
- 10 K11 ATELIER of Victoria Dockside, Tsim Sha Tsui
Rosewood Hotel & Rosewood Residences of Victoria Dockside, Tsim Sha Tsui
K11 MUSEA of Victoria Dockside, Tsim Sha Tsui
K11 ARTUS of Victoria Dockside, Tsim Sha Tsui
- 11 K11 Art Mall, Tsim Sha Tsui
Hyatt Regency Hong Kong, Tsim Sha Tsui
- 12 THE FOREST, Mong Kok
- 13 TIMBER HOUSE, 74 Waterloo Road, Ho Man Tin
- 14 83 King Lam Street, Cheung Sha Wan
- 15 Hyatt Regency Hong Kong, Sha Tin

Major Property Projects in Hong Kong



Major Property Projects in the Chinese Mainland

Major Property Projects in the Chinese Mainland

Major Property Development Projects

- 1

Guangzhou Covent Garden Remaining Phases
- 2

Canton First Estate CF04
 Canton First Estate CF05
 Canton First Estate CF06
 Canton First Estate CF08
 Canton First Estate CF14
 Canton First Estate CF17B
 Canton First Estate CF18
 Canton First Estate CF22
 Canton First Estate CF23
 Canton First Estate CF24
 Canton First Estate CF25
 Canton First Estate CF26
 Canton First Estate CF28
 Canton First Estate CF33
 Canton First Estate CF34
 Canton First Estate CF36
 Canton First Estate CF37
 Canton First Estate CF38
 Canton First Estate CF39
 Canton First Estate CF40
- 3

Shenzhen Longgang New World 188 Project
- 4

Shenzhen Xili The Bay Pavilia Project
- 5

Wuhan New World • Times Phase II
- 6

Yiyang New World Scenic Heights Phase II
 Yiyang New World Scenic Heights South Area
- 7

Hangzhou Wangjiang New Town Project
- 8

Beijing New View Garden Commercial Centre Remaining Phases
- 9

Beijing Xin Yu Garden Commercial Centre
- 10

Langfang New World Garden District 2
- 11

Shenyang New World Garden Phase 2FG
- 12

Shenyang New World Centre SA1
 Shenyang New World Centre SA2
 Shenyang New World Centre SA3
 Shenyang New World Centre O1
 Shenyang New World Centre O2
- 13

Anshan New World Garden Phase 1
 Anshan New World Garden Phase 2

Directors' Profile



Dr. Cheng Kar-Shun, Henry
GBM, GBS (Aged 79)

Appointed as Director in October 1972, Executive Director in 1973, became Managing Director from 1989 and Chairman from March 2012. Dr. Cheng is the chairman of the Executive Committee and a member of the Remuneration Committee of the Board of Directors of the Company. Dr. Cheng is the chairman and executive director of New World Department Store China Limited, CTF Services Limited and Chow Tai Fook Jewellery Group Limited, and the chairman and non-executive director of FSE Lifestyle Services Limited and CTF Media & Entertainment Limited (formerly known as i-CABLE Communications Limited), all of which are listed public companies in Hong Kong. Dr. Cheng is a director and honorary chairman of New World China Land Limited and a director of certain subsidiaries of the Group. He is a director of Cheng Yu Tung Family (Holdings) Limited, Cheng Yu Tung Family (Holdings II) Limited, Chow Tai Fook Capital Limited, Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, all of which are substantial shareholders of the Company. Dr. Cheng is the chairman of the Advisory Council for The Better Hong Kong Foundation. He was a Standing Committee Member of the Twelfth Chinese People's Political Consultative Conference of The People's Republic of China. Dr. Cheng was awarded the Gold Bauhinia Star and the Grand Bauhinia Medal in 2001 and 2017 respectively by the Government of the Hong Kong Special Administrative Region ("HKSAR"). Dr. Cheng is the father of Ms. Cheng Chi-Man, Sonia and Mr. Cheng Chi-Ming, Brian, the brother-in-law of Mr. Doo Wai-Hoi, William, the brother of Mr. Cheng Kar-Shing, Peter and the uncle of Mr. Cheng Chi-Heng.



Mr. Doo Wai-Hoi, William
BBS, JP (Aged 82)

Appointed as the Vice-chairman and Non-executive Director in July 2013. Mr. Doo is the chairman and executive director of FSE Lifestyle Services Limited and an independent non-executive director of Shanghai Industrial Urban Development Group Limited, all being listed public companies in Hong Kong. He was an alternate director to Dr. Cheng Kar-Shun, Henry, chairman and non-executive director of FSE Lifestyle Services Limited, up to his cessation on 18 March 2024. Mr. Doo is also a director of certain subsidiaries of the Group. He is the chairman and director of Fungseng Prosperity Holdings Limited and a non-executive director of Lifestyle International Holdings Limited (a listed public company in Hong Kong until its delisting on 20 December 2022). Mr. Doo is a Justice of the Peace in Hong Kong and was awarded the Bronze Bauhinia Star by the HKSAR Government. He is also the Honorary Consul General of the Kingdom of Morocco in Hong Kong and Macau, and a Governor of the Canadian Chamber of Commerce in Hong Kong. He was promoted to the Officier de l'Ordre National de la Légion d'Honneur by the Republic of France in 2019. Mr. Doo is the brother-in-law of Dr. Cheng Kar-Shun, Henry and Mr. Cheng Kar-Shing, Peter, and the uncle of Ms. Cheng Chi-Man, Sonia, Mr. Cheng Chi-Ming, Brian and Mr. Cheng Chi-Heng.



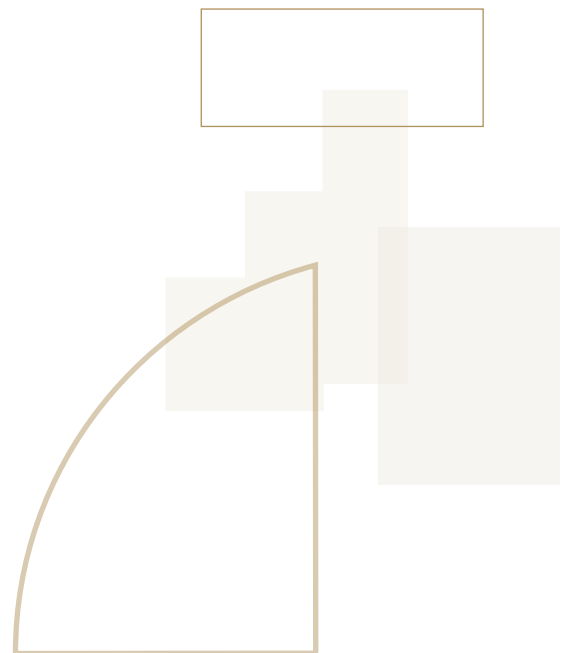
Ms. Huang Shaomei, Echo
JP (Aged 57)

Appointed as an Executive Director in May 2020, became the Chief Executive Officer in November 2024. Ms. Huang is a member of the Executive Committee of the Board of Directors of the Company. She is also the vice-chairman and executive director of New World Department Store China Limited (a listed public company in Hong Kong). She joined the Group in October 2015 and successively served as the deputy chief executive officer of New World China Land Limited and the director & chief executive officer of New World China Land Limited. Currently, she is a director of New World China Land Limited. She is also a director of certain subsidiaries of the Group. She has over 20 years of experience in the real estate sector, having served in a consulting capacity for large-scale urban infrastructures, urban planning and urban renewal in the Chinese Mainland for extensive periods, providing the Mainland government with professional recommendations on property development, urban planning and relevant professional advice. Prior to joining the Group, Ms. Huang held senior position with an international consulting firm. She was appointed as managing director (Southern China) of a Hong Kong-listed property developer, overseeing its property development throughout the southern China region. She has proven experience in the development and management of China's real estate sector. Ms. Huang was appointed as a Justice of the Peace in 2026 by the HKSAR Government. She is also the vice chairman and executive member of the 3rd China Charity Alliance (CCA). She has been honoured with the title of "Guangzhou Honorary Citizen" (the 17th batch), and serves as a member of the 12th Guangdong Provincial Committee of the Chinese People's Political Consultative Conference (CPPCC), a standing committee member and the deputy director of the Hong Kong, Macao and Taiwan Commission as well as the convener of the Hong Kong delegation of the 13th Guangdong Provincial Committee of the CPPCC.



Mr. Cheng Kar-Shing, Peter
(Aged 73)

Appointed as a Director in October 1994. Mr. Cheng is a director of Cheng Yu Tung Family (Holdings) Limited, Cheng Yu Tung Family (Holdings II) Limited, Chow Tai Fook Capital Limited, Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, all of which are substantial shareholders of the Company. He is a director of New World China Land Limited, New World Hotels (Holdings) Limited and certain subsidiaries of the Group. Mr. Cheng was an independent non-executive director of King Fook Holdings Limited (a listed public company in Hong Kong) up to his resignation in July 2025. Mr. Cheng is committed to community services and is serving as the chairman of Chow Tai Fook Charity Foundation, the chairman of Chow Tai Fook Medical Foundation Limited, the chairman of Project Management Committee of Jing Yuan Charity Foundation, the chairman of Antonia Welfare Fund Limited and a director of Green Council. He is the University Assembly member of University of Macau. He is a Fellow of The Hong Kong Institution of Engineers, Hong Kong Institute of Arbitrators, Hong Kong Construction Arbitration Centre and The Chartered Institute of Arbitrators. He is a CEDR Accredited Mediator and on the lists of the Mediators of Hong Kong Mediation Accreditation Association Limited, Hong Kong International Arbitration Centre, Hong Kong Mediation Centre and Financial Dispute Resolution Centre. He is an Arbitrator of Huizhou Arbitration Commission, a member of Society of Construction Law Hong Kong and a member of Hong Kong Institute of Mediation. Mr. Cheng is the brother of Dr. Cheng Kar-Shun, Henry, the brother-in-law of Mr. Doo Wai-Hoi, William, the father of Mr. Cheng Chi-Heng, and the uncle of Ms. Cheng Chi-Man, Sonia and Mr. Cheng Chi-Ming, Brian.





Mr. Lee Luen-Wai, John
BBS, JP (Aged 77)

Appointed as an Independent Non-executive Director in August 2004. Mr. Lee is the chairman of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Board of Directors of the Company. He is an executive director and the deputy chairman of Lippo China Resources Limited and Hongkong Chinese Limited, as well as an independent non-executive director of UMP Healthcare Holdings Limited, all being listed public companies in Hong Kong. Mr. Lee is also an executive director and the deputy chairman of Lippo Limited (a listed public company in Hong Kong until its delisting on 25 September 2025). He is a Fellow of The Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Lee is an Honorary Fellow of the City University of Hong Kong, a Justice of the Peace in Hong Kong and was awarded the Bronze Bauhinia Star by the HKSAR Government.



Mr. Cheng Chi-Heng
(Aged 48)

Appointed as an Executive Director in June 2010 and re-designated as a Non-executive Director in December 2022. Mr. Cheng also acts as a director of certain subsidiaries of the Group. He is a vice-chairman and executive director of Chow Tai Fook Jewellery Group Limited, a listed public company in Hong Kong. Mr. Cheng is a director of Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, both being substantial shareholders of the Company. Mr. Cheng had worked at a Hong Kong-based investment management company as a corporate finance executive. He obtained his Bachelor of Arts Degree majoring in Economics from the University of Western Ontario, Canada in 1999. He is the son of Mr. Cheng Kar-Shing, Peter, the nephew of Dr. Cheng Kar-Shun, Henry and Mr. Doo Wai-Hoi, William, and the cousin of Ms. Cheng Chi-Man, Sonia and Mr. Cheng Chi-Ming, Brian.



Ms. Cheng Chi-Man, Sonia
(Aged 45)

Appointed as an Executive Director in March 2012. Ms. Cheng is a member of the Executive Committee and the Nomination Committee of the Board of Directors of the Company. She currently oversees the hotel division of the Group. She is a director of New World China Land Limited and certain subsidiaries of the Group. Ms. Cheng is a vice-chairman and executive director of Chow Tai Fook Jewellery Group Limited, the chairman and non-executive director of Giordano International Limited, and a non-executive director of UMP Healthcare Holdings Limited, all being listed public companies in Hong Kong. She was an independent director of Primavera Capital Acquisition Corporation, a company previously listed on the New York Stock Exchange, up until her resignation in December 2022. She is also the chief executive officer of Rosewood Hotel Group and an independent non-executive director of The Hongkong and Shanghai Banking Corporation Limited. Before joining the Group in 2008, Ms. Cheng worked in a major international investment bank and a global US private equity firm specialising in real estate investments. Ms. Cheng holds a Bachelor of Arts Degree in Applied Mathematics with a concentration in Economics from Harvard University in the U.S. She is a member of Economic Advancement Expert Group of Chief Executive's Policy Unit, a trustee of The Better Hong Kong Foundation, a member of the Council of The Chinese University of Hong Kong and a member of The Standing Committee on Disciplined Services Salaries and Conditions of Service of the HKSAR. She is also the Vice-Governor of Guangdong Youth Development Foundation. Ms. Cheng is a member of the Thirteenth Guangdong Provincial Committee of the Chinese People's Political Consultative Conference of The People's Republic of China and a member of the Election Committee 2021 of the HKSAR (Hotel Subsector). Ms. Cheng is the daughter of Dr. Cheng Kar-Shun, Henry, the sister of Mr. Cheng Chi-Ming, Brian, the niece of Mr. Doo Wai-Hoi, William and Mr. Cheng Kar-Shing, Peter, and the cousin of Mr. Cheng Chi-Heng.



Mr. Sitt Nam-Hoi
(Aged 72)

Appointed as an Executive Director in June 2018. Mr. Sitt is a member of the Executive Committee and the chairman of the Sustainability Committee of the Board of Directors of the Company. Mr. Sitt joined the Group and was appointed as Head of Projects (Hong Kong) of the Company in February 2011. He is currently the senior director of the Property Development Department of the Company and a director of certain subsidiaries of the Group. Before joining the Company, he was the project director of a listed public company in Hong Kong which he worked for over 25 years. Before that, Mr. Sitt had been working in Buildings Department of the HKSAR Government. Mr. Sitt obtained his Bachelor of Architecture and Bachelor of Arts in Architectural Studies from The University of Hong Kong. He is a Registered Architect, an Authorised Person and is responsible for overseeing all project management matters for all property development projects of the Group in Hong Kong. He has extensive project management experience and participated in various significant projects in the Mainland and Hong Kong.



Mr. Ip Yuk-Keung, Albert
(Aged 74)

Appointed as an Independent Non-executive Director in June 2018. Mr. Ip is a member of the Audit Committee, the Nomination Committee and the Sustainability Committee of the Board of Directors of the Company. Mr. Ip is an independent non-executive director of Power Assets Holdings Limited and Hutchison Telecommunications Hong Kong Holdings Limited, both being listed public companies in Hong Kong. He is also an independent non-executive director of Eagle Asset Management (CP) Limited, as manager of Champion Real Estate Investment Trust (a listed real estate investment trust) and an independent non-executive director of Lifestyle International Holdings Limited (a listed public company in Hong Kong until its delisting on 20 December 2022). Mr. Ip is an international banking and real estate executive with 33 years of experience at Citigroup, First National Bank of Chicago, Wells Fargo and Merrill Lynch in Hong Kong, Asia and the U.S. His areas of expertise are in real estate, corporate banking, risk management, transaction banking and wealth management. Mr. Ip is a Senior Advisor to the President of Hong Kong University of Science and Technology; a Special Advisor to the Dean of the School of Business and Management at The Hong Kong University of Science and Technology; an Adjunct Professor of City University of Hong Kong, The Hong Kong University of Science and Technology, The Hang Seng University of Hong Kong, The University of Hong Kong, the Faculty of Business Administration at The Chinese University of Hong Kong, and the Faculty of Business and Economics at the HKU Business School; an Adjunct Distinguished Professor in Practice of University of Macau; Honorary Advisor of School of Humanities and Social Science at The Hong Kong University of Science and Technology; a Member of the Court at City University of Hong Kong; a Member of the Court at The Hong Kong University of Science and Technology; an Advisory Board Member for the Faculty of Business Administration at the University of Macau; the chairman of the HKUST Foundation; and the chairman of Career Development Advisory Board of the School of Humanities and Social Science and the chairman of Career Development Advisory Council of the School of Business and Management at The Hong Kong University of Science and Technology; the chairman of Career Development Advisory Committee for Business Bachelor's & Master's Programmes of the College of Business at City University of Hong Kong; and the co-chairman of College International Advisory Board of College of Business at City University of Hong Kong. Mr. Ip holds a Bachelor of Science degree at Washington University in St. Louis (*summa cum laude*) and Master of Science degrees at Cornell University and Carnegie-Mellon University. He is an Honorary Fellow of City University of Hong Kong, Vocational Training Council and The Hong Kong University of Science and Technology.



Ms. Chiu Wai-Han, Jenny
(Aged 55)

Appointed as an Executive Director in May 2020. Ms. Chiu is a member of the Executive Committee of the Board of Directors of the Company. She is also an executive director of New World Department Store China Limited (a listed public company in Hong Kong) upon re-designation from non-executive director on 27 June 2025. Ms. Chiu joined the Group in 2004 and is currently the senior director of Corporate Services of the Company. She is responsible for corporate services of the Group including human resources, administration and information technology. Prior to joining the Group, she had taken up managerial role in renowned corporations in information and communications technology services and property development industries. Ms. Chiu graduated from The Chinese University of Hong Kong. She is an Associate Member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. Ms. Chiu possesses over 20 years of experience in human resources and corporate management. Ms. Chiu is a member of the Employees Retraining Board, and a member of the Advisory Committee of the Partnership Fund for the Disadvantaged and the Advisory Committee on Social Work Training and Manpower Planning of Social Welfare Department. She is also a member of the Advisory Board for Bachelor of Liberal Arts (Hons) in Global Development and Sustainability of Lingnan University and a member of the Business Career Development Advisory Committee of the College of Business at City University of Hong Kong.

Directors' Profile



Mr. Chan Johnson Ow
(Aged 61)

Appointed as an Independent Non-executive Director in September 2021. Mr. Chan is a member of the Audit Committee, Remuneration Committee and Sustainability Committee of the Board of Directors of the Company. Mr. Chan is a managing director of Key Step Capital Limited. He is also a consultant for a leading global alternative investment management firm. He has over 28 years of experience in investment banking and investments at Morgan Stanley, Lehman Brothers, SSG Capital Management (now known as Ares Management) and Deutsche Bank AG. Mr. Chan holds a Bachelor of Arts Degree in Legal Studies from the University of California, Berkeley, and completed an Executive Program at the MIT Sloan School of Management and the MIT Schwarzman College of Computing on Implementing Agentic AI.



Mr. Cheng Chi-Ming, Brian
(Aged 43)

Appointed as a Non-executive Director in December 2022. Mr. Cheng is an executive director and co-chief executive officer of CTF Services Limited and the chairman and a non-executive director of Integrated Waste Solutions Group Holdings Limited, all being listed public companies in Hong Kong. Mr. Cheng was a non-executive director of Haitong International Securities Group Limited (a listed public company in Hong Kong until its delisting on 11 January 2024) and Wai Kee Holdings Limited (a listed public company in Hong Kong) up to his resignation in March 2024 and June 2024 respectively.

Mr. Cheng is currently a member of the Fourteenth Shanghai Municipal Committee of the Chinese People's Political Consultative Conference of The People's Republic of China. Before joining the Group, he had been working as a research analyst in the infrastructure and conglomerates sector for CLSA Asia-Pacific Markets. Mr. Cheng holds a Bachelor of Science Degree from Babson College in Massachusetts in the U.S.

Mr. Cheng is the son of Dr. Cheng Kar-Shun, Henry, the brother of Ms. Cheng Chi-Man, Sonia, the nephew of Mr. Doo Wai-Hoi, William and Mr. Cheng Kar-Shing, Peter, and the cousin of Mr. Cheng Chi-Heng.



Mrs. Law Fan Chiu-Fun,
Fanny
GBM, GBS, JP (Aged 73)

Appointed as an Independent Non-executive Director in December 2022. Mrs. Law is a member of the Audit Committee and the Sustainability Committee of the Board of Directors of the Company. Mrs. Law is an independent non-executive director of China Unicom (Hong Kong) Limited and Nameson Holdings Limited, both being listed public companies in Hong Kong. Mrs. Law is also an independent non-executive director of Minmetals Land Limited (a listed public company in Hong Kong until its delisting on 3 March 2026). She was an independent non-executive director of CLP Holdings Limited and China Taiping Insurance Holdings Company Limited (both being listed public companies in Hong Kong) and an external director of China Resources (Holdings) Co., Ltd.

Mrs. Law holds a Bachelor Degree (Honours) in Science from The University of Hong Kong, a Master Degree in Public Administration from Harvard University (named a Littauer Fellow) and a Master Degree in Education from The Chinese University of Hong Kong.

Mrs. Law was appointed as a Justice of the Peace and awarded the Grand Bauhinia Medal and the Gold Bauhinia Star by the HKSAR Government. She was a Hong Kong Deputy to the National People's Congress and a member of the Executive Council of the HKSAR Government. During her 30 years in the civil service, Mrs. Law had worked in many fields, including medical and health, economic services, housing, land and planning, home affairs, social welfare, civil service, transport, education and manpower. Mrs. Law was the Commissioner of the Hong Kong Independent Commission Against Corruption before her retirement.



Ms. Lo Wing-Sze, Anthea
BBS, JP (Aged 55)

Appointed as an Independent Non-executive Director in December 2022. Ms. Lo is a member of the Audit Committee of the Board of Directors of the Company. Ms. Lo is an independent non-executive director of Goldlion Holdings Limited, China Resources Mixc Lifestyle Services Limited, Lee & Man Paper Manufacturing Limited and China Resources Medical Holdings Company Limited, all being listed public companies in Hong Kong. She was an independent non-executive director of Finsoft Financial Investment Holdings Limited and Virtual Mind Holding Company Limited (all being listed public companies in Hong Kong) up to her resignation in July 2023 and June 2025 respectively.

Ms. Lo holds a Bachelor of Economics Degree from the University of Sydney and a Master of Commerce in Finance Degree from the University of New South Wales in Australia. She is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a Fellow Certified Practicing Accountant of CPA Australia. She is the financial director of Million Group, and has over 25 years of experience in corporate governance, tourist services and hotel management.

Ms. Lo was appointed as a Justice of the Peace in 2017 and awarded the Bronze Bauhinia Star in 2020 by the HKSAR Government. She is a member of the Election Committee 2021 (The Fourth Sector) of the HKSAR and was a member of the Election Committee (Tourism Subsector) for the Fifth Government of the HKSAR. Ms. Lo is also a member of All-China Women's Federation HKSAR delegate, the Chief Executive's Policy Unit Social Development Expert Group, the Immigration Department Users' Committee, the Correctional Services Children's Education Trust Investment Advisory Board, the District Fight Crime Committee (Wan Chai District), the Lotteries Fund Advisory Committee, as well as the Commission on Poverty and its Community Care Fund Task Force and Social Innovation and Entrepreneurship Development Fund Task Force. In addition, she is an Honorary Court Member of the Lingnan University. Ms. Lo is a Founding Member of Hong Kong Red Cross EmpowerHer Network and a member of the Hong Kong Society of Rehabilitation Fundraising and Social Enterprise Committee.



Ms. Wong Yeung-Fong,
Fonia
(Aged 50)

Appointed as an Independent Non-executive Director in December 2022. Ms. Wong is a member of the Sustainability Committee of the Board of Directors of the Company. Ms. Wong is also an independent non-executive director of Miramar Hotel and Investment Company, Limited, a listed public company in Hong Kong. Ms. Wong holds a Bachelor of Arts in Marketing Degree from The Hong Kong Polytechnic University and a Degree in China Law from the Tsinghua University. She is a certified international wealth manager and a certified financial planner. Ms. Wong is a senior director and head of business development (South Pacific) at EBSI Private of China Everbright Securities International Company Limited.

Ms. Wong is an honorary court member of the Lingnan University, advisor of Our Hong Kong Foundation, vice chairman of Institute of Securities Dealers, a member of Tseung Kwan O Hospital Governing Committee, the president and co-founder of the Hong Kong Digital Asset Society, founder of Hong Kong Youth Service Leader Award, charter president of Rotary Club of Central, Hong Kong, founding convener of Investment Chat for Charity and an executive committee member of The Neighbourhood Advice-Action Council.

Ms. Wong won the Ten Outstanding Young Persons Award of the Junior Chamber International Hong Kong in 2016. She was also on the 2021 list of Kindness & Leadership, 50 Leading Lights Asia Pacific. In 2017, Ms. Wong was the winner of the Advanced Management and Leadership Program Outstanding Alumni Award of the University of Oxford for her exceptional services to the society.



Mr. Ho Gilbert Chi-Hang
(Aged 50)

Appointed as an Executive Director in November 2024. Mr. Ho is a member of the Executive Committee of the Board of Directors of the Company. He joined CTF Services Limited ("CTF Services"), a listed public company in Hong Kong, as senior director in January 2018 and has been serving as an executive director of CTF Services since July 2018. He was appointed as the chief operating officer and co-chief executive officer of CTF Services in February 2022 and January 2024 respectively. Mr. Ho is a director and co-chief executive officer of Chow Tai Fook Enterprises Limited, a substantial shareholder of the Company. Prior to joining CTF Services, Mr. Ho was a director and/or senior executive in several Hong Kong listed public companies. He had also been the senior investment director of the Company and an executive director of New World Strategic Investment Limited (a wholly-owned subsidiary of the Company), as well as a partner of an international law firm Fried, Frank, Harris, Shriver & Jacobson LLP.

Mr. Ho is an independent non-executive director of Asia Allied Infrastructure Holdings Limited and Kam Hing International Holdings Limited, and a non-executive director of Shoucheng Holdings Limited, all being listed public companies in Hong Kong. He was also a non-executive director of Wai Kee Holdings Limited (a listed public company in Hong Kong), up to his resignation on 26 June 2024. He is a member of the General Committee of the Hong Kong General Chamber of Commerce, the Vice Chairperson of the Chamber of Hong Kong Listed Companies, the Deputy Chairman of the Greater Bay Area Committee of CPA Australia, a member of the Court of The University of Hong Kong, a member of the Advisory Council on Career Development of Hong Kong University of Science and Technology, and a standing committee member of the Youth Federation of Inner Mongolia. He was also a member of the Hong Kong Logistics Development Council from January 2024 to December 2025, a committee member of the Industry Advisory Committee of Insurance Authority from June 2020 to May 2022 and a committee member of the Chinese People's Political Consultative Conference of Shenyang from December 2007 to December 2021.

Mr. Ho holds a Bachelor of Commerce degree and a Bachelor of Laws degree from the University of Sydney, Australia and was admitted as a solicitor in New South Wales, Australia and England and Wales and as a solicitor and barrister in the High Court of Australia. He is also a fellow member of CPA Australia.



Mr. Lau Fu-Keung
(Aged 47)

Appointed as an Executive Director in November 2024 and appointed as a Joint Company Secretary with effect from 1 May 2025. Mr. Lau is a member of the Executive Committee of the Board of Directors of the Company. He is also an executive director of New World Department Store China Limited (a listed public company in Hong Kong). He joined the Company in June 2020 and is currently the Chief Financial Officer of the Company. He is responsible for finance, accounting, treasury, tax, mergers & acquisitions, company secretarial matters and investor relations of the Group, and is also a director of certain subsidiaries of the Group. Prior to joining the Company, Mr. Lau was the chief financial officer of a Chinese property developer with business focus in Greater Bay Area. He held various senior positions in equity capital markets and global credit trading with global investment banks prior to his CFO career.

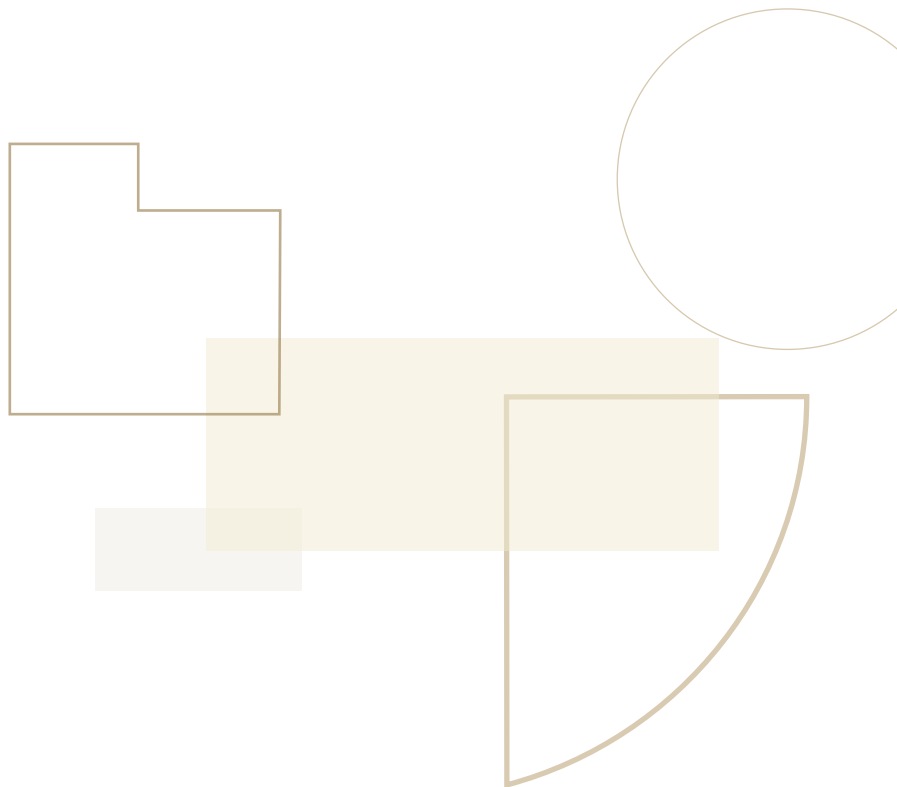
Mr. Lau is a member of the Listing Committee of The Stock Exchange of Hong Kong Limited, a member of the Advisory Committee of the Accounting and Financial Reporting Council, a member of the Governance Professionals Panel of Hong Kong Chartered Governance Institute, a member of the Advisory Council of Climate Governance Initiative Hong Kong, a member of the Advisory Board of Hong Kong Investor Relations Association, a council member of The Chinese Academy of Governance (Hong Kong) Industrial and Commercial Professionals Alumni Association, a member of the Fundraising Committee and Social Enterprise Committee of The Neighbourhood Advice-Action Council, a member of the Finance Committee of Scout Association of Hong Kong, the treasurer of HKI Regional Scout Foundation Fund Management Committee, a member of the Finance and Strategy Committee of The Football Association of Hong Kong, China, a member of the Career Development Advisory Board of the School of Humanities and Social Science at the Hong Kong University of Science and Technology, a member of the Career Development Advisory Committee for Business Master Programmes of College of Business at City University of Hong Kong, and a board member of the Wah Yan Post-Secondary Education Trust Fund.

Mr. Lau received his Bachelor of Business Administration in Finance (with Distinction) and Master of Accounting (with Distinction) from the Ross School of Business at the University of Michigan, Ann Arbor, U.S. in 2001 and 2002 respectively. He is also a U.S. Certified Public Accountant (Licensed in Michigan), a fellow member of CPA Australia and a fellow of Hong Kong Institute of Directors.



Mr. Chan Yiu-Ho
(Aged 53)

Appointed as an Executive Director in December 2025. Mr. Chan is a member of the Executive Committee of the Board of Directors of the Company. He joined the Group in January 2000 as Shenyang Regional Financial Controller of New World China Land Limited ("NWCL", an indirect wholly owned subsidiary of the Company) and successively served as Shenyang Regional Chief Executive, Regional Chief Executive, North China and General Manager of North China and Northeast China, and the Chief Operating Officer of NWCL. Currently, he is an executive director of New World Department Store China Limited (a listed public company in Hong Kong), a director and the Chief Executive Officer of NWCL and a director of certain subsidiaries of the Group. He holds a Bachelor Degree in Business Administration from The Chinese University of Hong Kong, and has over 25 years of experience in real estate development in the PRC. Mr. Chan is a Committee Member of the 16th Chinese People's Political Consultative Conference of Shenyang. Prior to joining the Group, Mr. Chan worked for an international accounting firm in Hong Kong. He is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants of the United Kingdom.



CORPORATE SUSTAINABILITY

DRIVING COLLECTIVE GROWTH THROUGH SV2030+

Corporate Sustainability / Driving Collective Growth through SV2030+

At the heart of our sustainability philosophy lies a strategic commitment to creating a future-proof society, powered by innovation and mutual growth. Our key business activities are directed towards achieving economic, environmental and social benefits, thereby delivering long-term value for both our stakeholders and future generations.

We have formulated the Sustainability Vision 2030+ (“SV2030+”) as our sustainable business approach to address our most material and relevant sustainability matters, grouped into three pillars: Future-Fit Places, Organisational Resilience, and Enriched Lives. It also forms the structure of this Corporate Sustainability section.



MESSAGE FROM THE SUSTAINABILITY COMMITTEE

At NWD, sustainability remains integral to how we strengthen business resilience, create long-term value and position the Group for future growth. Guided by our SV2030+, we continue to advance our sustainability agenda through our three strategic pillars, Future-Fit Places, Organisational Resilience and Enriched Lives, embedding sustainability considerations into decision-making across our operations and value chain.

During the year, we strengthened our understanding of the sustainability issues most relevant to our business and stakeholders through a comprehensive double materiality assessment with third-party assurance. By evaluating both sustainability-related impacts and financially material risks and opportunities, the assessment provided valuable insights to support strategic planning, risk management and the long-term resilience of our business. The assessment also informed the refinement of our sustainability priorities for initiatives and disclosures, strengthening alignment among stakeholder expectations, business strategy and long-term value creation.

Under our Future-Fit Places pillar, we continued to enhance our climate- and nature-related capabilities. We have achieved 100% renewable electricity use across our investment properties in the Greater Bay Area ("GBA") and completed physical and transition climate risk assessments across our investments and operations. Guided by the recommendations of the Taskforce on Nature-related Financial Disclosures ("TNFD"), we have also assessed biodiversity-related risks across our portfolio, deepening our understanding of nature-related dependencies, impacts, risks and opportunities. These efforts support the integration of climate and nature considerations into project planning, asset management and risk management, helping to safeguard asset value and enhance long-term portfolio resilience.

Building organisational resilience remains essential in an increasingly dynamic operating environment. During the year, we strengthened governance and risk management practices across the business, including advancing the responsible adoption of artificial intelligence ("AI") through mandatory employee training and robust control measures. We also enhanced sustainability governance across our value chain through updated sustainability policies, helping to promote responsible business practices and more consistent sustainability standards among our suppliers and business partners.

We continued to strengthen our contribution to the communities we serve. In FY2026, we established our inaugural Social Value Framework, providing a structured approach to measuring, managing and demonstrating the outcomes of our social initiatives for our employees and their families, the communities, local economies, as well as other stakeholders. The Framework enhances our ability to allocate resources effectively, evaluate programme performance and better understand the value generated through our social investments. It also represents an important step in strengthening our approach to maximising positive social outcomes and ensuring our community programmes deliver meaningful and lasting benefits.

As we look ahead, we remain committed to advancing SV2030+, strengthening resilience across our business and creating lasting value for our stakeholders. We would like to express our sincere gratitude to our employees for their dedication and contributions, as well as our investors, business partners and stakeholders for their continued support and collaboration.

Sustainability Committee

Hong Kong, China, September 2026

CORPORATE SUSTAINABILITY CORPORATE GOVERNANCE

Our corporate governance extends beyond compliance with the HKEX Corporate Governance Code and Listing Rules and is grounded in regular monitoring of market trends, regulatory changes, and market developments. Our dedicated sustainability governance follows a leadership-driven approach, overseeing and managing sustainability matters from board-level committees to management-level group functions and business units (“BUs”).



The Board of Directors serves as NWD’s highest governance body, with ultimate responsibility for the SV2030+ sustainable business approach and all material current and anticipated sustainability matters. The Board shapes its strategic insights and decision-making by drawing on regular updates, recommendations, and best practices regarding corporate governance, climate resilience, sustainable finance, and other areas. The Board also delegates operational management responsibilities to five board-level committees. For further details on each committee, please see the “Corporate Governance Report” section in this Annual Report.

The Sustainability Committee, chaired by an Executive Director and comprising four Independent Non-executive Directors, supports the Board in overseeing NWD’s Environmental, Social and Governance (“ESG”) issues. The Sustainability Committee is responsible for all sustainability matters, including but not limited to climate-related issues, policy endorsement, risk management and target progress tracking. In FY2026, NWD coordinated a Board training session covering regulatory and market landscape, NWD’s internal sustainability priorities, financial implications of ESG issues, introduction to the TNFD and other NWD’s strategic initiatives.

The Group Sustainability Steering Committee (the “Steering Committee”) is an executive-level committee, chaired by the Head of Sustainability and comprises senior executives from the Group’s functions and major BUs. It supports the Board in shaping sustainability governance and achieving ESG risk management objectives through implementation of sustainability initiatives and performance tracking.

Led by the Head of Sustainability, the designated person responsible for ESG matters, the Group Sustainability Department is responsible for executing sustainability practices that align with Group-wide policies and the SV2030+ sustainable business approach across major businesses and functions. The Group Sustainability Department also coordinates BUs to assess and monitor sustainability-related risks and opportunities for strategic planning, driving the creation of sustainable property lifecycles.

The remuneration of the CEO and employees is performance-based and linked to the Company’s profitability, which includes overall sustainability performance¹ and sustainable business growth.

¹ Sustainability performance includes but not limited to progress against defined SV2030+ targets, such as science-based targets, maintenance of transparency in corporate disclosure, industry leadership in key ESG ratings and indices, as well as workplace health, safety and wellbeing.



SUSTAINABILITY-RELATED POLICIES

Sustainability-related policies are in place at both the Group and subsidiary levels, designed to ensure regulatory compliance and align with industry best practices while taking into account specific business contexts. These policies govern sustainability practices across operational activities and the value chain. Details about the policies are publicly available on our website.

We regularly review our policies and procedures. Endorsed by the Board, we have updated relevant policies during the reporting period to enhance expectations for our suppliers and business partners, as well as additional commitments to environmental and social contribution, reflecting our role as a responsible leader in the real estate industry.

We strictly monitor the compliance of all sustainability-related policies. In the event of identifying potential breaches, we conduct comprehensive investigations and render fair judgments. During the reporting period, we did not incur significant fines for non-compliance with environmental laws or regulations. No convictions or legal actions have been recorded for breach of relevant laws and regulations related to corruption and bribery or anti-competitive behaviour.

RISK MANAGEMENT AND SUSTAINABILITY INTEGRATION

Significant sustainability-related risks that have material impacts on our assets, businesses, and stakeholders are integrated into the Group's Enterprise Risk Management ("ERM") framework. Risk findings are derived from materiality assessments, climate scenario analysis, nature-related risk assessments, as well as other relevant evaluation, and are supported by systematic risk evaluation, monitoring, and management across the Group and its BUs. The Board monitors the Group's overall risks and receives ERM updates on a semi-annual basis.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

The risk management approach is governed by the ERM framework and aligns with the guidelines of the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") and the World Business Council for Sustainable Development ("WBCSD"). The framework is regularly reviewed to ensure its continued alignment with our strategic direction, sustainability commitments, regulatory obligations, and industry best practices.

For more details about our risk management structure and process for identifying, assessing, and managing risks, please refer to the "Corporate Governance Report" section of this Annual Report.

CORPORATE SUSTAINABILITY STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

STAKEHOLDER ENGAGEMENT APPROACH

NWD shapes its sustainability strategy in response to current and emerging risks and opportunities across its business and communities, guided by stakeholder expectations. We maintain ongoing, open, and transparent dialogue through various channels, including surveys, interviews, focus groups, site visits, mobile applications, newsletters, meetings, forums, events, hotlines, and social media. For more details on our engagement with key stakeholders, please visit our website.

MATERIALITY ASSESSMENT AND MATRIX

NWD conducts a comprehensive review of its material sustainability priorities annually to ensure they remain relevant in light of evolving business conditions, stakeholder expectations, and emerging sustainability issues. This is complemented by a more extensive materiality assessment, incorporating broader stakeholder engagement, and conducted at least every two to three years, or more frequently if warranted by significant changes in the business or external environment. Together, these processes validate NWD's sustainability priorities and inform the identification of related risks and opportunities, including climate- and nature-related factors. In FY2026, a comprehensive double materiality assessment was undertaken to identify material sustainability topics and assess the associated sustainability-, climate- and nature-related risks and opportunities.

This materiality assessment approach references best practices of the Global Reporting Initiative ("GRI") Sustainability Reporting Standards and the International Financial Reporting Standards ("IFRS") issued by the International Sustainability Standards Board ("ISSB").

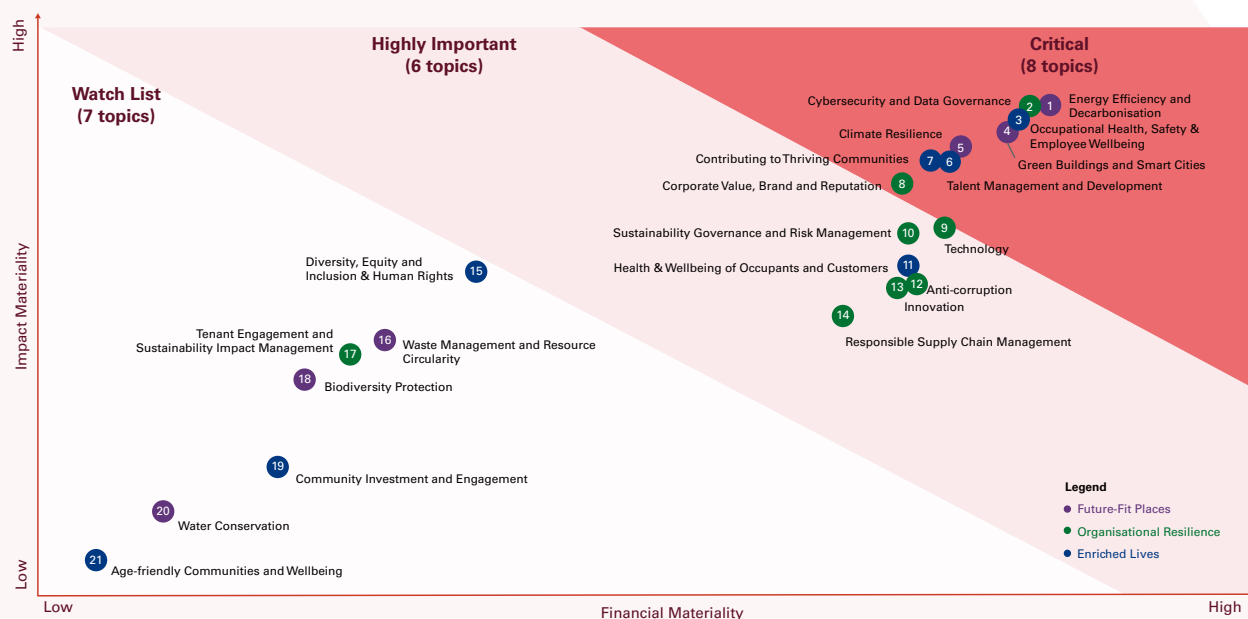
The assessment followed the four key steps below.

1. Evaluate relevant sustainability topics	- Conducted peer benchmarking and reviewed market trends and regulatory requirements - Shortlisted 21 sustainability topics that align with SV2030+ and are relevant to business operations and stakeholders
2. Identify internal and external stakeholders	Identified key internal and external stakeholders to participate in the stakeholder engagement process
3. Collect key inputs and consolidate findings	- Gathered stakeholders' insights on current performance and future expectations through surveys, interviews and other means - Consolidated feedback across our three sustainable business approaches and overall sustainability topics
4. Analyse materiality assessment results and related sustainability-related impacts, risks and opportunities ("IROs")	- Synthesised quantitative scoring and qualitative analysis to refine and finalise the double materiality matrix - Assessed material IROs to determine positive and negative impacts on enterprise value creation and external stakeholders - Concluded views on potential topics that require NWD's attention now and in the future - Proposed actionable recommendations to accelerate continuous improvement as the next step

A double materiality approach was adopted to evaluate sustainability topics through two dimensions.

Financial materiality (Inward impact)	- Assessed how sustainability topics affect NWD's enterprise value, financial performance, and access to capital - Stakeholders: the Board and senior executives
Impact materiality (Outward impact)	- Assessed the environmental, economic, and social impacts of NWD's operations and value chain - Stakeholders: internal (the Board, senior executives and employees) and external (e.g., tenants, customers, supply chain partners, non-governmental organisations ("NGOs"), government / regulators, media, academia, industry associations, banking partners and rating agencies)





The materiality assessment processes were verified by a third-party assurance provider, and the results were signed off by the Board.

SUSTAINABILITY PRIORITIES

The materiality assessment identified eight critical sustainability priorities, informed by an IROs analysis of financial and impact materiality on internal operational efficiency and external factors. We have established targets and implemented corresponding actions to address sustainability priorities.

Sustainability priorities	Enterprise value creation		External stakeholders		Time horizon ¹
	Risk	Opportunity	Negative impact	Positive impact	
1 Energy Efficiency and Decarbonisation²	- Compliance risks from evolving climate and carbon regulations - Increased operating costs from rising energy prices - Lower-than-expected investment returns	- Operating cost savings through energy efficiency - Long-term energy savings and reduced exposure to energy price fluctuations	Higher compliance and implementation costs for suppliers and business partners	Lower tenant operating costs	Short- to medium-term
2 Cybersecurity and Data Governance³	- Increased security and incident response costs - Increased compliance costs	- Business continuity and operational resilience - Regulatory compliance and systemic stability	- Loss of stakeholder trust and loyalty from data breaches - Reduced operational flexibility for business partners	- Greater stakeholder trust and confidence - Enhanced data privacy and security for customers, tenants and business partners	Short- to medium-term

¹ Time horizons: Short-term (0-1 year), medium-term (2-5 years) and long-term (5+ years).

² For more details, see 'Future-Fit Places'.

³ For more details, see 'Organisational Resilience'.

Sustainability priorities	Enterprise value creation		External stakeholders		Time horizon ¹
	Risk	Opportunity	Negative impact	Positive impact	
3 Occupational Health, Safety and Employee Wellbeing²	- Health and safety-related workforce risks - Increased insurance, compensation and remediation cost	- Safe, inclusive and resilient workplace culture - Reduced operational hazards and associated costs - Reduced legal and regulatory risks	- Higher operational pressure on business partners from health and safety requirements - Extended project planning and implementation timelines	- Reduced workplace injuries and occupational health risks across the value chain - Stronger supply chain performance - Enhanced tenant satisfaction	Short-term
4 Green Buildings and Smart Cities³	Reduced asset competitiveness and tenant appeal	- Increased asset value - Improved rental premiums	Higher compliance and implementation costs for contractors and suppliers	- Enhanced reputation - Improved public health and community liveability	Short- to long-term
5 Climate Resilience³	Operational disruptions and increased insurance and adaptation costs	- Asset protection and value retention - Increased investor confidence	- Increased disruption to surroundings - Reduced lease renewal intention	Reduced tenant disruption from extreme weather	Short- to long-term
6 Talent Management and Development²	- Reduced productivity from inadequate workforce - Increased recruitment costs	- Leadership pipeline and succession readiness - Improved talent retention	Client dissatisfaction due to workforce skills gaps	Improved service quality and client satisfaction	Short-term
7 Contributing to Thriving Communities²	Reputational loss from insufficient community engagement and understanding of community needs	- Higher workforce morale - Stronger culture of volunteerism	Lower confidence from the public and partners	- Accelerated socio-economic revitalisation and job creation - Enhanced public health and wellbeing	Short- to medium-term
8 Corporate Value, Brand and Reputation⁴	- Market inequality and exclusionary pricing - Weakened brand differentiation and competitive positioning	- Increased talent attraction and retention - Stronger public-private and commercial partnerships	- Reduced customer and tenant loyalty - Increased negative media actions	Enhanced brand value and stakeholder trust	Short- to long-term

¹ Time horizons: Short-term (0-1 year), medium-term (2-5 years) and long-term (5+ years).

² For more details, see 'Enriched Lives'.

³ For more details, see 'Future-Fit Places'.

⁴ For more details, see 'Organisational Resilience'.

CORPORATE SUSTAINABILITY

FUTURE-FIT PLACES

The Future-Fit Places approach guides NWD in designing, building, and operating high-quality, resilient places that deliver enduring environmental benefits for our stakeholders. Recognising environmental issues and climate change as emerging risks and opportunities, NWD's climate actions focus on two key dimensions:

1. **Impacts of climate change on NWD** – how our operations, supply and value chains are impacted, and how climate resilience is being built.
2. **NWD's impact on climate** – how our operations, supply and value chains contribute to climate change, and how we take continuous actions to reduce our impact by implementing emissions-reduction strategies that also deliver cost benefits to ensure a smooth transition to a low carbon economy.

The Group engages a range of stakeholders, including tenants, customers and community members in strengthening climate resilience, supporting the transition to a low carbon economy and conserving natural resources for sustainable operations.

OUR SUSTAINABLE BUSINESS APPROACH	OUR APPROACH AND KEY ACTIVITIES	HOW WE MEASURE PERFORMANCE	TARGET STATUS
 Future-Fit Places Design, build, and operate high-quality, future-fit, and resilient places that deliver enduring value for our stakeholders  	 Climate Resilience Integrate climate change considerations and measures throughout the asset lifecycle to ensure assets are resilient and positioned to thrive in a climate-affected future • Conduct climate risk assessment to understand asset-level climate-related risks and opportunities • Develop asset adaptation plans in response to identified climate risks & opportunities	BY FY2030 Climate adaptation and resilience plans are in place for all relevant investments and operations to protect value at risk BY FY2026 All new and existing investments and operations assessed for potential climate-related physical and transition risks	On Track Completed
	 Transition to a Low Carbon Economy Support our investments, operations and value chain through targeted efforts as we transition to a low carbon economy • Prioritise smart and efficient sustainable building design, development, and operations • Renewable energy use and procurement • Collaborate with our value chain, including tenants, suppliers, customers and industry, to further reduce carbon intensity	BY FY2050 Net Zero Scope 1, 2 & 3 emissions from all our assets and operations BY FY2030 • Reduce absolute Scope 1 & 2 emissions by 42.0% (FY2023 baseline) • Reduce absolute Scope 3 emissions from Capital Goods by 25.0% (FY2023 baseline) • Reduce Scope 3 emissions from Downstream Leased Assets by 51.6% per square metre (FY2023 baseline) BY FY2026 100% renewable energy use in our Greater Bay Area investment properties	On Track On Track Completed
	 Conserving Natural Resources Responsible and efficient consumption of natural resources and proactively managing nature-related risks and impacts • Deliver water-saving buildings that avoid water use and conserve natural resources • Diversion of waste back into the economy through reuse or recycling, and reducing dependence on natural resources	BY FY2030 All new and existing investments have energy, water, and waste efficiency plans integrated into asset operations BY FY2030 30% total recycling rate (landfill diversion) achieved across our relevant investments and operations	On Track On Track

CLIMATE RESILIENCE

NWD prioritises identifying, managing, and addressing its climate-related impacts across its business model and value chain to mitigate climate risks throughout the operations.

GOVERNANCE

We maintain a consistent approach in managing climate-related risks and opportunities, supported by a robust sustainability governance structure outlined in the 'Corporate Governance' section of this Corporate Sustainability section.

The Board oversees climate-related risks and opportunities and evaluates management approaches to inform corporate strategy, budgets, and business planning. The Board receives regular updates from the Sustainability Committee, enabling the integration of climate-related factors into major capital investment and acquisition decisions in line with our Responsible Investment Policy. The Board also receives training at least once a year to enhance its skills and competencies on sustainability, which includes climate change.

The executive-level Steering Committee and various departments assist in planning our climate actions, tracking progress towards climate-related metrics and targets. The Steering Committee reports directly to the CEO and provides biannual updates to the Sustainability Committee through the Group Sustainability Department.

STRATEGY

Guided by our Climate Change Policy, Responsible Investment Policy, and Decarbonisation Roadmap, NWD is in the process of developing a net-zero transition plan based on science-based targets ("SBTs") and implementing decarbonisation initiatives under the SV2030+ sustainable business approach, collectively forming the direction and plans for climate transition. These guiding policies are integrated into the Group's ERM framework, and, together with the net-zero transition plan, they set clear and measurable performance metrics for BUs to take action.



Climate-related Risks and Opportunities

The following climate-related risk and opportunity register outlines our identification and assessment of material physical and transition risks and opportunities, including business implications and potential financial impacts. In response, we have accomplished the FY2026 target of completing climate risk assessments across all our new and existing investments and operations.

Physical Risks and Opportunities

	Climate hazard	Business implications	Potential financial impacts
Acute hazards and risks	Drought Prolonged period of dry weather conditions	Shortage of water supply affecting or suspending business operations	- Increased operational and insurance costs - Increased capital expenditure ("CAPEX") to install water-efficient and storage devices
	Wildfire Unplanned or uncontrolled fires in areas of combustible vegetation	- Increased potential for damage to property and assets - Potential impact of occupational health and safety	- Increased operational and insurance costs - Increased cost to repair damage caused by wildfire events
	Flood Flooding caused by overflowing rivers and streams, extreme rainfall events or ineffective drainage	- Increased potential for damage to property and assets - More frequent and severe disruption to business continuity	- Reduced asset values due to increased property damage - Reduced revenue from the rental portfolio - Increased operational and insurance costs - Increased CAPEX for resilient features to floods and strong winds - Increased market valuation due to the adoption of climate resilience measures
	Storm surge Coastal flooding due to extreme rise in sea level during typhoons, typhoon tracks, elevation and climate change		
Chronic hazards and risks	Tropical cyclone Strong gusts and heavy rainstorms caused by intense storms originating over warm tropical oceans		
	Heat stress A prolonged period of high temperature and humidity	- Lowered labour productivity - Increased health hazards to the workforce - Higher demand for cooling and energy	- Increased cooling cost - Reduced productivity leading to increased labour cost
	Change in precipitation patterns Changes in temperature lead to long-term shifts in precipitation patterns	Water supply shortage in areas with reduced precipitation	- Increased CAPEX associated with building upgrades related to water retention and efficiency - Increased operational costs for alternative water sources in areas with reduced precipitation
	Rising sea level Rise in the average sea level due to climate change	- Increased potential for damage to property and assets - Asset relocation	- Reduced asset values due to increased damage to property - Increased potential for stranded assets

Adaptation measures

Strategic approach	- Integrate climate risk and resilience considerations into corporate strategies - Maintain strong climate-related governance through Board oversight - Engage stakeholders, including customers, suppliers, local communities, and government agencies on climate resilience initiatives
Operational approach	- Assess all assets and locations for potential physical climate risks through scenario analysis, including Vulnerability Assessment - Conduct asset-level analysis and integrate adaptation measures into building designs and operational plans where applicable - Maintain effective emergency response procedures

Transition Risks and Opportunities

	Material area	Business implications	Potential financial impacts
Policy and legal	Carbon pricing Increased use of policy instruments to apply an explicit price on greenhouse gas ("GHG") emissions, through carbon taxes or emissions trading schemes	- Increased need to optimise operational efficiency to reduce resource consumption - Increased need to optimise building construction to reduce materials use	- Increased operational costs - Increased CAPEX for energy-efficient facilities - Lower energy costs - Increased procurement costs for low carbon construction materials
	Building codes and standards More stringent regulations on building energy performance and emissions in a lifecycle approach	- Increased need to optimise operational efficiency to reduce resource consumption - Increased need to obtain green building certifications	- Increased CAPEX for energy-efficient facilities - Lower energy costs
Reputation	Stakeholder concern and feedback Higher expectations on ESG and climate risk management and disclosure	Enhanced comprehensiveness of disclosures expected on climate change actions and metrics	Increased operational costs to implement changes in climate risk management and disclosure
Market	Consumer preference Increased market demand for low carbon and resilient buildings	- Increased demand for low carbon and energy efficient buildings - Increased need to assess and improve existing buildings - Increased need to obtain green building certifications	- Increased revenue due to rental and sales premiums of sustainable buildings - Increased CAPEX to install green retrofits and climate-resilient features
	Cost of raw material Cost premium for low carbon materials and increased price for traditional materials due to supply chain disruption	Increased fluctuations in the cost and supply of raw materials	Increased procurement costs for both traditional and low carbon construction materials

Mitigation measures

Strategic approach

- Foster a culture of sustainability and climate awareness at all levels
- Conduct regular reviews on compliance and emerging trends
- Monitor the effectiveness of efficiency measures across the portfolio
- Collaborate with industry groups to promote low carbon solutions
- Elevate procurement standards for suppliers regarding sustainable products and services

Operational approach

- Conduct Life Cycle Assessments ("LCAs") for development projects
- Leverage proceeds from sustainable finance instruments
- Implement green lease programmes
- Implement low carbon initiatives and conserve natural resources with regular monitoring
- Pilot the Internal Carbon Pricing ("ICP") mechanism to encourage low carbon practices



Scenario Analysis

Aligned with its ERM framework and risk appetite, the Group conducts climate scenario analysis to assess climate-related risks and opportunities across its portfolio. Inherent risks are evaluated under defined climate scenarios, considering location-specific physical risks and market-driven transition risks, while site-specific characteristics such as asset typology, design features and operational practices are assessed to determine residual risks. The results inform risk management, mitigation actions and strategic decision-making.

Enterprise Approach

The latest climate science research and data have been incorporated into the scenario selection process to develop both qualitative narratives and quantitative models for the assessment of physical and transition risks.

Scenario stress testing was conducted across our operations using various projections and assumptions informed by leading climate science. Aligned with our Group's ERM framework and risk appetite, two scenarios with strong contrasts were selected and developed, enhancing the preparedness of the Group for both best- and worst-case outcomes, enabling climate-related risks and opportunities to be more effectively assessed and managed.

	High transition risk, low physical risk scenario	Low transition risk, high physical risk scenario
Physical risk scenarios¹	IPCC SSP1-2.6 – stringent pathway - Global warming: limited to 1.5°C - Physical climate impact: limited	IPCC SSP5-8.5 – high emissions pathway - Global warming: 3.3-5.7°C above pre-industrial levels - Physical climate impact: severe
Transition risk scenarios²	NGFS Net Zero 2050 – orderly pathway - Assumption: ambitious climate policies adoption to achieve global net-zero emission by 2050 - Global warming: limited to 1.5°C	NGFS Current Policies – hot house world pathway - Assumption: maintain only the current climate policies adoption - Global warming: approximately 3°C above pre-industrial levels
Time horizons	Short-term: 2030 – aligns with the target year of our near-term SBTs Medium-term: 2050 – aligns with our net-zero target year and the Paris Agreement Long-term: 2080 and beyond – extends beyond our SBTs and net-zero target, the Paris Agreement, and Chinese Mainland's commitment to achieve carbon neutrality by 2060	
Geographical coverage	All new and existing investments and operations, such as current developments and construction sites, and agricultural land holdings	

Geographic Context / Inherent Risk

Building upon the Enterprise Approach scenario analysis, this geographic context / inherent risk assessment aimed to identify and flag inherent risks and projected rates of change for our operations across various time horizons and geographies.

Site-specific Context / Residual Risk

For assets identified with inherent risk at a moderate or higher level, a Vulnerability Assessment was conducted to evaluate site-specific features, such as the asset type, the location of sensitive equipment, current adaptation features or controls, and operating processes. This assessment was completed in collaboration with asset representatives who are familiar with each asset. Where adequate features and controls are in place, the inherent risk can be minimised to residual risk.

¹ IPCC published a new set of climate scenarios which consider both emissions level and socio-economic developments in different future states in its Sixth Assessment Report. The scenarios are referred to as SSPx-y, where 'SSPx' refers to the Shared Socio-economic Pathway describing the socio-economic trends underlying the scenario, and 'y' refers to the approximate level of radiative forcing.

² The Network of Central Banks and Supervisors for Greening the Financial System ("NGFS") partnered with an expert group of climate scientists and economists to design a set of hypothetical scenarios to demonstrate how climate change (physical risk), climate policy and technology trends (transition risk) could evolve in different futures.

Location-specific Physical Risks

We have quantified the inherent risks through location-specific, asset-level evaluations of our portfolio. For instance, broad physical risks, such as floods and typhoons, may be higher in larger geographies, but certain assets may be exposed to lower risks given their more precise locations.

The assessments incorporated climate scenario projections, evaluating under the assumption that no asset-specific adaptation or mitigation measures had been implemented. While risks related to changes in precipitation patterns are not included in the summary, they have been incorporated into the assessment of drought, river- and rainfall-flooding risks. Summary findings are presented below.

Inherent Physical Risk

Indicator	Physical risk	Location	SSP1-2.6			SSP5-8.5		
			2030	2050	2080	2030	2050	2080
Percentage of total asset value at risk	Drought and Wildfire ¹	Hong Kong						
		Chinese Mainland						
		Southeast Asia						
	River flood	Hong Kong						
		Chinese Mainland						
		Southeast Asia						
	Rainfall flood	Hong Kong						
		Chinese Mainland						
		Southeast Asia						
	Storm surge, including rising sea level	Hong Kong						
		Chinese Mainland						
		Southeast Asia						
Percentage of productivity loss	Tropical cyclone	Hong Kong						
		Chinese Mainland						
		Southeast Asia						
	Heat stress	Hong Kong						
		Chinese Mainland						
		Southeast Asia						
		Hong Kong						
		Chinese Mainland						
		Southeast Asia						

■ Extreme ■ Major ■ Moderate ■ Minor ■ Insignificant

Potential Financial Effects – Physical Risks

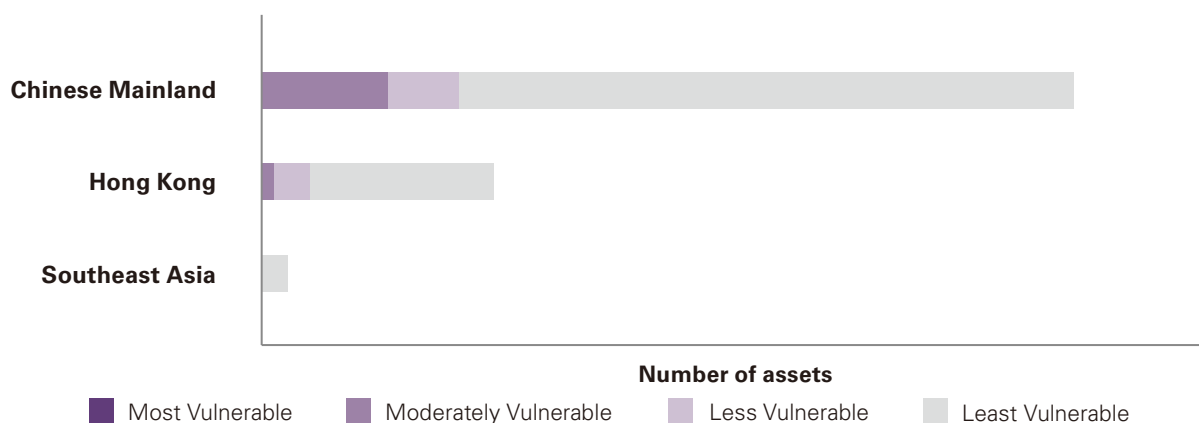
The potential financial effects are modelled under two climate scenarios of SSP1-2.6 and SSP5-8.5, with a focus on physical climate hazards such as flooding, storm surges, and tropical cyclones.

The physical risk assessment evaluated the financial effects of the identified inherent risks on NWD across defined short- to long-term time horizons. At the year of 2030, the possible financial effect of commercial properties damage is estimated to range approximately between 3.3%-4.5% of the total asset value exposed to all physical risk types if no adaptation measures are in place.

¹ Drought and wildfire were independently assessed, but results were the same, i.e. insignificant across all scenarios and time horizons, and hence grouped together in the summary findings.

Residual Physical Risks

Assets identified with inherent risks exceeding NWD's risk appetite were further assessed via Vulnerability Assessment. This assessment determined which assets might still be exposed to climate impacts after accounting for current adaptation measures. For existing assets, this covered physical asset features, such as the locations of sensitive equipment and operational procedures in the event of an emergency. For assets in development, the latest proposed designs were taken into consideration. We reviewed the controls for the identified climate hazards and quantified their effectiveness in reducing inherent risk.



Upon completion of the assessment across the entire portfolio, assets were categorised from Most Vulnerable to Least Vulnerable based on the vulnerability assessment results. No assets across the portfolio were classified as Most Vulnerable. The assessment results demonstrate the Group's ongoing efforts to effectively mitigate potential physical climate risks and enhance portfolio resilience through targeted capital investments in asset retrofits and implementation of operational policies. As a result, financial effects associated with residual risk is expected to remain minimal across the short, medium and long term. Based on these findings, no material impact on the Group's financial position, financial performance and cash flows is anticipated, either at present or in the foreseeable future.

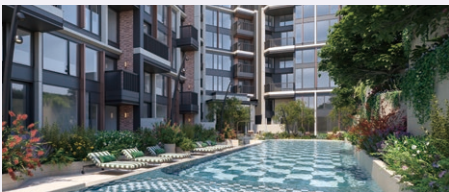
Building and Operating for a Resilient Future



New Metropolis

New Metropolis is a landmark transit-oriented mixed-use development in Guangzhou's Panyu District. Recognised as the "Sustainable Development of the Year – China" by the Real Estate Asia Awards 2026, the project integrates sustainable design, efficient resource use, and resilient urban planning to support a climate-adaptive future.

Risks	Climate resilience measures
Heat-related risks	- High-performance thermal insulation for external fabric with low-emissivity ("Low-E") double-glazed windows - Trees and building structures contributing to >6,300 m² of sunshade coverage - Computational Fluid Dynamics ("CFD") modelling to optimise wind flow, enhancing thermal comfort and natural ventilation - Heat stress prevention measures set out in the occupational health and safety manual
Water-related risks	- Implemented "Sponge City" design concept with: >2,000 m³ of onsite water storage tanks >9,000 m² of green roofs >85% annual runoff control rate >1,800 m² of permeable paving >3,500 m² of sunken green spaces - Implemented flood preparedness measures, including: - Regular flood response drills for rainstorm and water ingress incidents - Inspection of flood prevention measures and drainage systems - Enhanced emergency response readiness - Strengthened team coordination during extreme weather events



PAVILIA ROSA

PAVILIA ROSA is an ultra-luxury residential development in Kowloon, Hong Kong, offering 109 residences across approximately 117,000 square feet of gross floor area, including three- and four-bedroom units and duplex residences.

Risks	Climate resilience measures
Heat-related risks	- Designed air-conditioning systems to perform under future extreme heat conditions, exceeding regulatory requirements - Adopted a high-performance building envelope that exceeds Buildings Department's requirements to improve thermal resilience and energy efficiency
Water-related risks	- Conducted site-specific hydrological analysis to scientifically inform climate resilience planning - Incorporated flood-resilient design features, including perimeter barriers and ramped driveways, to manage stormwater runoff - Designed dedicated drainage systems to facilitate effective rainwater discharge during extreme rainfall events - Positioned critical plant and equipment above potential future flood levels, where appropriate, to enhance operational resilience
Wind-related risks	- Optimised building configuration to mitigate the funnelling effect, preventing wind intensification between closed spaced structures. - Designed in accordance with Code of Practice on Wind Effects in Hong Kong 2019

Looking forward, NWD is scaling the application of resilient infrastructure and adaptive practices across all relevant investments and operations to protect long-term asset value.

Market-driven Transition Risks

The transition risk and opportunity assessment was conducted across a cross-section of assets, combining quantitative and qualitative insights to estimate potential financial implications. Transition scenarios for energy and raw material costs are linked to financial impacts.

Indicator	Transition risk	NGFS Net Zero 2050		NGFS Current Policies	
		2030	2050	2030	2050
% of projected electricity spending from operating expense	Change in energy costs (including carbon pricing)	Extreme	Major	Major	Major
% of projected liquid fuel spending from operating expense		Minor	Minor	Insignificant	Minor
% of projected natural gas spending from operating expense		Minor	Minor	Minor	Insignificant
% of projected cement spending from operating expense	Increased costs of raw materials	Major	Major	Minor	Minor

Extreme
Major
Moderate
Minor
Insignificant

We conducted a qualitative assessment of four transition risks and opportunities. The findings are outlined below.

Energy or carbon costs	Energy costs may rise as decarbonisation costs are passed on to energy users
Costs of raw materials	Decarbonisation may increase the cost of materials such as cement and steel
Building codes	Stricter building standards may increase development and asset upgrade costs
Customer preferences and concerns	Demand for more sustainable buildings may increase

Potential Financial Effects – Transition Risks

The financial implications of climate-related transition risks were assessed under the NGFS Net Zero 2050 and NGFS Current Policies scenarios, focusing on the impact of changes in electricity, liquid fuel, gas and raw material costs on the Group's operating expenditure ("OPEX") and CAPEX. Among the transition risks assessed, changes in electricity costs were identified as the most significant potential financial impact. Under both scenarios, electricity expenditure is projected to differ by approximately 10%-20% in 2050 compared with the baseline.

To support the management of transition risks and further strengthen the integration of climate-related considerations into business decision-making, NWD launched an ICP pilot in FY2026. The pilot adopts a shadow carbon pricing approach, applying a carbon price of HK\$400 per tonne of CO₂e to selected Scope 3 emissions associated with employee business travel. By incorporating a carbon price into decision-making, the pilot supports the assessment of climate-related impacts, encourages consideration of lower carbon alternatives, and contributes to the reduction of upstream value chain emissions. NWD will continue to monitor and evaluate the effectiveness of the pilot and use the insights gained to inform the potential expansion of ICP to additional emission sources, business activities and BUs. Through this approach, the Group aims to further embed climate transition considerations across its operations and decision-making processes.

This initiative forms part of the Group's broader efforts to support the transition to a low carbon economy and strengthen long-term resilience. The Group is currently developing its net-zero transition plan, with mitigation measures integrated into the ERM framework. We continue to advance decarbonisation, energy efficiency and sustainable procurement initiatives, while integrating climate considerations into investment and asset management decisions to enhance the portfolio resilience. Guided by the transition plan and our SV2030+ sustainable business approach, we aim to minimise the potential financial impacts arising from both physical and transition risks. For further details on decarbonisation initiatives, please refer to the 'Future-Fit Places – Transition to a Low Carbon Economy' section.

RISK MANAGEMENT

Our approach to managing climate-related risks draws on insights from scenario analysis and aligns with the Group's ERM framework. We define a clear risk appetite to prioritise climate-related risks, emphasising resilience measures in our response strategies – all guided by the key principles of our ERM framework. For more details on our risk management approach, please refer to the "Corporate Governance Report" section of this Annual Report.

METRICS AND TARGETS

We identify and regularly review climate-related metrics and targets under the SV2030+ sustainable business approach.

Metrics

We continue to report our Scope 1, 2 and 3 emissions as part of our wider ESG accounting. For information related to the Group's emissions and target progress, please refer to the 'Future-Fit Places – Transition to a Low Carbon Economy' section and the Sustainability Performance Data Table 2026 available on our website.

Science-based Targets

NWD established its verified SBTs, including 1.5°C aligned near-term and net-zero targets with FY2023 as the baseline year, covering all relevant Scope 1, 2 and 3 emissions in our operations and across our value chain.

Overall Net-Zero Target:

- NWD commits to reaching net-zero GHG across the value chain by FY2050.

Near-term Targets:

- To reduce absolute Scope 1 and 2 GHG emissions by 42.0% by FY2030.
- To reduce absolute Scope 3 GHG emissions from capital goods by 25.0% by FY2030.
- To reduce Scope 3 GHG emissions from downstream leased assets by 51.6% per square metre by FY2030.

Long-term Target:

- To reduce absolute Scope 1, 2 and 3 GHG emissions from capital goods, use of sold products, downstream leased assets, and investments by 99.6% by FY2050.

Climate Resilience Targets

Recognising the need to address the physical impacts of climate change, we have established climate resilience targets to strengthen understanding of potential climate risks across the Group and to embed resilience measures throughout the property lifecycle. With the accomplishment of our FY2026 climate resilience target, we are progressing towards the FY2030 target of having adaptation and resilience plans set for all relevant investments and operations.

Climate resilience remains a strategic priority for us, underpinned by interconnected efforts to drive ongoing environmental improvement and stewardship, with progress against our environmental targets detailed in the following sections.

TRANSITION TO A LOW CARBON ECONOMY

NWD remains committed to a low carbon future, continuing to advance its emissions reduction and renewable energy objectives as outlined in SV2030+.

GREENHOUSE GAS EMISSIONS TARGETS

Our SV2030+ established near- and long-term GHG emissions targets, guiding us towards net-zero by 2050.

Overall Net-Zero Target:

- NWD commits to reaching net-zero GHG emissions across the value chain by FY2050.

Near-term Targets:

- To reduce absolute Scope 1 and 2 GHG emissions by 42.0% by FY2030.
- To reduce absolute Scope 3 GHG emissions from capital goods by 25.0% by FY2030.
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Long-term Targets:

- To reduce absolute Scope 1, 2 and 3 GHG emissions from capital goods, use of sold products, downstream leased assets, and investments by 99.6% by FY2050.

DECARBONISATION ROADMAP

Our Decarbonisation Roadmap outlines an ambitious plan to limit global temperature rise to 1.5°C, underpinned by our FY2030 near-term SBTs and emissions reduction initiatives. This Decarbonisation Roadmap also emphasises steering investment decisions towards environmental objectives to advance decarbonisation. In support of this, NWD is in the process of developing a net-zero transition plan based on 1.5°C-aligned SBTs, decarbonisation levers, stakeholder engagement and present and future decarbonisation initiatives.

	INITIATIVES	OUTCOMES	
	Design, construct and invest in high performance green rated buildings	Decrease energy demand and associated emissions with a high-performing asset portfolio	
	Sustainable procurement	Reduce emissions in our supply chain partners via the use of low carbon goods and services	
	Energy efficiency plans on all our investment properties	Reduce emissions via integration of energy efficiency upgrades into asset investment plans	
	Accelerate green lease implementation across our assets	Support our tenants to reduce their energy use and emissions during fit-out and operation	
	Upgrade existing investment portfolio and design new assets to be all-electric	Eliminate fossil fuel use and associated emissions from our business activities	
	Provide electric vehicle charging infrastructure	Support transition towards low-carbon transport options for our residents, tenants and customers	
	Maximise on-site renewable energy generation and storage	Reduce operational emissions and improve resilience by lowering reliance on the grid	
	Purchase renewable energy	Reduce asset emissions and support development of renewable energy infrastructure	
	Implement embodied carbon benchmarks on our new developments	Continually reduce our upstream emissions from our developments via sustainable design and use of low carbon material solutions	
	Implement low carbon construction schedule	Reduce construction related emissions through increased electrification, use of alternative fuels and low carbon materials	

Our value chain



Our Development Properties



Our Investment Properties



Our Supply Chain/Products



Our Tenants and Customers

Scope of carbon emissions



Scope 1



Scope 2



Scope 3



Invest Responsibly

NWD prioritises advancing green buildings, recognising their close connection to our sustainable procurement and investment efforts.

Green building ratings and certifications involve independent verification of buildings' environmental and social performance. We have established a Sustainable Building Policy to guide our sustainable building journey.

We strive to achieve:

- BEAM Plus Gold level or above for new projects in Hong Kong
- LEED Gold level or above for new commercial / retail projects in Hong Kong and Chinese Mainland

Where feasible, we consider attaining certifications under:

- China Green Building Evaluation Labels at Two Star or above for Chinese Mainland projects
- WELL Building Standard at any level
- Sustainable SITES Initiative at any level for climate-resilient landscaping

NWD remains committed to advancing sustainable building practices and promoting the adoption of recognised sustainable building standards across its portfolio, by 2030, all new and existing investments will be certified sustainable buildings. In FY2026, six more existing investment properties managed by the Group have obtained the highest / second highest levels in BEAM Plus / LEED certifications.

Achievements in sustainable buildings¹

- 32 LEED certificates², of which 30 achieved Gold or above
- 28 BEAM Plus certificates³, of which 27 achieved Very Good / Gold or above
- 9 China Green Building Evaluation Labels at Two Star or above
- 3 SITES certificates at Gold level
- 2 Zero-Carbon-Ready Building Certification
- 11 WELL Building Standard certificates⁴
- 23 WELL Health-Safety Ratings

¹ Excludes expired certificates.

² Includes both pre-certified and certified projects as of 30 June 2026.

³ Includes Provisional Assessment and Final Assessment certificates for both New Buildings and Existing Buildings as of 30 June 2026.

⁴ Includes both pre-certified and certified projects as of 30 June 2026. All projects are either Gold certified or V2 pre-certified; V2 pre-certification no longer includes a rating, but all projects are targeting Gold or above.

Advancing Low Carbon Development through Green Building Design at Shanghai K11 ELYSEA

With a total gross floor area of approximately 130,000 m², Shanghai K11 ELYSEA is the second K11 landmark in Shanghai, China. The development integrates cultural retail, arts spaces and office accommodation, while preserving and weaving in heritage buildings – a demonstration of the synergy between culture, commerce, and environmental performance.

Key achievements:

- Achieved LEED Platinum and WELL pre-certifications
- Designed and constructed according to China Green Building Evaluation Labels at Three Star
- Received World Design Awards 2026 by BETTER FUTURE



Sustainability focus area	Key features and environmental enhancements
Energy efficiency	• VVVF elevators and variable-frequency induction-start escalators • Smart lighting controls with zoning, scheduling, and occupancy sensors • Energy management system with sub-metering for real-time energy monitoring and analysis
Renewable energy	• 230 kWp of photovoltaic capacity across 1,800 m², featuring BIPV-integrated curtain walls and terrace balustrades, generating over 170,000 kWh annually
Water conservation	• Sprinkler and drip irrigation systems with soil moisture and rain sensors to optimise water use • Rainwater harvesting and reuse system supplying approximately 60% of non-potable water demand • Water-efficient fixtures delivering over 38% indoor water consumption reduction
Indoor environmental quality	• Online water quality monitoring system for turbidity, residual chlorine, pH, and TDS, with data storage, user access, and anomaly alerts • Air quality monitoring system for PM₁₀, PM_{2.5}, CO₂, and CO, interlocked with the ventilation system and supported by air purification technologies
Sustainable materials	• >60% sustainable building material application, including mortar, concrete, waterproofing membranes, and interior paints
Urban greenery	• Landscape design extending Huaihai Park's three-hectare green space into the development through sunken plazas, terraced gardens, and roof planting, featuring heritage trees and rare species under a dedicated conservation plan

High Efficiency

NWD proactively drives high energy efficiency measures across our new and existing portfolio, while extending these efforts throughout our value chain by providing sufficient support for tenants' energy-saving actions.

Energy Management

While environmental considerations are embedded into the design and construction of new buildings, NWD also continuously manages and enhances the performance of its existing portfolio. In recent years, NWD has progressively implemented a series of energy efficiency enhancement initiatives across its operations. These measures drive energy savings and contribute to our environmental goals, supported by regular performance reviews to assess effectiveness and drive continuous improvement.

Energy efficiency programme	Description	Estimated annual saving
Energy efficient HVAC equipment	Adoption of energy-efficient nano-filter technology	30,000 kWh • K11 Art Mall
	Replacement and upgrading of Primary Air Units and efficient electronically commutated motors	32,000 kWh • K11 Art Mall • New World Tower • Manning House
Building energy management systems	Lighting system optimisation: Demand-led lighting operational control with pattern-based schedule and zoning optimisation	57,000 kWh • Qianhai CTF Finance Tower
	HVAC operation optimisation: - AI-enabled demand control for chiller operations - Occupancy-driven air-side optimisation - Thermal load-matching operational control for electrical service rooms	1,114,000 kWh • Qianhai CTF Finance Tower • K11 ATELIER King's Road • K11 ATELIER Victoria Dockside • K11 MUSEA • 83 King Lam Street
	HVAC operation optimisation through energy performance contracts: - AI-enabled demand control for chiller operations - Adoption of smart control operations - AI-supported demand-driven exhaust ventilation with variable-speed drives	311,000 kWh • NEW PARK • The Canton Club • The Canton Place

In order to achieve continuous improvements in energy performance across its portfolio, the Group regularly conducts energy audits and energy rating benchmark evaluations to identify opportunities for enhancing energy efficiency and reducing energy consumption. Energy conservation awareness is promoted through energy efficiency programmes, regular reminders, and contractual requirements, ensuring that employees, asset operators, and service providers are adequately trained and competent in implementing energy-efficient operational practices.

Managing our Downstream Leased Assets

To extend energy management beyond landlord-controlled areas, NWD promotes energy efficiency and operational optimisation within tenant spaces through its green lease programme. The programme encourages collaboration with tenants on electricity data collection through submetering. This approach not only strengthens Scope 3 emissions assessment but also aligns with our focus on energy management initiatives. By working together, we identify energy efficiency opportunities to reduce our overall carbon footprint. For more details, please refer to the 'Organisational Resilience – Trusted Partner' section.

Corporate Sustainability / Future-Fit Places

Alternative Fuels and Electrification

Alternative fuels and electrification are key pathways in our strategy to reduce Scope 1 emissions and support the transition to a low carbon portfolio. The Group is advancing electrification across its developments and operations by designing and equipping new projects for all-electric use where feasible, while progressively upgrading existing assets to reduce reliance on fossil fuels.

Electrification is embedded throughout the property lifecycle. During construction, efforts are made to minimise use of fuel-powered equipment and adopt grid-powered electricity supply at an early stage, minimising direct emissions from site activities. Across our operations, the adoption of electric vehicles ("EVs") is promoted as a cleaner alternative to conventional fuel-powered transport. For example, New World 188 utilises EVs for showflat and sales transportation, while Foshan Golf Club operates approximately 100 EVs for on-site guest transportation.

To further support the transition to low carbon mobility, EV charging infrastructure is being expanded across our investment properties, enabling tenants, visitors and other users to adopt electric transport and contributing to broader transport sector decarbonisation.



Renewable Energy



In support of Scope 2 emissions reductions, our Renewable Energy Roadmap ("RE Roadmap") has been developed to outline our proactive plan for installing on-site renewable energy systems, including photovoltaic panels, solar thermal systems, and wind turbines, at our assets, whenever possible and commercially viable.

We have developed renewable energy systems across our asset portfolio. As of the end of FY2026, over 50% of our new commercial construction and renovation projects are designed with on-site renewable energy systems. The Hangzhou New World Art Centre, currently under design and construction, exemplifies this commitment, featuring an approximately 1,100m²

photovoltaic system to help power its own operations. Meanwhile, assessing the applicability of retrofitting existing buildings with renewable energy system installations remains one of our focuses.

On-site renewable energy system

- Hybrid solar photovoltaic and thermal system
- Photovoltaic system
- Building integrated photovoltaics system

Estimated annual yield

- >600,000 kWh
 - Foshan Golf Club
 - Canton International House
 - K11 ATELIER King's Road
 - K11 ATELIER Victoria Dockside
 - 83 King Lam Street

In FY2026, NWD made significant progress in its transition to clean and low carbon energy, achieving 100% renewable electricity coverage across rental properties in the GBA under direct operational control.

Guided by our RE Roadmap and supported by robust procurement criteria and due diligence processes, renewable energy was strategically sourced through Chinese Mainland's Green Electricity Certificates ("GECs"), enabling the offset of emissions associated with purchased electricity consumption in managed areas.

NWD will continue to explore the opportunities for the wider use of renewable energy through expansion of onsite renewable energy installations and Power Purchase Agreements directly from energy providers or through their partners, whenever feasible and commercially viable.

Low Carbon Construction

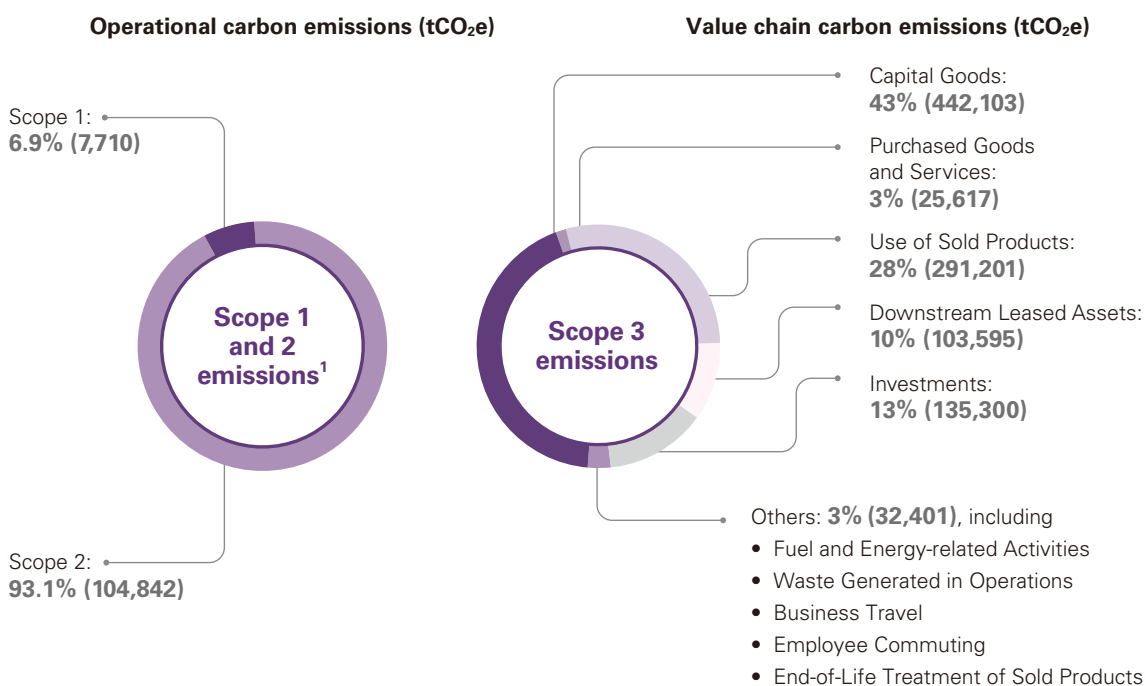
To support our Scope 3 Capital Goods SBT, we are strengthening embodied carbon management across our development pipeline through LCAs, which have been conducted for ongoing new development projects in the construction stage across Hong Kong and are progressively being extended to projects in the Chinese Mainland. The assessments help identify carbon hotspots and inform low carbon design, material selection and construction practices throughout the project lifecycle. At New World 188 in Shenzhen, an LCA covering emissions from building material production and transportation, construction, operation and end-of-life demolition identified construction materials as the largest source of embodied carbon. In response, low carbon design principles and lower-impact materials, including high performance facade and recycled ceramic tiles, were incorporated throughout the project lifecycle. As a result, the project demonstrates the potential to achieve a 20% reduction in whole-life carbon emissions compared with a conventional development of a similar scale.

Complementing project-level efforts, we continue to engage suppliers on the adoption of lower embodied carbon construction materials, including steel, concrete and other major building materials. This includes our participation in the Collaboration Statement on Low Carbon Emissions Steel for Real Estate in China, through which we work alongside industry peers to support the decarbonisation of steel production and advance a lower carbon built environment value chain.

FY2026 EMISSION PROFILE

GHG performance serves as a key metric for tracking the SBT-aligned emissions reduction targets and evaluating the effectiveness of our low carbon transition. We actively monitor and manage our emissions and progress against the Decarbonisation Roadmap and related strategies.

In FY2026, we made progress towards our near-term SBTs, with our carbon emissions profile as follows:



Our operational emissions (Scope 1 and 2) are primarily attributable to Scope 2 emissions, which include indirect emissions from purchased electricity, accounting for 93.1% of our total operational emissions. This highlights the critical importance of our energy efficiency programmes and transition to renewable sources. Direct emissions from our operated assets (Scope 1) represent a small portion at 6.9%. In FY2026, as part of our Scope 2 emissions decarbonisation initiatives, the Group strategically procured 100% renewable electricity across our GBA rental properties under direct operational control, resulting in an approximately 48,000 tCO₂e carbon reduction. There is an approximately 25% reduction in overall Scope 1 and 2 emissions compared to the previous financial year. We continue to implement more effective carbon reduction initiatives and strive to improve data quality for future disclosures.

More information on our calculation methods is outlined in the Sustainability Performance Data Table 2026, and the selected emissions data are subject to independent limited assurance. Both the Sustainability Performance Data Table 2026 and the limited assurance report are accessible on our website.

¹ The figure indicates NWD's FY2026 Scope 1 & 2 emissions (market-based). Further details on definition and calculation method and NWD's FY2026 Scope 1 & 2 (location-based), please refer to the Sustainability Performance Data Table 2026 on our website.

CONSERVING NATURAL RESOURCES

NWD promotes responsible stewardship and conservation of natural resources across its developments, operations, and investments. Over 90% of construction sites have obtained ISO 14001 certification, ensuring alignment with recognised environmental management standards.

PROTECTING NATURE AND BIODIVERSITY

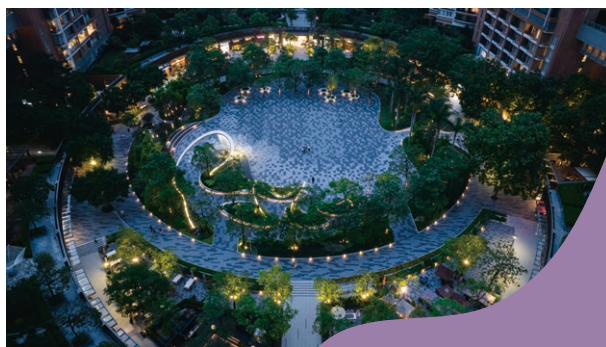
Guided by the recommendations of TNFD, NWD places a strong emphasis on biodiversity conservation and minimising potential impacts on biodiversity and natural ecosystems across all its developments and operations. Through these efforts, we seek to support broader global biodiversity goals, including those outlined in the Kunming-Montreal Global Biodiversity Framework. For Hong Kong development projects, the Group adopts a responsible sourcing approach by ensuring that 100% of the timber used in temporary works is either sourced sustainably (e.g., the Forest Stewardship Council ("FSC") or the Programme for the Endorsement of Forest Certification ("PEFC") certified) or reused. In the Chinese Mainland market, we prioritise recycled timber and alternative materials that can be reused or recycled.

Governance

Our Sustainability Committee, comprising one Executive Director and four Independent Non-executive Directors, supports the Board in overseeing sustainability matters, including nature- and biodiversity-related risks, opportunities and target progress. Our dedication to environmental stewardship is reflected in our Biodiversity Policy, which outlines principles for protecting the nature and preventing potential biodiversity loss throughout our operations and value chain. The policy guides the integration of biodiversity considerations into project planning and operational decision-making, while nature-related considerations are also embedded across a range of other sustainability-related policies. We also seek to strengthen biodiversity governance through clear accountability, regular monitoring and compliance with applicable environmental regulations and standards. Biodiversity-related risks are incorporated in the Group's ERM framework and the Risk Management & Internal Control Assessment Checklist for evaluation by the Company's departments and BUs every six months. During FY2026, we enhanced our disclosure of biodiversity-related issues with reference to the TNFD recommendations, supporting stronger oversight and integration of nature-related considerations into our governance and decision-making processes. Through these efforts, we aim to support the conservation of ecosystems, promote sustainable land use and contribute to long-term ecological resilience in the communities where we operate.

Strategy

As a property developer, owner and operator, our businesses both depend on and interact with nature through the use of natural resources, ecosystem services and the environments in which we operate. Guided by the TNFD LEAP¹ approach, we undertook a systematic assessment to identify where our operations and value chain interface with nature and to examine our key nature-related dependencies and impacts. Through location-based screening and value chain analysis, we identified priority locations and material interactions with nature, providing an evidence-based foundation for subsequent assessment of nature-related risks and opportunities and supporting the integration of nature-related considerations into business decision-making.



¹ LEAP comprises four phases – Locate, Evaluate, Assess and Prepare.

Locate

To better understand our interface with nature, we conducted a location-based geospatial screening of approximately 200 assets and locations in FY2026 using biodiversity- and water-related datasets. The assessment identified ecologically sensitive locations and potential nature-related exposures across our portfolio, providing a foundation for prioritising locations for further evaluation and assessment under the subsequent phases of the LEAP approach.

A total of 18 biodiversity-sensitive locations, primarily within the GBA, were identified for further assessment. These locations were prioritised based on their biodiversity significance and the ecological sensitivity of the surrounding environment¹. The screening also identified 11 priority locations with elevated water-related environmental pressures, primarily in the Northern and North-eastern regions of China. These locations were prioritised based on indicators of water stress and water availability, highlighting areas where water-related risks may be more pronounced. The sites would be further assessed for their dependence on local water resources and potential implications for long-term operational resilience².

Evaluate

During the Evaluate phase of the LEAP assessment, we identified and assessed nature-related dependencies and impacts across our direct operations, upstream and downstream activities. The assessment utilised the Exploring Natural Capital Opportunities, Risks and Exposure ("ENCORE") database, supplemented by stakeholder insights, to screen potential dependencies and impacts associated with our key business activities. This process identified material interactions with nature and informed the subsequent assessment of nature-related risks and opportunities.

Nature-related Dependencies and Impacts across the Value Chain

Our assessment examined the Group's dependencies on ecosystem services and impacts on ecosystems and their components, including the underlying drivers of those interactions. The identification of significant environmental assets enhanced our understanding of the Group's interface with nature and provided valuable insights to support informed decision-making across different stages of the value chain.

Value chain stage	Potential nature-related dependencies	Potential nature-related impacts
Procurement	- Natural resources - Local climate conditions	- Upstream GHG emissions - Resource extraction impacts - Land use
Property development and construction	- Water supply - Storm and flood mitigation - Natural resources	- GHG emissions - Construction waste generation - Water consumption - Air, noise and light pollution
Property management, operation and tenant activities	- Water supply - Local climate conditions - Recreation services - Flood mitigation	- Energy use and GHG emissions - Waste generation - Wastewater pollution - Urban biodiversity disturbance
Asset refurbishment and demolition	Water supply	- Construction waste generation - Air, noise and light pollution

The heatmaps below illustrate the relative significance of identified nature-related dependencies and impacts across our own property development, property investment and hotel operations activities. The assessment leveraged the ENCORE database, together with stakeholder input through interviews and surveys, to evaluate the Group's interactions with nature across its key business activities.

¹ Screening criteria include proximity to Key Biodiversity Areas, Protected Areas and Biodiversity Hotspots, as well as ecosystem condition assessed using the Biodiversity Intactness Index.

² Screening criteria include Water Stress Trend and Water Stress Variability.

Corporate Sustainability / Future-Fit Places

Dependencies on Ecosystem Services

Dependencies	Property development	Property investment	Hotel operations
Water supply	Very high	Low	Very low
Biomass provisioning services	Low	Very low	Very low
Nursery population and habitat maintenance services	Very low	Very low	Very low
Recreation-related services	Low	Very high	Very high
Storm mitigation services	Very high	Low	Very low
Flood mitigation services	Very high	Low	Very low
Rainfall pattern regulation services	Very high	Low	Very low
Local climate regulation services	Very high	Low	Very low

Impacts on Ecosystems

Impacts	Property development	Property investment	Hotel operations
Area of land use	Very high	Low	Very low
Area of freshwater use	Very high	Very low	Very low
Emissions of GHG	Very high	Low	Very low
Emissions of toxic pollutants to water and soil	Very high	Low	Very low
Emissions of nutrient pollutants to water and soil	Very low	Very low	Very low
Generation and release of solid waste	Very high	Low	Very low
Disturbances	Very high	Low	Very low
Volume of water use	Very high	Low	Very low
Introduction of invasive species	Low	Very low	Very low

Very high
 High
 Moderate
 Low
 Very low
 Insignificant

Risk and Impact Management

Assess and Prepare

Building on the evaluation of nature-related dependencies and impacts across our operations and value chain, we analysed the nature-related issues most relevant to the Group and their potential implications for business resilience and long-term value creation. This exercise helped prioritise the nature-related dependencies and impacts most significant to our developments, operations and stakeholders. The resulting insights informed the identification of response measures to strengthen the management of nature-related issues and enhance resilience to evolving environmental challenges.

Significant nature-related dependencies	Our response
Storm mitigation services	Enhance resilience to extreme weather through sponge city design and other climate-resilient features
Recreation-related services	Protect the natural environment and ecosystem health through biodiversity and environmental management measures
Water supply	Improve water efficiency and reduce water demand through stewardship initiatives and conservation measures

Significant nature-related impacts	Our response
Disturbances	Implement responsible construction and operation practices to control, monitor and minimise disturbances such as noise, dust, light and odour
Emissions of GHG	Implement energy efficiency initiatives, maximise the use of renewable energy and monitor progress towards our SBTs
Emissions of toxic pollutants to water and soil	Manage wastewater and pollutants through established policies, procedures, treatment and monitoring measures in compliance with applicable requirements

We have implemented targeted water stewardship measures, particularly in the Northern region and North-eastern region of China. At Shenyang New World Centre, the rooftop garden irrigation system has been upgraded to a sprinkler system to improve irrigation efficiency and reduce water wastage. At Tianjin K11, reclaimed water supplied by the municipality is used for suitable non-potable applications, reducing reliance on freshwater resources. These measures support responsible water use and strengthen resilience to water stress.

These insights help support more effective environmental risk management and identify opportunities to protect, restore and enhance value across our portfolio. At the same time, we support the principles of regeneration, restoration, and transformation for future development. Looking ahead, we intend to further enhance our understanding on nature-related issues through more comprehensive assessments, supporting the ongoing integration of nature-related considerations into our multi-disciplinary company-wide risk management and decision-making processes.

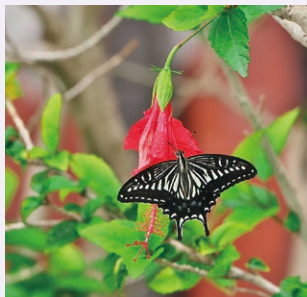
Metrics and Targets

Building on insights from our LEAP assessment, NWD has established metrics and targets to monitor key nature-related dependencies and impacts, including GHG emissions, wastewater discharge, waste reduction and diversion, and the responsible use of natural resources. These metrics support our efforts to minimise impacts on the natural environment through appropriate management and mitigation measures. NWD has established verified SBTs, including 1.5°C-aligned near-term targets and a net-zero target. Further details are available in the 'Future-Fit Places – Climate Resilience' section. We have also set a target to achieve a 30% total recycling rate (landfill diversion) across relevant investments and operations by FY2030, supporting our transition towards a circular economy. Together, these metrics and targets help reduce nature-related impacts, support the long-term conservation of ecosystems and biodiversity, and contribute to our broader aspiration of achieving no net biodiversity loss.

Recognising the interconnectedness of ecosystems, NWCL established a tree-planting target for selected properties to support its commitment to nature conservation and ecosystem enhancement. The target was successfully achieved in FY2026, delivering a 12% increase compared with the FY2023 baseline. Looking ahead, we will continue to monitor emerging practices and evaluate opportunities to further strengthen our nature-related metrics and targets.

Strengthening Nature Stewardship through Biodiversity Monitoring at Chinese Mainland Projects

Building on the biodiversity assessment conducted at Canton First Estate in FY2025, NWD continued its biodiversity monitoring efforts during the year and expanded the programme to Canton Place, reflecting our ongoing commitment to biodiversity management in the GBA. The continued assessment also supports our understanding of biodiversity-related considerations in regions where interactions with nature may be more pronounced.



At Canton First Estate, NWD furthered its biodiversity monitoring programme to track biodiversity trends, assess habitat enhancement measures and identify potential environmental pressures. By FY2026, monitoring recorded 72 terrestrial vertebrate species, including 62 bird species, 6 amphibian species and 4 reptile species, among which 6 are recognised as National Class II Protected Wildlife Species. The assessment also provided recommendations for targeted habitat enhancement, which have been incorporated into site management plans and actions.



Leveraging the experience at Canton First Estate, Canton Place completed its first biodiversity assessment, confirming the presence of 16 native bird species and 9 native butterfly species. Based on the findings, site-specific biodiversity enhancement measures are being progressively implemented.

Through ongoing monitoring and continuous improvement, we seek to strengthen our understanding of local biodiversity and support the long-term resilience of urban ecosystems across our portfolio.

Extending Nature Stewardship through Stakeholder Engagement and Community Action

As part of our commitment to biodiversity conservation, Canton Place partnered with local authorities and community organisations to host a series of biodiversity awareness events in celebration of the 2026 International Day for Biological Diversity. Through birdwatching activities, biodiversity-themed workshops, and the establishment of Canton Place's first digital bird archive, the event helped enhance public understanding of local ecosystems and biodiversity protection.



The event also launched the "Community Biodiversity Conservation Advocate" initiative, fostering collaboration among the local government, businesses and local communities to support habitat conservation and sustainable living. Building on this experience, NWD will continue to strengthen biodiversity engagement through community participation, awareness-building and ongoing monitoring initiatives across suitable projects.

Embedding Nature-Positive Design at Shanghai K11 ELYSEA



Shanghai K11 ELYSEA was designed to integrate biodiversity conservation, heritage preservation and landscape enhancement from the earliest stages of development. Located adjacent to Huaihai Park, the project achieved a 20% green space ratio while strengthening ecological value and habitat quality within the urban environment. Biodiversity considerations were embedded into the landscape design through the introduction of diverse native and climate-resilient plant species, alongside carefully selected rare species suited to Shanghai's local conditions. Planting strategies were developed to enhance ecosystem resilience, support habitat diversity and create year-round ecological benefits.

To protect valuable natural assets, an Ancient Tree Protection Trail was established to conserve heritage trees and promote public awareness of urban biodiversity. A tailored "one tree, one strategy" approach was adopted, supported by dedicated protection, monitoring and maintenance measures throughout the development process to safeguard tree health, root systems and long-term ecological value.

WATER MANAGEMENT

Guided by our Water Policy, we integrate water management initiatives into our operations and across our value chain. We have implemented various water efficiency and conservation initiatives, continuously monitor our water quality and wastewater discharge procedures to prevent contamination.

Water Conservation

NWD is committed to developing and operating water-efficient buildings while promoting responsible water stewardship across its portfolio. Key measures include the installation of water-efficient equipment and low-flow sanitary fittings, alongside the integration of rainwater harvesting and greywater recycling in new developments and major refurbishment projects. To strengthen water management and improve visibility of consumption patterns, tenant water sub-metering and IoT-enabled leak detection system have been deployed to support data-driven monitoring, timely leak identification and prompt corrective action. Native plant species are selected in landscape design to minimise irrigation demand, while regular water audits are conducted across the portfolio for continuous improvements.

At Canton First Estate in Foshan, water conservation considerations have been integrated into landscape design through the use of native and climate-adaptive plant species. Modelled on local natural forest communities, the project incorporates species including camphor trees, iron holly, water Syzygium and Hainan Syzygium which are naturally suited to the local climate and growing conditions. The selection of locally adapted vegetation helps minimise irrigation demand and ongoing maintenance requirements, while a multi-layered planting strategy designed in harmony with the site's natural topography further supports the efficient use of water resources. Through this approach, the project enhances landscape resilience and contributes to long-term water conservation.



In FY2026, NEW PARK in Guangzhou completed a water audit by a third-party to assess water consumption, efficiency performance and water safety management. The audit identified key water-saving opportunities and recommended measures such as smart water metering, high-efficiency fixtures, enhanced water safety management and tenant engagement on water conservation. The findings provided a roadmap to improve water efficiency, strengthen water stewardship and support the Group's sustainable building commitments.

Water efficiency programme**Description****Estimated annual saving****Use of high-efficiency fixtures**

- Use of efficient water fixtures in accordance to the Water Supplies Department's ("WSD") Voluntary Water Efficiency Labelling Scheme / Grade 1 water efficiency fixtures
- Adoption of dual-flush toilets and sensor-activated urinals
- Installation of water pressure reducing valve systems

19,000 m³

- 83 King Lam Street
- Qianhai CTF Finance Tower
- Shanghai K11 ELYSEA

Reuse stormwater and greywater

- Reuse of harvested rainwater for irrigation and cleaning
- Use of reclaimed water for irrigation, cleaning and flushing

68,000 m³

- Guangzhou Hanxi K11
- Canton First Estate
- Tianjin K11

On-site wastewater treatment

- Deployment of advanced Membrane Bioreactor ("MBR") treatment system to process and recycle wastewater

18,000 m³

- Canton First Estate

Smart irrigation system

- Adoption of weather-responsive drip-type irrigation system with soil moisture sensors

5,000 m³

- Qianhai CTF Finance Tower
- Shanghai K11 ELYSEA
- New World 188
- Shenyang New World Centre

Water Quality Management

In alignment with the World Health Organisation's ("WHO") recommendations, water safety plans have been adopted, and all major properties within the Hong Kong commercial portfolio have obtained the "Quality Water Supply Scheme for Buildings – Fresh Water (Management System) and Flushing Water" certifications issued by WSD, safeguarding the health and wellbeing of employees, tenants, customers and other building users.

To maintain high water quality standards, drinking water quality testing and verification are conducted against health, safety and taste criteria, including monitoring of dissolved metals and mineral content. At applicable and suitable projects, online water quality monitoring systems are implemented to continuously track key parameters, including turbidity, residual chlorine, pH, lead and Total Dissolved Solids ("TDS"), with monitoring points strategically located at water sources, treatment facility outlets and hydraulically disadvantaged points of use. These measures support proactive water quality management and timely response to potential issues.

Wastewater Management

The Group has established policies and guidelines to ensure wastewater generated from its operations complies with applicable regulatory and licensing requirements. In FY2026, no convictions for non-compliance with wastewater discharge regulations were recorded.

To minimise wastewater pollution and protect water sensitive receivers, the Group implements a range of preventive measures across its developments and operations. For major projects, assessments are conducted to evaluate the capacity of public sewer networks to accommodate projected peak wastewater discharge. During construction, appropriate controls are implemented to prevent site runoff and minimise impacts on surrounding water bodies. Where relevant, water quality at nearby water sensitive receivers is regularly monitored, with samples analysed by accredited laboratories. In addition, surface runoff management measures are integrated into project designs to reduce pollutant discharge. Examples include New Metropolis and Shanghai K11 ELYSEA, both of which achieved annual runoff pollutant reduction rates of over 65%, demonstrating the effectiveness of these measures in reducing potential impacts on the surrounding environment.

WASTE MANAGEMENT

NWD is dedicated to driving the circular economy and reducing waste generated throughout our property lifecycle. Our Waste Management Policy outlines our commitment to minimising waste generation, enhancing waste diversion rate and ensuring compliance with the overall waste management strategy across our operations. We have installed recycling facilities in our projects to enable our business partners to conduct waste sorting and recycling. Through integrated approaches, we are working towards achieving a 30% total recycling rate across our relevant investments and operations by FY2030.

Construction Waste Management

Contractors working on our development projects are required to prepare a Waste Management Plan, outlining the proactive project-specific waste management practices and procedures adopted, covering all new developments. To minimise waste generation in daily construction site operations, all relevant employees, suppliers, contractors and sub-contractors regularly receive training and programmes which equip them with waste handling techniques. These efforts are complemented by waste separation and sustainable construction practices at all of our construction sites to enhance resource efficiency and material circularity, with further details in our Sustainable Building Policy.

Moreover, at our construction sites, timber and aluminium formwork are reused through multiple cycles and eventually returned to recyclers or manufacturers for material recovery, helping to minimise construction waste and maximise material circularity. Regular monitoring and review of waste management performance reinforce the effectiveness of these measures by promoting compliance with established requirements and identifying opportunities for continuous improvement.



Waste Management in Existing Operations

Regular independent waste audits are conducted at several of our key managed assets in Hong Kong, involving site operation teams, tenants, and waste contractors. These audits enabled us to evaluate the effectiveness of our current waste management practices, benchmark our performance, and identify areas for improvement.

In addition, NWD participates in community recycling programmes by leveraging the nearby GREEN@COMMUNITY recycling facilities and collection points to support waste separation. This helps divert recyclable materials from landfill and foster sustainable living habits.

Influence to our Value Chain

The Group works closely with employees, vendors, partners, contractors, and tenants by providing guidelines, training, and programmes for responsible waste handling. Through ongoing engagement and awareness initiatives, the Group promotes responsible resource use and encourages stakeholders across its value chain to adopt sustainable waste management practices. These efforts help strengthen environmental stewardship and generate shared value for the communities in which we operate.

To promote sustainable consumption and reduce textile waste, we organised the Vintage Flea Market by Old But Gold at 83 King Lam Street in the summer of 2026, inviting employees, tenants and customers to exchange or purchase pre-owned clothing. The initiative supported resource circularity by extending the lifespan of clothing while fostering awareness of more sustainable consumption behaviours.



Guangzhou K11 – Giving Takeaway Bags a New Purpose through Circular Economy Partnership



We promote waste reduction and circular economy practices across our operations and downstream leased assets. Through collaboration with the Star Carbon Programme, Guangzhou K11 participated in a city-wide initiative to collect and upcycle takeaway non-woven bags into recycled polypropylene pellets, which could then be further used to create a range of products, including storage boxes, art canvas, gifts and souvenirs. The programme had around 500 individuals being engaged and collected over 12,000 bags for recycling. By extending the lifespan of materials and reducing waste sent for disposal, the initiative supported circular economy practices and encouraged more sustainable consumption behaviours.

CORPORATE SUSTAINABILITY

ORGANISATIONAL RESILIENCE

We define the Organisational Resilience approach as cultivating a forward-looking, agile mindset to build a resilient, adaptable, and sustainable business. Under this approach, we focus on promoting responsible investment, forging trusted partnerships, and driving innovation through technology and robust data governance.

OUR SUSTAINABLE BUSINESS APPROACH	OUR APPROACH AND KEY ACTIVITIES	HOW WE MEASURE PERFORMANCE	TARGET STATUS
 Organisational Resilience Cultivate a forward-looking and agile mindset to build a resilient, adaptable and sustainable business 11 SUSTAINABILITY COMMITMENTS 17 PARTNERSHIPS FOR THE GOOD	 Responsible Investment Ensuring investment decisions are socially and ethically responsible, environmentally sustainable and economically focused Invest in assets that are ethically responsible, and deliver positive economic, environmental and social impact	BY FY2030 All new and existing investments aligned to our responsible investment principles, including our commitment to certified sustainable buildings BY FY2026 Minimum sustainability standards established for all relevant investments and operations	On Track Completed
	 Trusted Partner Robust and transparent corporate governance throughout the organisation and value chain - Integration of sustainability issues into business model and best practices in governance and disclosures - Responsible and sustainable supply chain	ONGOING Maintain transparency in corporate disclosure and industry leadership in key ESG indices and ratings ONGOING Maintain commitments and alignment with international sustainable business practices and reporting, including UNGC and ISSB	On Track On Track
	 Technology and Data Governance Embrace innovation and strengthen governance to futureproof processes and ensure business continuity - Embrace innovation to enhance efficiencies, futureproof processes and accelerate the realisation of our ambitions - Adopt industry-leading technology and systems to ensure business continuity, data security and privacy	ONGOING All staff trained in data protection and security ONGOING Maintain annual review and audit of IT systems to continually align with international standards on data security and privacy ONGOING Implementation of the Privacy Management Programme with oversight from the Data Protection and Compliance Committee	On Track On Track On Track

RESPONSIBLE INVESTMENT

Our responsible investment principle ensures that investment decisions are socially and ethically responsible, environmentally sustainable and economically focused. Through SV2030+, we continue to integrate sustainability considerations into investment decisions to support long-term value creation and resilience.

NWD integrates sustainability commitments, standards, guidelines and risk considerations into investment decisions through its Responsible Investment Policy. The Policy applies to all investments across the full property lifecycle, from land acquisition and project acquisition to new business development. Guided by our ESG Investment Filters and Guidelines, NWD conducts comprehensive due diligence to identify potential regulatory, compliance, ESG and ethical risks, while also assessing opportunities that contribute to the Group's sustainability objectives. A summary of our key due diligence focus areas is outlined below.

Enterprise approach	- Affirm investments that are aligned with existing strategies, commitments, targets and policies - Develop and implement risk mitigation measures where relevant
Environment and climate	- Conduct physical climate risk assessments - Conduct environmental site assessments, including considerations such as contamination, ecosystems, and pollution - Take carbon pricing impacts, resource efficiency, the nature, and biodiversity impacts into investment consideration
Ethical and social impact	- Conduct social impact assessments, including consideration of local heritage and economic impacts - Conduct ethical and brand risk assessments - Consider impacts on community and employee health and wellbeing, encourage inclusive placemaking and support local economy development



Our Sustainable Building Policy, Sustainable Procurement Policy and other relevant policies establish the minimum sustainability standards applicable to all relevant investments and operations. This supports our journey towards achieving our FY2030 target of aligning all new and existing investments to our responsible investment principles, including our commitment to certified sustainable buildings. Further details of our sustainable buildings are provided in the 'Future-Fit Places – Transition to a Low Carbon Economy' section.

SUSTAINABLE FINANCE

We utilise sustainable finance instruments to fund projects that deliver positive ESG outcomes. Our publicly available Sustainable Finance Framework guides the Group's sustainable finance activities and aligns with recognised sustainable finance principles, frameworks and market best practices, including the Hong Kong Sustainable Finance Taxonomy and the ASEAN Taxonomy for Sustainable Finance. The Framework is supported by a positive independent Second-Party Opinion and is regularly reviewed to ensure continued alignment with stakeholder expectations and evolving market standards.

As outlined in the Framework, the Group has established a Sustainable Finance Review Panel comprising senior representatives from Finance & Accounts, Group Audit and Management Services, Sustainability, and relevant departments. The Panel assesses and recommends eligible projects for sustainable financing, oversees the evaluation and management of environmental and social risks, and reports funding decisions to the Board-level Sustainability Committee for oversight.

We list our sustainable finance offerings on the HKEX Sustainable and Green Exchange ("STAGE"), Asia's first multi-asset sustainable investment product platform. More details of our sustainable finance transactions and sustainable finance limited assurance reports can be referred to our website.

Key Milestones on Sustainable Finance

The Group continued to integrate sustainability considerations into its financing activities through a range of sustainable finance instruments. In FY2026, all sustainability performance targets associated with NWCL's HK\$700 million Sustainability-Linked Cross-currency Rate Swap were achieved, covering green and healthy building certifications, resident engagement through an energy and water consumption reduction incentive programme, and biodiversity enhancement through tree planting initiatives. This derivative reflects the Group's broader sustainability-linked financing approach, including Sustainability-Linked Loans with targets related to sustainable building certificates, ESG rating performance and green lease adoption. By aligning financial incentives with measurable sustainability outcomes, these instruments reinforce the integration of sustainability objectives into the Group's financing and operational decision-making.

In FY2026, the Group successfully achieved the Sustainability Performance Target ("SPT") associated with its 2021 Sustainability-Linked Bond ("SLB")¹ issuances, comprising one US\$200 million public offering and one HK\$1.5 billion private placement. As the world's first USD-denominated and HKD-denominated SLBs issued by a real estate developer, these issuances linked financing terms to achieving 100% renewable energy across the Group's GBA rental properties by FY2026². The achievement of the SPT was independently validated by an external verifier³. This milestone demonstrates our ability to translate ambitious sustainability commitments into measurable outcomes while aligning financial incentives with long-term decarbonisation goals.

The Group also continued to place Green and Sustainable Deposits with banking partners in Hong Kong and Singapore. These deposits support our banking partners in channelling funds towards projects that drive positive environmental and social impacts, such as green building development, renewable energy expansion and climate actions.

¹ The SLB is named as "Sustainability-Linked Note" in their respective deal documents.

² NWD updated its Sustainability-Linked Bond Framework in March 2026, which was supported by a Second-Party Opinion. Further details are available on our website.

³ The third-party external verifier has performed a limited assurance and confirmed NWD's achievement of SPT for FY2026. Please refer to the limited assurance report on our website for further details.

Sustainable Finance Transaction Summary

Green and Social Bonds¹

Instrument No.	Issue date	Issuer	ISIN	Principal amount	Outstanding amount	Coupon	Maturity date
Green Perpetual Bond							
GPB1	Jun 2022	NWD Finance (BVI) Limited	XS2435611327	US\$500,000,000	US\$331,544,000	10.141%	N/A
Green Bonds							
GB2	Apr 2021	NWD (MTN) Limited	HK0000721974	HK\$780,000,000	HK\$780,000,000	3.95%	Mar 2031
GB1	Mar 2021	NWD (MTN) Limited	HK0000707171	HK\$550,000,000	HK\$550,000,000	3.00%	Mar 2028
Social Bond							
SB1	Jun 2022	NWD (MTN) Limited	XS2488074662	US\$200,000,000	US\$162,590,000	5.875%	Jun 2027

Green Loans¹

Instrument No.	Execute date	Borrower	Loan amount	Maturity date
GL5	Mar 2024	Super Record Limited	HK\$5,700,000,000	Mar 2027
GL4	May 2023	New World Finance Company Limited	HK\$4,000,000,000	May 2028
GL3	Oct 2022	New World Finance Company Limited	HK\$300,000,000	Oct 2027
GL2	Mar 2022	Spotview Development Limited	HK\$500,000,000	Mar 2027
GL1	Dec 2019	Full Asset Enterprises Limited	HK\$5,000,000,000	Sep 2027

Proceeds Allocation^{1, 2}

Eligible projects	Instrument No. / Allocated amount			
Green Buildings				
K11 ATELIER King's Road	GL1 (HK\$4,000,000,000)			
NCB Innovation Centre	GB2 (HK\$780,000,000)	GB1 (HK\$550,000,000)	GL2 (HK\$27,000,000)	GL1 (HK\$1,000,000,000)
11 SKIES	GL4 (HK\$4,000,000,000)	GL3 (HK\$300,000,000)	GL2 (HK\$473,000,000)	
83 King Lam Street	GPB1 (US\$500,000,000) GL5 (HK\$5,700,000,000)			
Cultural and Heritage Preservation				
State Theatre	SB1 (US\$200,000,000)			

Sustainability-Linked Loans and Bonds

Issue date	Borrower	Loan amount	Maturity date	Purpose / Performance targets		
Sustainability-Linked Loan						
Jun 2024	Legarleon Finance Limited	HK\$4,500,000,000	Jun 2029	Linked to S&P CSA performance and sustainable building certification		
Aug 2024	Spotview Development Limited	HK\$300,000,000	Aug 2027	Linked to S&P CSA performance and green lease adoption		
Jun 2024	Spotview Development Limited	HK\$1,200,000,000	Jun 2027	Linked to S&P CSA performance and green lease adoption		
Feb 2023	Spotview Development Limited	HK\$2,000,000,000	Feb 2028	Linked to S&P CSA performance and green lease adoption		
Jun 2021	Spotview Development Limited	JP¥13,500,000,000	Jun 2028	Linked to S&P CSA performance		
Issue date	Issuer	ISIN	Principal	Coupon	Maturity date	Purpose / Performance targets
Sustainability-Linked Bond (Private)						
Feb 2021	NWD (MTN) Limited	HK0000685260	HK\$1,500,000,000	3.50%	Feb 2031	Driving RE Roadmap and linked to FY2026 progress
Sustainability-Linked Bond (Public)						
Jan 2021	NWD (MTN) Limited	XS2282055081	US\$200,000,000	3.75%	Jan 2031	Driving RE Roadmap and linked to FY2026 progress

Sustainability-Linked Derivatives

Effective date	Entity	Amount	Maturity date	Purpose / Use of proceeds
Sustainability-Linked Cross-currency Rate Swap				
Nov 2023	New World China Land Limited	HK\$700,000,000	Nov 2026	Linked to sustainable building certification, resident engagement programme and tree planting

¹ PricewaterhouseCoopers was engaged to conduct a limited assurance engagement on the information in the tables for Green and Social Bonds, Green Loans and Proceeds Allocation in accordance with International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Finance Information issued by the International Auditing and Assurance Standards Board. The assurance report is available on our website.

² Unless otherwise specified, all bonds and loans have been 100% allocated. All issued green and social bonds and loans listed in this section were outstanding as of 30 June 2026.

TRUSTED PARTNER

NWD serves as a trusted partner to its stakeholders, backed by strong governance and high sustainability standards across the organisation and value chain. This strengthens organisational resilience and underpins responsible business practices that create lasting value. We work closely with suppliers and partners to cultivate a responsible, future-ready supply chain.

BUSINESS ETHICS

NWD upholds the highest ethical standards and integrity in all aspects of its business, fostering responsible conduct that strengthens long-term resilience. Our business practices align with our public commitments to the United Nations Global Compact ("UNGC"), including its anti-corruption and human rights principles.

Preventing Fraud and Corruption

NWD has zero tolerance for all forms of corruption, bribery, fraud, and extortion. Our Anti-Corruption Policy applies across all levels of the organisation, including our value chain and business partners. We also engage external parties to conduct regular assessments, using insights from these evaluations to monitor effectiveness and inform mitigation and management actions for continuous improvement.

During FY2026, there were no concluded legal cases or convictions concerning corruption, bribery, conflicts of interest, money laundering, or insider trading, or any ongoing external investigations concerning corruption and bribery, against NWD.

Whistleblowing and Grievance Mechanism

NWD established anonymous whistleblowing, grievance, and complaint channels to ensure that concerns and complaints from employees and stakeholders are properly addressed and resolved, with employee training on using the reporting channels. In accordance with our Whistleblowing Policy, we maintain strict confidentiality in every case to protect whistleblowers from any form of retaliation. All cases are referred to the Group Audit

and Management Services Department for a fair and independent investigation, with appropriate follow-up actions. Cases are regularly reviewed and reported to the Board-level Audit Committee and Senior Management to ensure accountability and transparency.

Human Rights

NWD is committed to upholding the fundamental principles of human rights. Our approach is guided by internationally recognised standards, including the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, and aligned with our commitments under the UNGC principles on Human Rights and Labour.

Our Human Rights Policy sets out clear guidelines and expectations for our own operations, suppliers and business partners to foster a safe, equitable, and supportive operating environment that is free of discrimination, all forms of harassment, intimidation, violation, illegal and forced labour and human trafficking, child labour, while respecting the rights to freedom of association and collective bargaining. This is reinforced by our Group Sustainability Policy, Employee Handbook and Supplier Code of Conduct. We are committed to complying with applicable local laws and regulations in the locations where we operate.

Human rights due diligence is incorporated into our ERM framework and Risk Management and Internal Control Assessment Checklist to identify, assess and monitor potential human rights impacts arising from our own operations, business activities and relationships, covering potentially affected employees and third parties, including but not limited to women, children and local communities. Relevant risks are evaluated by departments and BUs every six months. Material risk findings, including those relating to human rights issues covered by our Human Rights Policy, are reported to the Board-level Audit Committee and Sustainability Committee in a timely manner. Preventive and corrective actions are implemented whenever necessary to mitigate human rights risks. If adverse impacts are identified, we provide or cooperate in remediation through established grievance mechanism. We work with our suppliers, contractors and other relevant partners to address human rights concerns, if needed, while reserving the right of contract termination for severe violations to uphold our ethical standards. During FY2026, no breaches relating to discrimination or harassment were identified at NWD.

DELIVERING QUALITY PRODUCTS AND SERVICES

NWD is committed to ensuring all products are delivered with high quality and innovation, underpinned by robust quality controls. Through ongoing development and refinement of our products and solutions, we remain responsive to evolving customer needs while striving to deliver exceptional user experience.

Quality Assurance in Property Development and Construction

Development and construction mark the initial stage of a property lifecycle. From end to end, we have established a rigorous construction project management system to govern quality control at every stage of the construction process until acceptance of completion. We have also deployed a performance evaluation mechanism to ensure construction quality by conducting a combination of regular and irregular inspections. Pursuant to the high expectations for construction quality, NWCL has a designated Project Compliance department, and has introduced stringent evaluation criteria for the quality management of designated contractors and subcontractors through regular assessments. We ensure they comply with regulatory requirements, meet project quality objectives, and maintain the long-term safety, reliability, and environmental performance of our developments. These elevated performance thresholds, combined with penalties for non-compliance, are designed to enforce accountability and drive continuous improvement throughout the supply chain.



Responsible Sales and Marketing

We perform thorough inspections during the pre-sales and handover stages, ensuring all properties meet specifications and quality standards before being handed over to clients or tenants. Any deficiencies discovered are quickly rectified, demonstrating our dedication to maintaining the highest quality standards throughout the customer experience. We also offer tenants fitting-out guidelines to control layout modifications, thereby safeguarding building structure and safety.

NWD also upholds responsible marketing practices by ensuring that all marketing, advertising, and sales materials and activities strictly comply with the Residential Properties (First-hand Sales) Ordinance and the Real Estate Developers Association of Hong Kong's self-regulatory regime. Sales activities like sales hall event management are properly supervised by the Group. Robust internal standards and controls, supported by multiple levels of internal and external due diligence, are also established to ensure that all promotional materials provide accurate, transparent, and non-misleading information.

We are committed to delivering long-term value for stakeholders through sustainable products and services. In addition to supporting Hong Kong Green Building Council's Green Mortgage Plan, in FY2026, a cross-region green mortgage programme was launched in collaboration with a banking partner, enabling homebuyers of three of our green-rated residential properties in Guangzhou to enjoy a 0.1% reduction in mortgage interest rates, thereby supporting more sustainable lifestyle choices. Members of our loyalty programme also enjoy exclusive benefits and receive event invitations and newsletters from both internal and external partners.

Service Excellence in Property Management

We are dedicated to maintaining high operational standards, asset integrity, and service quality across our property portfolio through standardised management and maintenance protocols and responsive customer feedback mechanisms.

To maintain safety, reliability and comfort for occupants, our property management teams conduct regular inspections and preventive maintenance in accordance with established procedures. Scheduled maintenance is carried out across key building systems, including fire services, plumbing, electrical installations, air conditioning and ventilation systems, lighting, and building management systems. Trained staff also perform regular visual inspections of building facades to identify potential issues, while monthly inspections of facilities and plant rooms are conducted to monitor operating conditions and support efficient building performance.

To ensure customer concerns and suggestions are addressed efficiently, customer feedback is managed through a standardised Voice-of-Customer ("VoC") process in accordance with the Property Management Services Authority ("PMSA") Code of Conduct. All feedback is recorded and tracked through our Client Satisfaction Review System. We strictly adhere to standardised complaint-handling procedures to ensure customer feedback is addressed promptly and effectively. All complaints, if any, are thoroughly reviewed and processed through comprehensive investigation, with satisfactory responses and updates provided within a reasonable timeframe. During FY2026, we have received approximately 1,600 valid complaints related to our products and services, and timely and satisfactory responses have been provided by our dedicated staff.

In FY2026, five of our commercial properties in Hong Kong have obtained the highest "Excellent" rating in Management category of BEAM Plus Existing Building certification.

RESPONSIBLE AND SUSTAINABLE SUPPLY CHAIN

NWD positions itself as a trusted partner to its stakeholders by integrating and governing sustainability practices across its business model and value chain. This also drives responsible business practices and builds organisational resilience today and into the future through collaboration with our suppliers and partners.

Supply chain, outsourcing, and third-party risks are integrated into our ERM framework and the Risk Management and Internal Control Assessment Checklist. Departments and BUs review these risks twice a year to enhance controls, policies, and systems. The findings are consistently reported to the Board to ensure proper oversight. Any major or emerging risks are escalated through internal reporting channels to ensure prompt action and effective mitigation.

We have established contractor- and supplier-related policies and associated control measures to govern procurement practices and support informed decision-making. The Board-level Sustainability Committee oversees the Group's implementation of these policies.

- **Group Sustainability Policy:** Captures our commitment in collaborating with the value chain to advance sustainability, integrating sustainability criteria throughout our supply chain management approach, from supplier screening and tendering to engagement, performance monitoring and evaluation.
- **Sustainable Procurement Policy:** Defines sustainability criteria for informing procurement decisions. Suppliers that demonstrate sustainability commitments, supported by relevant policies and code of conduct, are prioritised for selection.
- **Supplier Code of Conduct:** Sets out the minimum standards covering ethical conduct, labour rights, privacy and data protection, and environmental impacts that suppliers and contractors are expected to adhere to and comply with.

In FY2026, these policies have been updated for strengthened supplier management.

During the reporting period, the Group has approximately 3,000 Tier-1 suppliers¹, with 17% from Hong Kong, 82% from Chinese Mainland, and 1% from other regions. All Tier-1 suppliers have been screened. 549 are identified as significant suppliers, contributing to approximately 75% of total Tier-1 supplier spending.

Sustainable Procurement

We encourage responsible purchasing throughout our value chain by requiring suppliers to align with our sustainable procurement principles. Environmental and social considerations are integrated into supplier selection, proposal evaluation and tendering processes. Preference is given to environmentally preferable products, rapidly renewable materials, recycled content materials, sustainable packaging and certified materials, including those recognised by the FSC, Marine Stewardship Council ("MSC") and fair-trade organisations. Sustainable construction materials, such as low-emitting and low Volatile Organic Compounds ("VOC") paints, coatings, adhesives, sealants, flooring, insulation, and composite wood, are prioritised where appropriate. Local sourcing is also encouraged to help reduce transportation-related emissions and support local businesses and communities.

¹ According to the company's record, NWD has no non Tier-1 significant suppliers.

Supplier Screening and Selection

As part of our screening assessment, we evaluate country-, industry-, commodity-specific environmental and social risks through comprehensive financial, legal, and operational due diligence, as defined in our standard operating procedures. Whenever feasible, we use a multi-stage process that includes pre-qualification checks of suppliers' credentials and financial health, risk ratings from third-party credit tools, and on-site assessments of technical and operational capabilities to determine a qualified supplier list. This proactive approach allows us to build a resilient, transparent, and responsible supplier network.

Supplier Management and Evaluation

We evaluate the performance of existing suppliers based on criteria that surpass mere regulatory compliance, including quality, environmental management, occupational health and safety, financial and legal stability, and product sustainability. This evaluation is tracked via a scorecard system with penalties for non-compliance. For example, we give priority to suppliers with ISO certifications during assessments. Long-term suppliers undergo performance reviews quarterly or annually, while short-term suppliers are assessed at least once. These evaluations combine desk reviews and on-site inspections, with regular and random spot checks to verify adherence, including current certifications and accreditations. Suppliers with poor performance may receive warnings, be asked to return or exchange goods with compensation, be delisted from our vendor list, or be required to create improvement plans within a set timeframe. The standard rectification period is generally ten days, although the timeframe may be adjusted depending on nature, severity and circumstances of the matter. For example, construction contractors of NWCL are typically required to complete rectification within seven days. If performance does not improve despite these measures, contracts will be terminated. During the reporting period, NWCL enhanced its contractor management system. Contractors across different construction phases and disciplines are evaluated by third-party against discipline specifications and quality standards, with differentiated monetary penalty mechanisms applied for non-compliance. In FY2026, we evaluated all Tier-1 suppliers for environmental and social performance. Throughout the assessment, no evidence was identified to believe any suppliers posed actual or potential substantial negative ESG impacts. Hence, no suppliers were required to implement any corrective action plans.



Supplier Training and Engagement

We provide quality assurance training to suppliers to strengthen their understanding of our environmental and social sustainability expectations. Suppliers are encouraged to adopt responsible business practices and continuously improve their sustainability performance through ongoing engagement and knowledge sharing. Where appropriate, suppliers are invited to participate in comprehensive capacity-building programmes, workshops and awareness initiatives to facilitate the exchange of ESG knowledge and best practices. In addition, site-specific environmental, health and safety training is provided to ensure contractors understand project requirements, potential risks and expected standards of performance in these areas. These efforts support supplier capability development and contribute to a responsible, resilient and sustainable supply chain.

TENANT AND CUSTOMER STEWARDSHIP

At NWD, we emphasise understanding the current and future needs of our tenants and customers across sustainability, innovation, and quality customer service to enhance customer satisfaction and experience in our pursuit of service excellence.

Understanding the Needs of Tenants and Customers

As part of our FY2026 stakeholder engagement efforts, the Group conducted tenant interviews to inform improvements to its products and services. Complementing ongoing surveys and engagement activities, over 37,000 responses were collected across the Group during the year, covering service quality, communication effectiveness, property maintenance, cleanliness, wellbeing and other areas. Feedback reflected strong customer satisfaction and advocacy, with K11 MUSEA achieving an annual average Net Promoter Score ("NPS") of 94%, and Shenyang K11 recording an annual average satisfaction rate of 95%.

Fostering Collaboration through Engagement Programmes

Through regular tenant engagement and satisfaction surveys, NWD has identified health and wellbeing as a key priority for tenants and customers and responds by delivering locally tailored wellness initiatives across its properties. At Shenyang New World Centre, a rooftop wellness event co-hosted with Lululemon featured yoga, guided meditation and healthy refreshments. New World Financial Center · Canton organised Baduanjin qigong sessions and wellness tea tastings, while New Metropolis Centre offered plant-based therapy, light exercise programmes and professional yoga classes in its sky garden. These initiatives support physical and mental wellbeing, encourage social interaction, and create healthier, more engaging environments that satisfy the evolving needs of tenants and customers.



In FY2026, the target of maintaining a healthy and safe indoor environment across all major Hong Kong commercial properties under direct operational control, with reference

to WELL HSR or equivalent internationally recognised standards, has been achieved. While healthy building practices have already been implemented across selected properties in Chinese Mainland, going forward, the target scope will be progressively extended to cover the entire Greater China.

Elevating Customer Experience

We leverage a range of mobile applications and digital solutions across our BUs to enhance customer convenience and engagement. These tools support services such as property access, product and service offerings, activity registration, and loyalty programme management, delivering seamless experiences across both physical and digital touchpoints.

Our PropTech property-purchase blockchain platform integrates mortgage services into a single digital solution, simplifying the property-purchase process for our residential projects. This platform brings together buyers, banks, real estate developers, law firms, property management teams, and other key stakeholders, enabling seamless and efficient collaboration throughout the transaction process.

Anchoring Shared Commitments through Green Lease

Besides promoting health and wellness, we work closely with tenants to meet shared sustainability goals and foster positive environmental impacts. Our green lease programme supports participating tenants in installing IoT and smart metering systems that track environmental data, share insights, and identify energy-saving opportunities. These efforts also aid in managing our Scope 3 emissions. We regularly share insights and best practices on energy and resource efficiency with tenants and customers through guidelines, training sessions, events and briefings, helping them stay informed of evolving sustainability standards and industry developments.

Our green lease clauses aim to strengthen collaboration with tenants on sustainability. Under the programme, tenants are required to appoint sustainability ambassadors and are encouraged to share environmental performance data, adopt sustainable fit-out and operational practices, and pursue green and healthy certifications. Supported by initiatives spanning energy efficiency, waste management, indoor environmental quality and biodiversity, the programme promotes greater tenant participation in advancing sustainability performance across our properties. On average, over 90% of tenants across our major office buildings in Hong Kong have committed to participating in the green lease programme.

K11 ATELIER King's Road – Advancing Tenant Health and Wellbeing through Engagement, Design and Operation

K11 ATELIER King's Road demonstrates the integration of health and wellness elements to promote tenants' wellbeing and create a supportive community space.



Tenant engagements

Understanding the needs of tenants

- >600 VoC obtained
- 59% of respondents indicated wellness as one of the top three learning priorities
- 33% of respondents expressed interest in art exhibitions and cultural activities

Engagement programmes

- Discounted wellness programmes, such as yoga and bouldering classes, for physical and mental health promotion
- A tenant exclusive VIP session of "Van Gogh Alive – The Experience" art exhibition
- An art and cultural Christmas pop-up market, attracting over 3,500 foot traffic from office tenants, for networking

Tenant health and wellbeing designs and operations

Air quality

- MERV 14 and carbon filtration with UV germicidal treatment
- Low-VOC and lead-restricted interior materials
- Fresh air supply rate exceeded ASHRAE standard by 30%

Thermal comfort

- CFD-supported climate-responsive design at rooftop sky garden for optimal outdoor thermal comfort
- Optimal indoor thermal comfort fulfilling ASHRAE standard
- Real-time thermal comfort monitoring and dashboard display

Water quality

- Standard operating procedures for Legionnaires' Disease prevention
- Regular inspections and maintenance of water tanks and facilities

Acoustical comfort

- Building envelope minimising external noise intrusion with average sound pressure level not higher than 50 dBA

Visual comfort

- Optimised daylight access through Low-E glazing
- Electric glare control systems

Biophilic design

- Rooftop sky garden with 90% greenery area
- Vertical greenery surrounding the exterior of exhibition hall
- Maximised Victoria Harbour views for office tenants and sky garden users

Nourishment

- 70 m² urban farm featuring edible herbs, such as peppermint, mentha, sweet basil, rosemary

Accessibility

- Barrier-free and inclusive facilities, such as slip-resistant floor design, accessible toilets and disabled carpark area

COLLABORATIVE EFFORTS TO PROMOTE SUSTAINABILITY

NWD strives to be a trusted partner to governments, industry peers and wider stakeholders by maintaining active engagement and fostering collaborative relationships in the regions where it operates. Through ongoing collaboration with government authorities, industry associations and professional organisations, we contribute our expertise and practical experience to support sustainable development, green building advancement and climate action.

During the reporting period, NWCL sponsored and partnered with the Green Building Industry Alliance of Guangdong-Hong Kong-Macao Greater Bay Area and participated in the International Conference on Green and Energy-Efficient Building and the Low Carbon and Resilient Urban and Rural Science Technology Expo, showcasing its green building solutions and innovative achievements that support low carbon transformation.



The Group also maintains active memberships in a range of locally and internationally recognised industry associations and professional groups in all operating regions, facilitating knowledge exchange, industry collaboration and constructive dialogue on sustainability-related policies and initiatives. These memberships are subject to regular review to ensure alignment with our sustainability commitments, including but not limited to the Paris Agreement, and stakeholder expectations. Where material misalignment with our climate-related commitments and climate position is identified, we may engage with the relevant organisation and reconsider our participation where appropriate. Through these collaborative efforts, NWD contributes to the advancement of industry best practices and policy development, reinforcing its role as a trusted and responsible partner in creating long-term value for the industry, communities and the environment.

As part of our commitment to advancing sustainable development and industry collaboration, we are a signatory or member of the following organisations and initiatives.

- Business Environment Council
- China Association of Building Energy Efficiency
- China Green Building Council of Chinese Society for Urban Studies
- Climate Governance Initiative Hong Kong
- Green Building Industry Alliance of Guangdong-Hong Kong-Macao Greater Bay Area
- Hong Kong Green Building Council
- Hong Kong Green Finance Association
- Supporter of the Women's Empowerment Principles
- UNGC
- Urban Land Institute
- World Business Council for Sustainable Development

ESG LEADERSHIP AND RECOGNITION

Our sustainability performance continues to be recognised by leading ESG ratings and sustainability indices, reflecting our commitment to sustainable value creation and alignment with internationally recognised sustainability practices and reporting standards.

- 5-star rating for Standing Investments Benchmark of Global's Real Estate Sustainability Benchmark ("GRESB") 2025
- Achieved an 'A' in CDP Climate Change Assessment 2025
- Constituent of the FTSE4Good Index Series since 2020
- Constituent of Hang Seng Corporate Sustainability Index since 2014-2015; Rated AA+
- MSCI ESG Rating of 'BBB'
- One of 190 companies to be included in S&P Global's Sustainability Yearbook (China) 2026
- Rated Low ESG Risk by Sustainalytics since 2019
- S&P Global's Sustainability Yearbook Member since 2021; Ranked within Top 15% of the real estate industry globally

TECHNOLOGY AND DATA GOVERNANCE

NWD embraces the application of innovative technologies while continuing to strengthen its current technology and data governance to future-proof its operations and ensure business continuity. These efforts are supported by clearly defined governance targets.

TECHNOLOGY AND INNOVATION

Embracing Technology throughout the Property Lifecycle

NWD leverages innovative technologies throughout the property lifecycle to enhance project delivery, operational efficiency and customer experience. Digital platforms are deployed to strengthen cross-functional collaboration, streamline project management and facilitate the real-time tracking of development progress, enabling more efficient planning, design, construction and refurbishment processes. The Group was also among the first developers to receive in-principle acceptance from the HKSAR Buildings Department for the adoption of Modular Integrated Construction ("MiC"), improving construction productivity, quality and safety while reducing material waste and environmental impacts. To further advance innovation in construction, the Group collaborates with technology partners to implement data-driven solutions, including digital tools that transform 2D designs into 3D visualisations and the use of building components manufactured through automated processes in smart factories.

For construction projects in Chinese Mainland, we deploy drones for dynamic progress monitoring and visual documentation, providing project management with an intuitive visual reference. This approach significantly improves inspection efficiency and data accuracy, while also reducing safety risks and enabling remote supervision. Beyond construction, digital technologies are integrated into property management to enhance service quality and support smart living. NWCL's WeChat Mini Programme, NEW LIVING, leverages big data analytics, real-time monitoring and smart community management functions to connect residents with nearby amenities and community resources, delivering a more convenient and personalised customer experience.

Intellectual Property Rights

We proactively invest in solutions that leverage on proprietary and collaborative Intellectual Property ("IP") opportunities when appropriate. Our commitment is demonstrated through strong policies that protect our IP rights while respecting those of others. We continuously monitor the status of our IP to ensure they remain protected.

AI INTEGRATION

The Group is committed to the responsible and ethical adoption of AI and has established an AI governance framework under its internal IT Policy endorsed by senior management. The framework defines acceptable AI use cases and capabilities and provides guidance on the responsible use of AI to safeguard sensitive information, respect data privacy and protect cybersecurity.

To support responsible AI deployment, the framework incorporates AI risk assessments, data governance measures, cybersecurity controls and appropriate human oversight of AI-generated outputs. Clear boundaries are established regarding the use of AI technologies, and restrictions are imposed on sensitive AI capabilities. AI systems that engage in manipulative behaviour or unauthorised biometric surveillance are prohibited to address ethical and privacy concerns. The Group also conducts AI security assessments to help ensure that AI systems remain fair, reliable and effective.

The Technology Risk Team monitors AI usage and access patterns to support compliance with internal policies and standards while appeals mechanisms are in place to allow human intervention in contesting AI decisions and outcomes.

All employees are required to complete mandatory cybersecurity and AI safety training covering the secure, ethical and responsible use of AI. The training reinforces awareness of data privacy, cybersecurity, validation of AI-generated outputs, appropriate human oversight, and the identification of potential inaccuracies, biases and emerging risks. Employees are presented with reminders when using the Group's enterprise-wide AI that AI-generated content may be inaccurate and therefore, should not be relied upon without appropriate review and validation. Through these efforts, the Group seeks to foster a culture of accountability, and build employee capability to use AI responsibly and effectively.

BUs and subsidiaries have also advanced AI adoption through targeted capability-building and practical application programmes tailored to their operational needs. NWCL launched a three-tier AI training programme covering topics of AI and big data applications across the real estate value chain, AI-enabled workplace communication, and practical AI use cases to enhance productivity and decision-making efficiency. An AI application competition was also organised to encourage hands-on experimentation and innovation, helping employees develop the skills and mindset needed to leverage AI responsibly and effectively in their daily work.

Going forward, the Group will continue to strengthen awareness and capabilities by providing training on the responsible use of AI tools, ensuring compliance with corporate policies and standards.

PAVILIA ROSA – Elevating Customer Experience through AI and Smart Living Solutions



PAVILIA ROSA reflects NWD's commitment to staying at the forefront of residential innovation through customer-centric design and technology. By leveraging AI-powered visualisation tools and introducing PAVILIA GO, an innovative turnkey living concept that integrates curated furnishings, smart-home technologies and hospitality-inspired services, we enable customers to experience a thoughtfully designed, move-in-ready lifestyle from day one. This forward-looking initiative demonstrates our continuous pursuit of more creative, differentiated and future-ready living solutions that anticipate evolving customer needs and set new benchmarks for residential excellence.

Customer-centric innovative designs

To deliver exceptional living experiences, PAVILIA ROSA has incorporated the following proprietary design solutions that blend aesthetic elegance with functional spatial innovation:

- **ARTISAN PANO glass door** – a pillarless glass door connecting indoor living areas with the double-height conservatory to maximise natural daylight and allow open views
- **Rosa house light** – an outdoor wall light that enhance the aesthetic and lighting quality of exterior living spaces
- Steam closet care system to remove odour, bacteria and viruses

These innovative designs reflect our commitment to delivering high-quality homes that integrate functional practicality and elevated living experiences.

Tangshan New World Centre – Scaling AI Innovation through Ecosystem Collaboration



To promote broader AI adoption and digital innovation beyond its own operations, NWCL organised the “New World · Innovate the Future” Immersive AI Technology Interactive Experience Day at Tangshan New World Centre. The event brought together approximately 150 participants, including tenants, business leaders and top-tier technology talents in the industry, providing a platform for knowledge exchange and collaboration on emerging technologies. Through interactive demonstrations of AI applications, including humanoid robotics, brainwave technology and AI-powered creative tools, participants gained first-hand exposure to the potential of AI to drive innovation, operational transformation and future business development.

By fostering dialogue and capability building across its wider business ecosystem, NWD continues to support the responsible and effective adoption of AI among industry partners and stakeholders.

Further information on AI-driven environmental initiatives in operational activities is provided in the ‘Future-Fit Places’ section.

DATA PRIVACY AND CYBERSECURITY

The Group recognises data privacy and cybersecurity as critical components of our technology and innovation efforts. We place strong emphasis on safeguarding employee and stakeholder information, enhancing resilience against cyber threats, and maintaining trust in digital systems. During the reporting period, Key Risk Indicators related to data privacy and cybersecurity were actively monitored to facilitate the early identification of potential risk exposures.

Information Security and Personal Data Privacy

To ensure the integrity and protection of data, as well as establish individual responsibilities for information security, the Group maintains a comprehensive IT Policy governing the collection, use, management and protection of personal data privacy. Supported by the Data Protection and Compliance Committee, which comprises the NWD Personal Data Privacy Officer, the CEO, CFO and other senior executives, executive oversight of information security and data governance has been established. The Committee reports to the Board's Audit Committee and oversees the implementation of the Group's Privacy Management Programme.

Guided by the IT Policy, BUs and operations are responsible for establishing and maintaining business continuity plans to support critical operations during prolonged disruptions. Alongside the Technology Department's oversight of the information security management system, the Group Internal Audit Department periodically reviews the adequacy of business continuity plans, the effectiveness of information system-related testing, and the design and operating effectiveness of key information security controls, providing independent assurance over the Group's technology risk management framework. In the event of suspected information security threats or confirmed incidents, the Technology Risk Team, in collaboration with relevant departments, investigates those threats or confirmed incidents. Employees are required to promptly report significant incidents, or those with escalation potential, to the Head of Technology Department and the relevant IT Business Partner for timely response or escalation.

During FY2026, the Group recorded no substantiated complaints concerning customer privacy, no convictions relating to non-compliance with privacy-related laws and regulations, and no identified loss of customer data. Moving forward, the Group will continue to improve our information security systems and data protection controls to safeguard stakeholder information and maintain resilience against evolving cyber and privacy risks.

Cybersecurity

The Group maintains a cybersecurity governance framework to safeguard information assets, support business continuity and operations, as well as strengthen resilience against evolving cyber threats. Our Cybersecurity Committee, led by the Group Head of Technology and comprising senior technology representatives from BUs, oversees cybersecurity governance and long-term strategy.

To monitor and respond to cybersecurity threats, the Group leverages advanced technologies and cybersecurity risk dashboards to track cyber threats, vulnerabilities and security performance. Incident response procedures are established to facilitate the timely management of cybersecurity incidents, while regular reviews of technology vendors and service providers help ensure compliance with the Group's information security requirements.

The Group also conducts information security vulnerability analysis and security checks regularly to identify and address potential weaknesses in its technology environment. Following an independent external audit in FY2025 to assess compliance with internationally recognised information security standards, including ISO 27001, the Group commissioned an independent Cyber Management Audit in FY2026. This audit demonstrated the Group's strong phishing awareness, robust endpoint protection measures, and proactive cyber threat detection and response capabilities. For more details of our robust governance systems on cybersecurity risks, please refer to the "Corporate Governance Report" section of this Annual Report.

CORPORATE SUSTAINABILITY

ENRICHED LIVES

Enriched Lives embodies our commitment to improving the wellbeing and prosperity of our stakeholders. Through investing in our people, supporting thriving communities, and fostering vibrant local economies, we bring long-term shared value that extends beyond our business. By developing talent, promoting an inclusive and safe workplace, strengthening community partnerships, and supporting local economic development, we contribute to more resilient, connected, and prosperous communities.

OUR SUSTAINABLE BUSINESS APPROACH	OUR APPROACH AND KEY ACTIVITIES	HOW WE MEASURE PERFORMANCE	TARGET STATUS
 Enriched Lives Enhance the health and economic wellbeing of our stakeholders 3 GOOD HEALTH AND WELLBEING 8 DECENT WORK AND ECONOMIC GROWTH	 Investing in Our People Fostering a people-centric, vibrant and inclusive workplace culture supported by safe and healthy principles - Prioritise employee wellbeing, engagement, and development programmes - Deliver healthy, diverse and inclusive workplace	BY FY2030 NWD recognised as preferred employer of choice ONGOING <1.5 Lost-time injury rate (LTIR)	On Track On Track
	 Thriving Communities Advancing local development with community partners and delivering on health and economic outcomes - Partnering with key stakeholders, community groups and local institutions to address local community needs - Creating healthy and inclusive spaces that connect people, celebrate culture and provide access to diverse amenities	ONGOING We strive to create a vibrant and resilient community. We invest in impactful social programmes and initiatives delivering health and economic wellbeing outcomes, including: - Inclusive skilling, education and employment programmes - Charitable donations and foundations - Community health and wellbeing initiatives - Industry association, university and research partnerships - Arts, heritage and cultural projects - Corporate volunteering activities - Community emergency response - Community funding and grants	On Track
	 Vibrant Local Economy Invest in local business community to improve economic prosperity for all - Support learning, skilling, and employment programmes in collaboration with local partners and businesses - Foster local business partnerships with our operations, tenants, and customers	BY FY2030 All community programmes are aligned to our social impact investing framework BY FY2026 Develop a Social Value Framework to measure and report on impact investment outcomes	On Track Completed

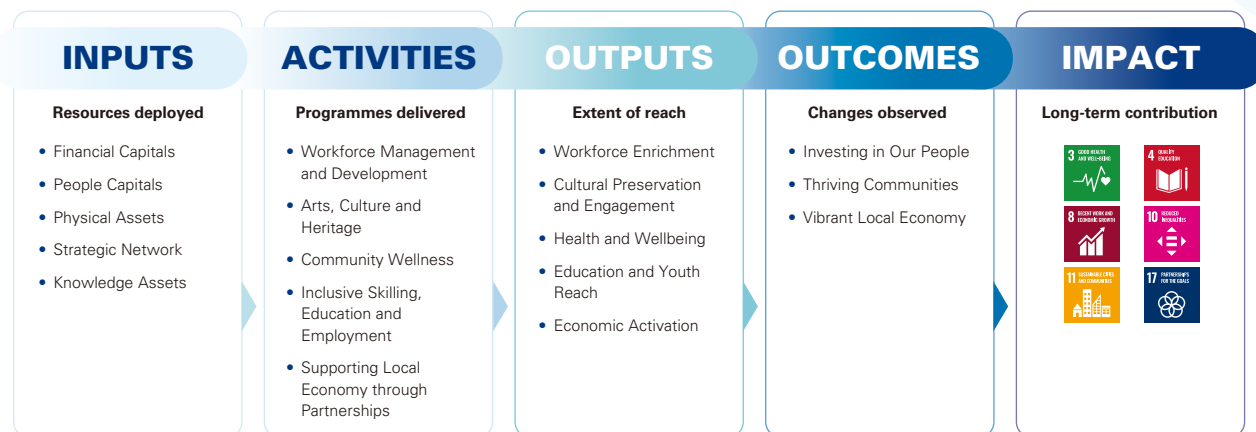
SOCIAL VALUE FRAMEWORK

To operationalise our social aspirations and drive progress towards the SV2030+ targets under the Enriched Lives sustainable business approach, NWD introduced its inaugural Social Value Framework in FY2026. Designed to measure and report the outcomes of social impact investments, the Framework also serves as a guiding foundation for future social impact investment planning and resource allocation.

NWD follows the five-layer Theory of Change model methodology to structure its Social Value Framework, drawing on the review of over 40 selected programmes.

Inputs	The resources, funding, staff and expertise invested in carrying out the initiative
Activities	The specific actions or interventions undertaken to achieve results, such as training, research, events, programmes, or service delivery
Outputs	The immediate, tangible products or services resulting directly from activities
Outcomes	Short- to medium-term changes in behaviour, knowledge, attitudes, or conditions for the target beneficiaries
Impact	The long-term changes and sustainable development impact that the project and initiatives aim to contribute towards the UNSDGs

This Social Value Framework serves as a purpose-driven language to clearly convey its operational details. Each layer is tailored with specific objectives, enabling the assessment of focus areas that both address community needs and align with NWD's strategic priorities.



INVESTING IN OUR PEOPLE

We recognise our employees as the cornerstone of long-term business success. By fostering a people-centric, vibrant and inclusive culture, supported by safe and healthy workplaces, we encourage collaboration, innovation and employee wellbeing.

WORKFORCE MANAGEMENT AND DEVELOPMENT

NWD creates positive impact by investing in employee learning, leadership, wellbeing and family-support initiatives, alongside training, upskilling and capability-building programmes for employees, contractors and suppliers, to foster a resilient and future-ready workforce.

Talent Management

We prioritise employee wellbeing, engagement, and development through comprehensive learning opportunities aimed at both personal and professional growth. Our inclusive recruitment and talent development processes are designed to embed human rights principles into our operations. We employ a structured talent selection process, carefully assessing candidates' core skills and competencies to ensure they fit each role well. Dedicated to promoting equal opportunity in hiring and promotion, our selection process values professional skills and respects diverse backgrounds. We explicitly prohibit discrimination based on age, gender, race, nationality, religion, family status, or any other legally protected characteristic.

Workplace Dialogue – Needs and Insights

NWD conducts regular employee engagement surveys every two to three years to identify staff needs and foster improvements. During the reporting period, the Group commissioned an independent third-party to carry out a comprehensive Employee Engagement Survey covering job satisfaction, purpose, happiness, stress and other areas. The survey achieved a 98% participation rate and an 88% valid response rate, reflecting a strong culture of openness and trust. It recorded an overall engagement score of 80%, exceeding the industry benchmark by 1%, and an employee Net Promoter Score ("eNPS") of 76%, demonstrating strong employee advocacy and commitment. To gain deeper insights into employee experience, the Group also introduced a multi-dimensional satisfaction assessment, which recorded an overall satisfaction score of 80%, outperforming the industry benchmark by 5%.

To ensure employee feedback is effectively addressed, a debrief session for department heads and deputies was arranged to help leaders understand employee sentiment, identify improvement opportunities, and develop targeted actions to enhance employee experience. Moving ahead, NWD will keep monitoring employee satisfaction across these key areas.

In addition to the engagement survey, we strive to maintain transparent communication channels to facilitate intercommunications. We also engage with employee representatives at least annually on workplace health, safety and working conditions.

We conduct annual performance appraisals, together with individual and team-based outstanding performance recognitions, to support employee growth through applying a structured and transparent evaluation system. The system incorporates a 360-degree feedback platform, enabling employees to provide and receive feedback from peers, supervisors and subordinates. Sustainability-related objectives are integrated into year-end Key Performance Indicators ("KPIs"). Complementing the formal review cycle, our agile performance management approach enables regular check-ins between employees and team leaders, facilitating timely feedback, meaningful career discussions, and continuous development. The system is regularly enhanced to reflect leading practices.

Labour Practice and Employee Benefits

Guided by our Human Rights Policy and Employee Handbook, we are committed to maintaining fair, equitable and responsible labour practices across all our operations. We adhere to the highest standards of human rights and labour practices and fully comply with Hong Kong SAR's Employment Ordinance (Cap. 57), which sets out statutory requirements for working hours, rest days, holidays, pay, and benefits. To support our employees' work-life balance, we implement initiatives that promote a healthy workplace and flexible hours whenever practicable. We are committed to provide employees with paid annual leaves meeting or beyond statutory requirements, and support employee wellbeing by encouraging and reminding them to take those leaves to rest and recharge. Compensation leave is also provided for work performed on designated rest days or statutory holidays, helping to prevent excessive working hours and foster a healthy work-life balance. Additionally, we respect employees' rights to freedom of association and collective bargaining. In FY2026, over 63% of employees in NWCL are represented by independent trade unions.

We are committed to offering competitive remuneration packages that recognise the talents and contributions of our people. Taking into account individual, departmental and company performance, the economic environment, market salary benchmarking and our prevailing remuneration policy, we regularly review our compensation framework, salary structures, gender pay ratio and reward decisions to promote fairness, consistency and equal opportunities across the workforce.

We offer a comprehensive range of benefits for our employees and their families. This includes paid family care leave, medical subsidies, and medical insurance coverage for the dependents of employees at specific grade levels. We also offer a wellness allowance that can be used for various services, including health checks, dental care, gym memberships, personal training, physiotherapy sessions, and nutritional plans.

NWCL enhances its comprehensive childcare efforts with two key initiatives. The NWCL Employee Children Scholarship Programme provides scholarships to employees' children who excel academically in arts, sports, and technology. Over the past 13 years, we have invested more than RMB1.6 million, supporting more than 170 families. Beyond academic aid, we promote professional development through the NWCL Employee Children Internship Programme, which has provided practical work experience to nearly 100 employees' children since its inception.

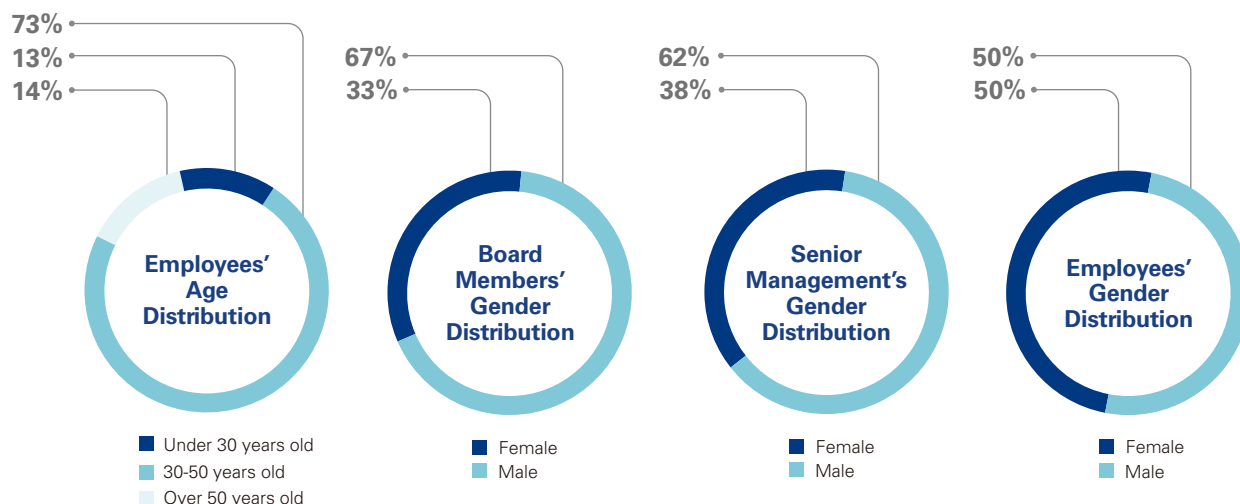
Promoting Diversity, Equality and Inclusion

As an equal opportunity employer, we are dedicated to fostering a fair and respectful workplace while adhering to our commitments in business conduct and value chain regulation. Since 2020, we have been supporting the UN Women's Empowerment Principles and signed the Racial Diversity and Inclusion Charter for Employers, organised by Hong Kong's Equal Opportunities Commission. We have our Workforce Diversity, Equity and Inclusion Policy in place with the Board's endorsement. From a risk management perspective, Diversity, Equity, and Inclusion ("DEI") is noted as one of the sustainability risks in the risk register. NWD manages this risk with care to ensure compliance, while identifying potential causes, if any, to inform proactive measures.

We maintain a workplace that is free from all forms of discrimination and harassment. To enhance awareness of diversity, equity, and inclusion within our workforce, the Group regularly organises webinars and seminars on discrimination and harassment. In addition, we have implemented parenting policies to support our working parents. For employees in Hong Kong, we provide 14 weeks of fully paid maternity leave and five days of fully paid paternity leave. Eligible employees are entitled to family-friendly leave benefits that support a balance between work and family commitments. In Guangdong Province, this includes 10 days of paid childcare leave annually for employees with children under the age of three and up to 15 days of paid eldercare leave for eligible single-child employees caring for parents aged 60 or above.

Corporate Sustainability / Enriched Lives

We remain dedicated to maintaining gender equality at our organisation by consistently monitoring the performance and maintaining transparency through quantitative disclosure. As of 30 June 2026, our female board member representation was at 33%, exceeding our target of 30%, and our average gender pay gap ratio was 1.3. We promote diversity and inclusion by fostering a supportive and dynamic environment for all employees, aligning with our core values. The female gender ratio among senior management was 38%, while the female gender ratio of our workforce (excluding senior management) was 50%.



Talent Development

Professional development is key to strengthening employee capabilities and preparing NWD for future challenges. Our integrated learning and development strategy provides an enterprise-wide platform for building professional, business and leadership capabilities through a blend of business exposure, leadership engagement, self-directed development and collaborative learning, guided by three core pillars.

Pillar	Objectives
Business-connected and insight-driven learning	To enhance business acumen, culture understanding, leadership development and strategic planning
Applied capability development	To strengthen professional, technical and commercial capabilities
Continuous upskilling, digital agility, AI readiness and future preparedness	To promote continuous learning, digital transformation, collaboration and knowledge sharing

We also regularly review employee feedback, training participation data, and evolving business priorities to refine learning offerings and maintain relevance and effectiveness.

We provide tailored learning opportunities to strategically align skill levels and interests across our BUs, with an average of 14.4 training hours completed per employee in FY2026. Our training programmes range from new hire and onboarding orientation to subject matter training and leadership development, supporting our employees' growth and success through mechanisms such as on-the-job training, mentorship, and formal education. We are committed to forming a culture of continuous personal and professional development and to assisting employees in realising their full potential through our annual education subsidy and examination leave policy. Moreover, we encourage our senior executives to be involved in workshops, briefings, and dialogues. During the reporting period, the Group fully sponsored eight leaders to complete a four-month training programme on macroeconomics and geopolitics, equipping them with deeper insights into global economic developments, geopolitical shifts and their implications for business. The programme broadened their perspectives and strengthened their leadership capabilities to navigate an increasingly complex and dynamic operating environment.

A wide variety of training courses are available to all employees and directors, and are also extended to the value chain whenever applicable and feasible.

Topics of training	Description
Anti-corruption	Mandatory training delivered by external trainers from the Independent Commission Against Corruption ("ICAC"), covering: - Corruption risks and integrity challenges in the workplace - Key anti-corruption legislation and regulatory requirements - Conflicts of interest and ethical decision-making - Individual integrity and compliance
Sustainability	Mandatory and voluntary training, covering: - Emerging sustainability trends and the Group's sustainability risks and opportunities - Energy and water efficiency as well as waste management techniques in ISO 14001 training to raise awareness of energy and water consumption as well as waste generation reduction - Occupational Health and Safety ("OHS") in ISO 45001 training to raise awareness and reduce operational health and safety incidents - Corporate ESG reporting and ratings
Cybersecurity and AI	Mandatory training, covering: - Cybersecurity and AI risks - Protocols to secure data access, sharing, and storage - Responsible and safe use of the company-approved Generative AI tools
Discrimination and harassment	Mandatory training delivered by Equal Opportunities Commission, covering: - Anti-discrimination - Workplace inclusion

Employees gain access to targeted and specialised training, such as responsible marketing, recruitment and construction management, through our e-learning platform and LinkedIn Learning, enabling flexible and self-directed learning. NWD has introduced a rewards programme that incentivises higher participation rates. Our LinkedIn Learning initiative has achieved a 70% activation rate, exceeding the industry benchmark of 68%. Employees have established career goals and developed personalised career plans, reflecting a broader intentional and autonomous professional growth.

Over the years, NWD has continuously enhanced its High Potential ("HiPo") Development Programme to strengthen leadership capabilities and cultivate a robust pipeline of future leaders. In FY2026, the programme brought together 87 high-potential talents from Hong Kong and the Chinese Mainland, equipping them with the skills, experiences and networks needed to support long-term career development and organisational success. Through a range of initiatives, such as mentorship programmes and cross-team networking, participants enhanced their leadership, self-management and

collaboration capabilities while gaining practical skills to improve workplace effectiveness. Cross-regional exchange programmes were also organised to broaden perspectives and promote knowledge sharing, with participants engaging in site visits, project showcases and leadership dialogues across different BUs. These initiatives supported the development of a future-ready talent pool by fostering leadership readiness, cross-cultural collaboration and continuous learning. The effectiveness of the programme was reflected in 2.6 times higher promotion rates and 11.6% lower turnover rates compared to non-participants, demonstrating strong employee engagement and talent retention.



Corporate Sustainability / Enriched Lives

Complementing the development of future leaders through the HiPo Programme, NWD also creates opportunities for emerging talent to engage directly with senior management, strengthening leadership communication, knowledge transfer and alignment across different levels of the organisation.

Through the CEO Open Dialogue, 114 young generation employees and frontline employees engaged directly with the CEO through open discussions and experience sharing, gaining insights into the Company's strategic priorities, leadership perspectives and career development opportunities while fostering meaningful dialogue across different levels of the organisation.



To strengthen leadership capabilities among 100 leaders and deputies, NWD organised a three-day New World Group Leadership Retreat at one of the green-certified New World Hotels. Designed to foster cross-functional and cross-regional collaboration, the retreat provided a platform for leadership dialogue, strategic knowledge exchange and relationship building through leadership sharing sessions, strategy seminars, team-building activities and networking opportunities. Drawing on principles of strategic foresight, adaptability and effective leadership, the programme reinforced leadership alignment and organisational resilience while supporting the development of a future-ready leadership team.

“Xin Zhi Academy” Mobile Learning Platform – Empowering Continuous Learning and Knowledge Sharing

To facilitate knowledge sharing and foster continuous learning, NWCL launched the “Xin Zhi Academy” mobile learning platform during the reporting period, designed to empower employees with flexible, self-paced learning opportunities.

The platform supports diverse learning needs through three core functional modules.

- **Course Learning** – offers a comprehensive suite of internal and external online curriculum, enabling employees to engage in flexible, on-demand learning
- **Knowledge Sharing** – serves as a collaborative repository for documents and toolkits, supporting users to upload and download useful information to facilitate knowledge transfer across teams
- **Learning Circle** – functions as an internal interactive community where employees exchange insights, post updates and interact, fostering a collaborative learning ecosystem

To maintain high engagement and ensure learning stays aligned with current business trends, the platform offers curated monthly thematic learning modules. Additionally, it includes a structured “Training Incentive Management System” that provides monetary and other rewards to top-performing employees for completing specific monthly courses.

This learning platform supports our talent development efforts, reflecting our ongoing dedication to nurturing a self-driven, highly capable workforce equipped for evolving business needs.



Programme highlights as of 30 June 2026:

- > 2,000 active users
- > 5,500 enrollments
- > 7,900 training hours

Promoting Health, Wellbeing and Safety to our Employees, their Families and Contractors

Guided by our Health and Safety Policy, we maintain stringent health and safety standards for employees and contractors across our operations and value chain, aligned with industry requirements and international best practices. Through robust safety management, monitoring and assurance mechanisms, more than 10,000 hours of occupational health, safety and wellness training were delivered in FY2026 to strengthen safety awareness and risk prevention capabilities. These efforts supported our commitment to zero workplace fatalities and contributed to a Lost-time Injury Rate ("LTIR") of 0.4, significantly outperforming our SV2030+ target of keeping LTIR below 1.5. By fostering a safer and healthier workplace, we continue to enhance workforce resilience, wellbeing and long-term business performance. More detailed health and safety performance data for employees and contractors is available in the Sustainability Performance Data Table 2026 on our website.

Construction Site Safety

To uphold high standards of construction site safety, the Group has established a robust safety management system for construction activities, with all projects managed by its wholly owned main contracting subsidiary accredited to both ISO 14001 and ISO 45001. Transparent incident reporting and investigation mechanisms, supported by hazard identification, hazardous materials assessments, risk assessment and regular health and safety audits, are implemented for contractors to enable timely preventive and corrective actions and continuous improvement. To reinforce a safety-first culture, targeted Environmental, Health and Safety ("EHS") trainings and competency assessments are conducted to strengthen site safety awareness, safe work practices and risk prevention across construction projects.



Physical and Mental Health

We are committed to safeguarding the physical health and safety of our employees through regular training, awareness programmes and emergency preparedness initiatives. In FY2026, we conducted an intensive 90-minute practical first-aid training workshop to equip our employees with critical life-saving skills, empowering them to intervene decisively in sudden medical emergencies. The curriculum provided hands-on instructions in core proficiencies, including cardiopulmonary resuscitation ("CPR"), artificial respiration, and the management of acute airway obstructions. Our eligible participants received corporate health benefits, including complimentary dental screening vouchers. By effectively transforming participants from passive bystanders to competent first responders, the initiative significantly bolsters our occupational and community safety resilience. Additionally, we regularly conduct fire drills to familiarise staff with evacuation routes and enhance fire safety awareness.

To maintain high standards of workplace physical and mental health and safety, NWCL's major offices have obtained ISO 45001 and ISO 14001 certifications, while all regional headquarters in the Chinese Mainland continued to maintain the WELL Health-Safety Rating. In FY2026, our Hong Kong headquarters also achieved the highest Platinum certification level in WELL and BEAM Plus Interiors, reflecting our commitment to creating healthy, safe and high-quality indoor environments.



As a signatory to the Mental Health Workplace Charter, a joint initiative led by the Hong Kong Department of Health, the Labour Department and the Occupational Safety and Health Council, NWCL is committed to fostering a psychologically healthy workplace. Through awareness programmes and training initiatives, employees are equipped with practical skills in stress management, emotional resilience and mindfulness, while gaining a better understanding of common mental health challenges such as anxiety, burnout and workplace stress. Professional support resources are also made available to encourage employees to seek assistance when needed. By integrating mental wellbeing into our broader health and safety framework, we aim to cultivate a resilient, engaged and thriving workforce.

Wellness Month – Building a Culture of Wellbeing and Resilience



As part of our commitment to fostering a healthy and supportive workplace, NWD organised Wellness Month, engaging over 400 employees through a range of initiatives designed to enhance physical health, mental wellbeing and resilience. A Wellness Carnival attracted strong participation, with more than 200 employees visiting all activity booths. Key activities included laughter yoga sessions, Chinese medicine wellness workshops, high-intensity interval training (“HIIT”), pickleball activities and a Tai Chi master class. These initiatives promoted physical fitness, stress management, mindfulness and team cohesion, supporting the development of a healthy, engaged and resilient workforce.

Complementing these efforts, a series of 17 Lunch and Learn seminars provided opportunities for employees to enhance their wellbeing, develop new skills and deepen their understanding of the Company’s culture through expert-led sessions on wellness, leadership, technology and workplace culture. The series attracted more than 800 participants, reflecting strong employee interest in continuous learning and wellbeing, consistent with insights gathered through the Employee Satisfaction Survey.

To further embed wellness into everyday work experiences, workplace infrastructure has been enhanced through new health-focused amenities, including an Energy Hub break space and dedicated nutritional vending facilities. Equipped with board games, complimentary snacks, a vending machine and relaxation areas, the Hub supports employee wellbeing by encouraging rest, social connection and mental rejuvenation. This comprehensive initiative highlights the Group’s systematic approach to embedding wellbeing directly into daily operations.



Beyond the workplace, we promote healthy lifestyles and holistic wellbeing through a range of engagement initiatives. Employees, tenants and their families participated in the Chinese New Year Hands-on Workshop Series, which celebrated traditional Chinese culture through creative workshops and competitions, encouraging mindfulness, personal expression and festive engagement. NWCL also hosted a Health Awareness Lecture featuring experts from a local health centre. The session delivered practical advice on preventing chronic diseases, maintaining a balanced diet, and engaging in evidence-based physical activity. Individual clinical consultations were provided to help employees adopt proactive health habits and improve personal management. The “21-Day Health and Vitality Challenge” programme organised in the North-eastern region involved approximately 80 colleagues and promoted daily exercise while building a community focused on active living. The Group remains committed to caring for both our employees and contractors through creating a healthy and safe working environment.

THRIVING COMMUNITIES

NWD works with community partners and local stakeholders to advance community wellness, inclusion and economic opportunity. By creating inclusive and engaging spaces, celebrating local culture and delivering initiatives that address local needs, we seek to strengthen social connections and support resilient, thriving communities. Guided by our Group Sustainability Policy, we are committed to promoting social inclusion and enhancing quality of life through innovative approaches.

ART, CULTURE AND HERITAGE

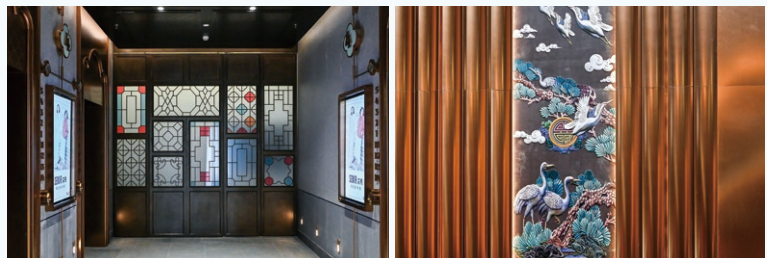
NWD promotes arts, culture and heritage through initiatives that preserve local identity, celebrate cultural diversity and strengthen community belonging. Through cultural experiences and engagement opportunities, we foster community pride, social connection and vibrant communities.

Community engagement is integral to NWD's approach to heritage conservation and revitalisation, ensuring cultural assets are preserved while fostering public appreciation and shared ownership. The State Theatre in North Point, NWD's first Grade I historic building acquisition in Hong Kong, exemplifies this commitment. Supported by a multi-disciplinary team, conservation efforts have included oral history interviews, artefact preservation and cultural research. To promote stakeholder participation and knowledge sharing, over 100 oral history interviews and more than 200 guided site tours were conducted for government representatives, industry professionals, media and community groups, helping strengthen public understanding and appreciation of the site's cultural significance.

Through Shanghai K11 ELYSEA, NWD also demonstrates its commitment to integrating heritage conservation into new development by preserving historic assets, including the 1940s Luocun, and incorporating French decorative arts and Chinese ornamental motifs into the project's design. This approach celebrates local heritage and cultural identity while creating a distinctive contemporary destination.

HERITAGE by K11 – Preserving Tradition and Inspiring Future Generation

Located on the fourth and fifth storeys of Guangzhou Hanxi K11, the approximately 2,300 m² HERITAGE by K11 reimagines commercial space as a platform for cultural preservation and community engagement. NWD celebrates Lingnan heritage through immersive architectural design inspired by traditional grey sculptures, Manchurian windows and local craftsmanship, creating a distinctive cultural experience for visitors.



To bring heritage closer to the public, HERITAGE by K11 has hosted exhibitions and interactive programmes connecting artists, tenants, visitors and the wider community. Highlights included the national debut of artist Song Liangliang's intangible cultural heritage bamboo art series and collaborations with KAI CHUK Jixu Guangcai Studio showcasing traditional Guangcai craftsmanship. Additionally, through workshops and cultural experiences, participants were encouraged to engage with Lingnan culture, explore sustainability concepts and strengthen intergenerational and community connections.

Across our operations in the Chinese Mainland, we partner with tenants, residents and community stakeholders to celebrate traditional festivals through immersive intangible cultural heritage experiences. These initiatives promote cultural preservation and public appreciation of traditional crafts and customs, while strengthening community engagement and intergenerational knowledge sharing.

Corporate Sustainability / Enriched Lives

At THE SILLAGE in Guangzhou, NWCL partnered with iFeng to host its fifth community festival in summer 2026, bringing together residents, families and community partners through arts, culture and sustainability-themed activities. Featuring interactive workshops, a community-created recycled art installation and the launch of a community platform promoting arts, wellness and public welfare, the event fostered community participation, sustainable lifestyles and a stronger sense of belonging.



COMMUNITY WELLNESS

NWCL promotes community wellness through health, active living and wellbeing initiatives that improve access to support services and a wide range of amenities, strengthen resilience and foster healthier, more connected communities. With sustainability and wellness elements integrated into the public spaces of our properties, we provide tenants and the wider community with environments that support health and wellbeing. This includes the incorporation of public gardens and other publicly accessible leisure spaces at THE FOREST and 83 King Lam Street, encouraging social interaction and active use of the public realm. K11 ECOAST further serves as an urban hub, featuring facilities that promote healthy living, including a covered jogging trail, 500 bicycle parking spaces and 30 shower facilities to support active mobility and community wellbeing.



“Love Inclusion” – Community Wellbeing via Inclusive Engagement

To promote social inclusion and community wellbeing, NWCL continued its collaboration with the Wilber Foundation, Information Times and other community partners to host the third “Love Inclusion” event at NEW PARK in Guangzhou. As part of its commitment to supporting vulnerable groups, NWCL also donated RMB100,000 to the Foundation to support programmes benefiting children and underserved communities.

Designed as an inclusive community carnival, the event fostered multi-stakeholder engagement and collaboration around three themes: supporting children with special needs, promoting human-animal companionship, and encouraging inclusion between people with and without disabilities. Through activities such as performances, art exhibitions, sensory experiences, pet care and adoption activities, and charity workshops, the event provided opportunities for meaningful interaction, helping to cultivate empathy, strengthen social connections and advance a more inclusive and caring community.



Beyond providing healthy spaces, we continue to invest in community development initiatives. To advance social inclusion and community wellbeing, NWCL has provided ongoing venue and property management support for over 15 years to facilitate the operation of the non-profit Ledao Public Welfare Library in Guangzhou. Evolving into a community hub supported by volunteers, donations and local partnerships, the library expands access to educational resources and interactive reading programmes for children, fostering lifelong learning and community engagement. To extend its social impact, books are also redistributed to benefit the wider community, promoting both knowledge sharing and resource circularity. Similar community-led book donation initiatives were also organised across our Anshan properties and communities, where over 100 residents donated more than 200 books which were subsequently distributed to children in need, extending the reach of educational resources beyond our properties.



Since partnering with the Wilber Foundation in 2019, NWCL has organised the annual "Welcome Little Migratory Bird" Summer Camp to support migrant worker families. Designed for children travelling to reunite with their parents during the summer holidays, the programme provides a safe and enriching environment that promotes social connection, personal development and family bonding. In FY2026, more than 20 children participated in a three-week programme featuring arts, language and cultural activities, culminating in a family celebration event. Since its launch, the initiative has benefited nearly 1,000 children, helping foster community wellbeing and strengthen support for migrant worker families.

NWD promotes active living, social inclusion and community wellbeing through sports and charity initiatives which bring together employees, volunteers and community members. In FY2026, six employees and their family members supported the "16th Shengjing Sports Games for Children with Disabilities", while volunteers also provided logistical support for athletes participating in the 15th National Games. Employee participation in community sporting events remained strong, with 52 colleagues joining the "Kai Tak Run 2026" and 58 colleagues taking part in the "Standard Chartered Hong Kong Marathon 2026". Through these initiatives, NWD mobilises employees to support charitable causes, encourage healthy lifestyles, strengthen social connections and create positive impact in local communities.



Beyond sports and charitable events, NWD continued to support vulnerable groups through volunteer services. To pay attention to the aging population and extend our care to senior citizens, NWCL's volunteers organised a visit to the Guangzhou Yishou Elderly Centre ahead of the Chung Yeung Festival, bringing warmth and companionship to elderly residents. Similarly, NWD volunteers show dedication to care and inclusion by supporting the YO Dancical 2026 youth street dance event, contributing in various roles to create a positive platform for young people to showcase their talents while promoting community engagement and teamwork.

In FY2026, NWD made social investments totalling HK\$10.6 million through charitable foundations and donations, and motivated employees to complete more than 5,300 hours of volunteering.

Complementing its ongoing community engagement efforts, NWD also recognises the importance of strengthening community resilience and safety through proactive community emergency response and coordinated recovery efforts during times of crisis. Following the Tai Po fire incident in November 2025, NWD worked alongside Chow Tai Fook Group, government departments and NGOs to support affected residents through relief and recovery initiatives, mobilising 166 volunteers who contributed 937 service hours to assist affected families. As part of the recovery efforts, volunteers also visited elderly residents in Kwong Fuk Estate, providing companionship and distributing gift bags to foster community support and connection. These initiatives demonstrated NWD's commitment to supporting communities during emergencies and helping build resilient, inclusive and caring communities.

VIBRANT LOCAL ECONOMY

With our belief in promoting local business partnerships for shared prosperity among all stakeholders, NWD showcases its strengths in stakeholder engagement and explores partnership opportunities that stimulate local economic development, while upholding our sustainability ambitions.

INCLUSIVE SKILLING, EDUCATION AND EMPLOYMENT

NWD promotes inclusive access to learning, skills development and employment opportunities, helping individuals build confidence, enhance career readiness and realise their potential.

As part of this commitment, NWD continued to support the HKSAR Government's Strive and Rise Programme for the fourth consecutive year. More than 250 employee volunteers served as mentors, providing guidance through workplace exposure, site visits, career planning activities and one-to-one mentorship. These experiences helped participants broaden their horizons, build confidence and develop the skills and values needed for their future development.



To help cultivate future talent, NWD partnered with academic and industry stakeholders to promote learning and knowledge exchange. Through participation in the SEE Colloquium organised by the School of Energy and Environment at City University of Hong Kong ("CityU") under the Memorandum of Understanding between NWD and CityU, the Group contributed to the development of future sustainability capabilities among students and young professionals.

We support the employability and professional development of environmental practitioners by advocating for the recognition of the Hong Kong Institute of Qualified Environmental Professionals ("HKIQEP") qualification. Through our support of this accreditation, we contribute to strengthening the environmental talent pool and promoting career opportunities within the sustainability sector.



NWD also supported youth employability through a range of internship, work experiencing and job shadowing programmes. In FY2026, 17 students participated in over 3,400 hours of workplace learning, supported by approximately HK\$230,000 subsidies and related assistance. Through collaborations with the government, industry and educational partners, including programmes supporting underprivileged youth, participants gained practical experience across Property Management, Human Resources, Information Technology, Sustainability, and Sales and Marketing functions. These opportunities strengthened career readiness, professional skills and understanding of diverse career pathways.



NWD also continued to support Hong Kong's long-term talent development through participation in the Global Talent Summit 2026, engaging prospective talent and promoting career opportunities across the Group while helping to strengthen a diverse and future-ready talent pipeline.

Youth Development through Yanjing Little Swan Programme

NWCL continued to support the Yanjing Little Swan Programme, one of its longest-running youth development initiatives, providing educational support to the children of migrant workers in Beijing and Henan for 16 consecutive years. In FY2026, employee volunteers participated in visits and donated approximately 700 books on humanities and science, 30 sets of pre-loved school supplies, and RMB10,000 worth of educational and printing resources. Complementing these efforts, NWCL supported campus enhancements and learning enrichment activities. Through the Yiqi Reading Programme, students were engaged in calligraphy classes, English storytelling sessions and World Reading Day activities, which help broaden their access to educational resources, foster a positive learning environment and support their personal development.



SUPPORTING LOCAL ECONOMY THROUGH PARTNERSHIPS

NWD supports local economic prosperity through destination activations and strategic partnerships that generate footfall, enhance visibility and create opportunities for businesses, social enterprises and local communities.

K11 MUSEA partnered with leading local and international brands and cultural organisations to deliver flagship summer events, including the CHIIKAWA DAYS. The events at K11 venues also supported local economic activities, driving a 20% increase in visitor traffic and a 30% rise in average tourist transaction value during major event periods, demonstrating the value of partnerships in generating footfall and business opportunities. Building on its partnership-driven activations, K11 MUSEA hosted Sips by the Sea, bringing together acclaimed international and local bar talents to transform the waterfront Sculpture Park into an immersive lifestyle destination, enhancing visitor engagement and destination vibrancy through curated culinary, cultural and artistic experiences.

"Well Being • Start-Up 2.0" – Nurturing Youth Entrepreneurship

NWD leveraged its retail platform at K11 Art Mall to support youth entrepreneurship through the Housing Authority's "Well Being • Start-Up 2.0" Programme. Following an initial six-month rent-free trial, NWD further supported the participating youth brand by adopting the Housing Authority's three-year progressive rental arrangement, designed to encourage greater financial self-sufficiency. The initiative attracted considerable media attention for the youth brand, enhancing market visibility and business viability.



Shanghai K11 – Supporting Local Enterprise and Social Inclusion

Shanghai K11 supports local economic vitality by fostering partnerships that create opportunities for social enterprises, enhance community engagement and promote inclusive growth. Through its partnership with HINICHIJOU, a locally founded social enterprise café, employment and skills development opportunities are provided for individuals with disabilities, including those with hearing and visual impairments. The Shanghai K11 property management team supported the café's establishment through licensing coordination, space planning and infrastructure enhancements, helping strengthen social entrepreneurship and diversify the local business ecosystem.



Building on its commitment to community partnerships, Shanghai K11 also collaborated with Shanghai Adoption Day to launch the “Meal for Cats” initiative. By enabling members to redeem loyalty points for cat food donations, the programme supported local animal welfare organisations and frontline rescuers while deepening customer engagement. Since its launch in summer 2025, the initiative has collected 1,640 kg of cat food, providing approximately 20,000 meals for stray cats. Through these partnerships, Shanghai K11 continues to leverage its platform to create social value, support community organisations and contribute to a vibrant local economy.

Through strategic partnerships with locally founded social enterprises and community organisations, Shanghai K11 demonstrates how partnerships can generate broader economic value beyond traditional commercial activities. By supporting enterprise development, fostering inclusive employment, driving customer participation and directing resources toward community-based initiatives, these collaborations enhance economic diversity and strengthen local economic resilience. This reflects Shanghai K11's commitment to supporting a vibrant local economy through partnerships that deliver lasting social and economic benefits.

CORPORATE SUSTAINABILITY ABOUT THIS SECTION

REPORTING PERIOD

This Corporate Sustainability section of the Annual Report summarises the Group's ESG initiatives and performance during the reporting period of 1 July 2025 to 30 June 2026, and after FY2026 where specified.

REPORTING BOUNDARY

This section covers New World Development Company Limited's ("NWD") businesses over which NWD has operational control. This coverage includes our business under NWD, New World China Land Limited ("NWCL") and K11 Concepts Limited.

Under the reporting boundary provisions of the Environmental, Social and Governance Reporting Code, set out in Appendix C2 issued by the Stock Exchange of Hong Kong Limited ("HKEX"), we classify New World Department Store China Limited ("NWDS") (an individually listed subsidiary) outside the reporting boundary for all relevant environmental and social performance metrics in this report. The Scope 1 and Scope 2 emissions generated by NWDS are included within NWD's Scope 3 emissions under the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. Please refer to its report for more comprehensive sustainability disclosures.

SUSTAINABILITY WEBSITE

Supplementary information, such as the Sustainability Performance Data Table 2026, content index and limited assurance report, is available on the NWD Sustainability Website (<https://sustainability.nwd.com.hk/>).

ESG REPORTING STANDARDS

This Corporate Sustainability section has been prepared in accordance with the Environmental, Social and Governance Reporting Code, set out in Appendix C2 issued by HKEX. The section also references the following ESG standards and principles:

- Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards"),
- Sustainability Accounting Standards Board ("SASB") Real Estate Standards,
- International Sustainability Standards Board's ("ISSB") International Financial Reporting Standards Foundation ("IFRS") S1 General Requirements for Disclosure of Sustainability-related Financial Information ("IFRS S1"),
- ISSB's IFRS S2 Climate-related Disclosures ("IFRS S2"),

- Recommendations of the Taskforce on Nature-related Financial Disclosures ("TNFD"), and
- The Ten Principles of the United Nations Global Compact ("UNGC"), as an annual Communication on Progress.

REPORTING PRINCIPLES

Our ESG disclosure responds to the Mandatory Disclosure Requirements required by HKEX in the following applications:

- **Materiality:** Conducts a structured materiality assessment that engages both internal stakeholders including the Board of Directors and employees, and external stakeholders such as supply chain, customers and communities. Please refer to our Stakeholder Engagement and Materiality Assessment section for more details.
- **Quantitative:** The Sustainability Performance Data Table 2026 provides quantitative details on targets and KPIs.
- **Balance:** Offers unbiased disclosure of the Company's performance.
- **Consistency:** Uses consistent methodologies on performance disclosure to support meaningful comparisons over time.

REPORT ASSURANCE

The Board of Directors oversees the content of this section. This Corporate Sustainability section has been reviewed and approved by the Board.

PricewaterhouseCoopers was engaged to conduct a limited assurance engagement on certain identified sustainability information in accordance with International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board. The limited assurance report can be found on our website.

CONTACT US

We welcome your feedback on this Corporate Sustainability section and other matters related to sustainability. Please contact us at sustainability@nwd.com.hk.

In case of any inconsistency or conflict between the English and the Chinese versions, the English version shall prevail.

Corporate Governance Report

The Company is committed to maintaining a high standard of corporate governance practices to safeguard the interests of its shareholders and enhance the performance of the Group. From time to time, the board of Directors (the “Board”) reviews and enhances its corporate governance practices in order to ensure that the Group is under the leadership of an effective board so as to optimise returns for its shareholders.

CORPORATE GOVERNANCE CODE

Throughout the year ended 30 June 2026, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the “CG Code”) set out in Appendix C1 of the Listing Rules, with the exception of code provision C.1.3.

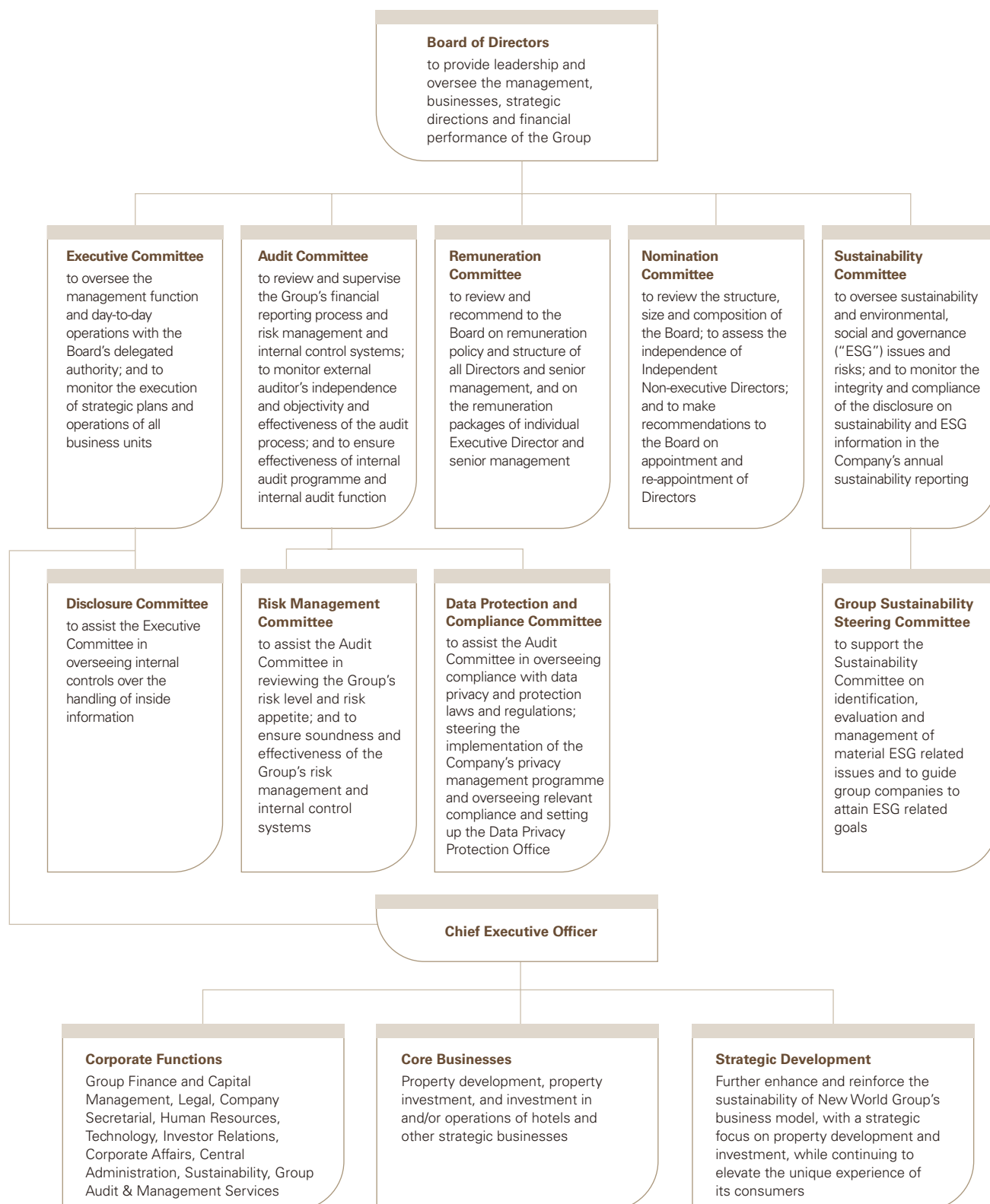
Code provision C.1.3 is in relation to guidelines for securities dealings by relevant employees. Under code provision C.1.3, the Board should establish written guidelines on no less exacting terms than the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix C3 of the Listing Rules for its relevant employees in respect of their dealings in the securities of the Company. Instead of following the Model Code strictly, the Board has established its own guidelines which are on less exacting terms than the Model Code. Such deviation from the CG Code is considered necessary because of the large number of employees of the Group (around 9,200) and the Group’s diversified businesses. For these reasons, to strictly follow the exact guidelines of the Model Code will cause an immense administrative burden to the Company in processing written notifications from the relevant employees who deal in the securities of the Company, which can be avoided under the Company’s own guidelines.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct for securities transactions by its Directors.

Having made specific enquiries of all Directors, the Directors confirmed that they have complied with the required standard set out in the Model Code during the year ended 30 June 2026.

BOARD GOVERNANCE



BOARD OF DIRECTORS

Composition

As at the date of this report, the Board comprises a total of 18 Directors, being eight Executive Directors, four Non-executive Directors and six Independent Non-executive Directors. The number of Independent Non-executive Directors represents not less than one-third of the Board as required by Rule 3.10A of the Listing Rules. Details of the composition of the Board are set out in the section headed “Directors” in the Report of the Directors of this annual report. The biographies of the Directors are set out in the section “Directors’ Profile” of this annual report. Dr. Cheng Kar-Shun, Henry is the father of Ms. Cheng Chi-Man, Sonia and Mr. Cheng Chi-Ming, Brian, the brother-in-law of Mr. Doo Wai-Hoi, William, the brother of Mr. Cheng Kar-Shing, Peter and the uncle of Mr. Cheng Chi-Heng. Save as aforesaid, none of the members of the Board is related to one another.

Name of Directors	Length of Tenure ⁽¹⁾ (Year)	Current Period of Appointment ⁽²⁾	
		From (DD/MM/YYYY)	To (DD/MM/YYYY)
Executive Directors			
Dr. Cheng Kar-Shun, Henry (Chairman)	53	16/03/2024	15/03/2027
Ms. Huang Shaomei, Echo (Chief Executive Officer)	6	29/11/2024	28/11/2027
Ms. Cheng Chi-Man, Sonia	14	16/03/2024	15/03/2027
Mr. Sitt Nam-Hoi	8	01/06/2024	31/05/2027
Ms. Chiu Wai-Han, Jenny	6	01/05/2026	30/04/2029
Mr. Ho Gilbert Chi-Hang	1	29/11/2024	28/11/2027
Mr. Lau Fu-Keung (Chief Financial Officer)	1	29/11/2024	28/11/2027
Mr. Chan Yiu-Ho	<1	12/12/2025	11/12/2028
Non-executive Directors			
Mr. Doo Wai-Hoi, William (Non-executive Vice-chairman)	13	01/07/2025	30/06/2028
Mr. Cheng Kar-Shing, Peter	31	16/03/2024	15/03/2027
Mr. Cheng Chi-Heng	16	01/12/2025	30/11/2028
Mr. Cheng Chi-Ming, Brian	3	01/12/2025	30/11/2028
Independent Non-executive Directors			
Mr. Lee Luen-Wai, John	22	16/03/2024	15/03/2027
Mr. Ip Yuk-Keung, Albert	8	01/06/2024	31/05/2027
Mr. Chan Johnson Ow	5	10/09/2024	09/09/2027
Mrs. Law Fan Chiu-Fun, Fanny	3	01/12/2025	30/11/2028
Ms. Lo Wing-Sze, Anthea	3	01/12/2025	30/11/2028
Ms. Wong Yeung-Fong, Fonia	3	01/12/2025	30/11/2028

Notes:

- (1) representing the number of complete years from the date of initial appointment as a Director up to the date of this annual report.
- (2) referring to the term of appointment under the Director's current letter of appointment, subject to retirement by rotation in accordance with the Articles of Association of the Company (the "Articles of Association") and renewable upon expiry.

Board Refreshment

The composition of the Board has been refreshed in an orderly manner over the past few years to bring in fresh perspectives and diverse expertise, thereby enhancing both the diversity and independence of the Board. The Board, through the Nomination Committee, will continue to review the structure of the Board regularly and make recommendations to support the sustainable growth of the Group. The Nomination Committee will identify appropriate candidates through multiple channels and make recommendations to the Board based on the Board diversity policy (the "Diversity Policy") and the nomination policy (the "Nomination Policy").

During the year under review, Mr. Chan Yiu-Ho was appointed as an Executive Director with effect from 12 December 2025.

Diversity

(a) Board Diversity

The Board has adopted the Diversity Policy since August 2013, which sets out the Company's approach to achieving diversity on the Board. Under the Diversity Policy, the Company recognises and embraces the benefits of a diverse Board and considers increasing Board diversity as an essential element in maintaining its competitive advantage and supporting its sustainable development. In determining an optimum composition of the Board, the Company considers all aspects of diversity and take into account factors based on its own business model and specific needs from time to time. Board members' appointments are based on meritocracy and candidates are considered against objective criteria, with due regard to the benefits of diversity on the Board. The selection of candidates is based on a range of diversity perspectives, including but not limited to gender, age, skills, regional and industry experience and expertise, cultural and educational background, and professional experience. The ultimate decision is based on merit and contribution that the selected candidates can bring to the Board.

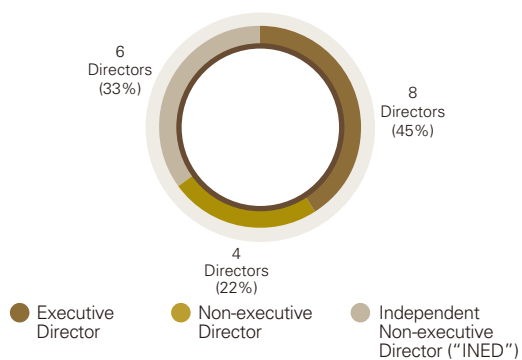
The appointment of Mr. Chan Yiu-Ho as an Executive Director was considered by the Nomination Committee, which took into consideration his skills, expertise and professional experience when determining his eligibility as a Director. Such appointment was then approved by the Board upon the recommendation of the Nomination Committee and took effect on 12 December 2025.

Currently, out of 18 Directors, six are female, representing 33.33% of the Board, which exceeds the Company's target of 30% female representation at the Board level. The Company is committed to maintaining a diverse Board, including female representation of more than 30%.

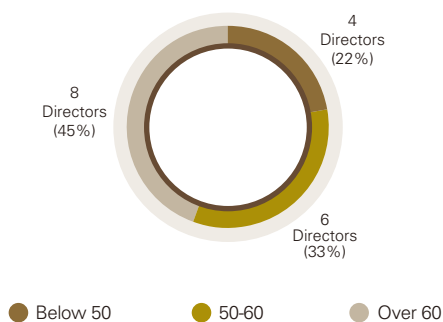
The Board, through the Nomination Committee, reviewed the implementation of the Diversity Policy during the year and considered it effective, as the diversity mix of the Board as presented below continues to contribute to the Board's efficiency and effectiveness and complies with the Listing Rules by maintaining an appropriate diversity mix relevant to the Group's strategy, governance and business needs.

Board Diversity Mix

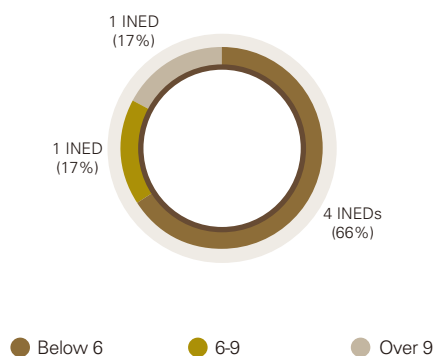
Designation



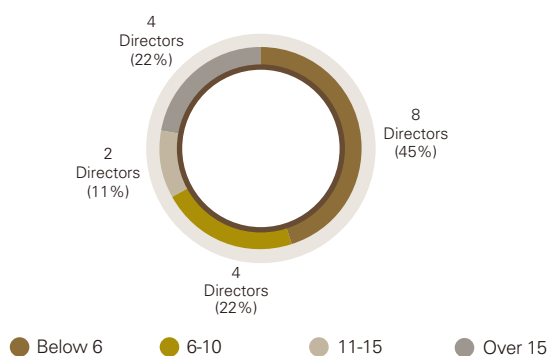
Age Group



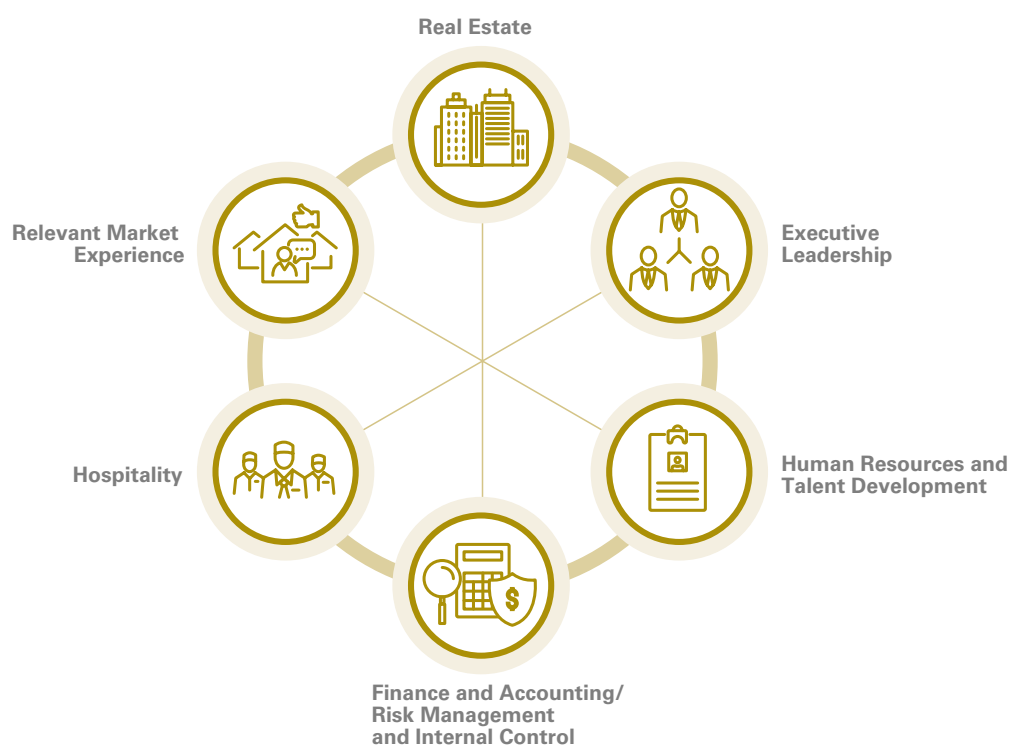
Length of Service – INED only (No. of years)

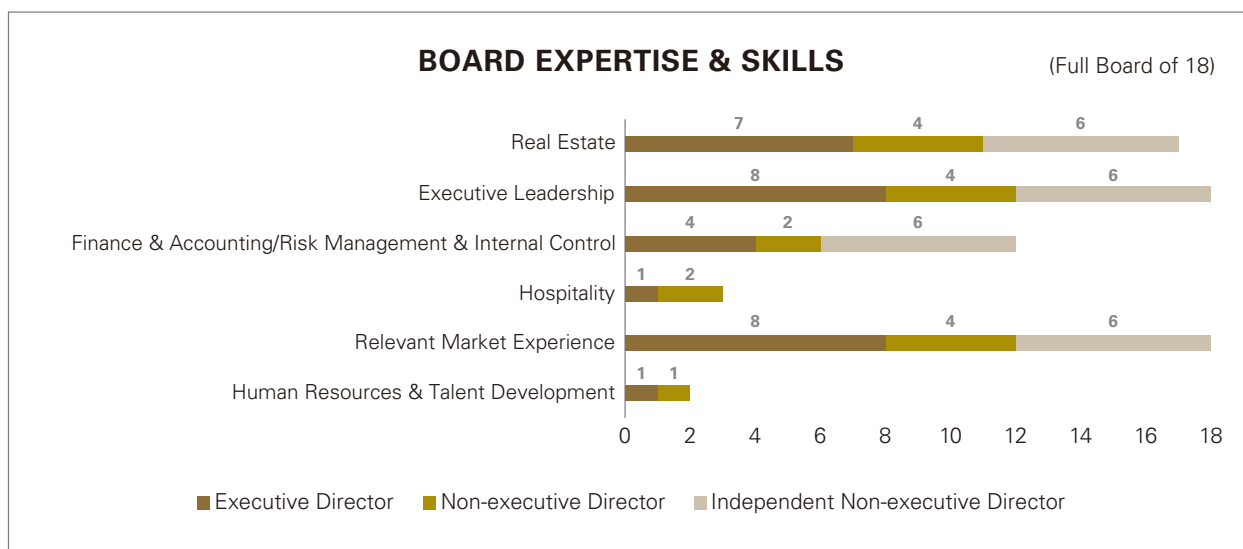


Length of Service – Full Board (No. of years)



Board Expertise & Skills





The skill matrix above sets out the expertise and skills of the Board that align with the Group's purpose, values, strategy and culture, and enable the Board to discharge its responsibilities and duties effectively in terms of:

- monitoring and guiding the execution of strategic priorities in pursuing the Group's vision, mission and values, as well as its long-term success in its core businesses and markets;
- promoting best-in-class corporate governance practices throughout the Group;
- overseeing the implementation of robust and effective risk management, internal control, financial reporting and compliance systems, having regard to the Group's core businesses as well as the Company's status as a public company listed on the Stock Exchange;
- formulating competitive remuneration policies to attract, retain and motivate individuals of the right caliber to contribute to the Group's success; and
- fostering a dynamic and forward-looking culture throughout the Group to support its long-term sustainable growth and excellence.

The Nomination Committee regularly reviews the structure, size and composition of the Board in accordance with the Listing Rules, the Diversity Policy and the Nomination Policy. At present, the Board has not adopted any specific plan to acquire further skills, as it considered that the Board consists of a diverse mix of members which provide a good balance of skills and experience appropriate to the business needs of the Group.

(b) Workforce Diversity

Gender diversity is also promoted across all levels of the Group through a series of diversity and inclusion-focused activities. The Board has adopted Workforce Diversity, Equity and Inclusion Policy (the “DEI Policy”) since July 2025, which sets out the Group’s objectives for achieving diversity, equity and inclusion within the workforce and oversight of the implementation of the Group’s relevant strategies. It also enables the Group to create a safe, diverse and inclusive place to work where the wellbeing of its people is prioritised and discrimination, bullying victimisation, vilification or any form of harassment are not tolerated. The Company strives to maintain a gender-balanced workforce. The gender ratios of the senior management and workforce (excluding senior management) of the Group are set out in the “Corporate Sustainability” section of this annual report.

The Board has not set any numerical targets and timelines in respect of gender diversity on the workforce (including the senior management), as it considered that the Group has a gender-balanced workforce.

Appointment and Re-election

Each Director has entered into a formal letter of appointment, setting out the terms and conditions of the appointment and his/her duties and responsibilities, with the Company for a term of three years, subject to retirement by rotation in accordance with the Articles of Association.

Article 103(A) of the Articles of Association provides that at each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Also, pursuant to Article 94 of the Articles of Association, any Director appointed to fill a casual vacancy or as an addition to the Board is subject to re-election at the next following general meeting or next following annual general meeting of the Company respectively.

The Board has adopted the Nomination Policy since November 2018, which sets out the criteria and procedures to be followed when considering the appointment of a candidate as a Director and the re-appointment of an existing Director. In the case of identifying a candidate to be appointed as a Director, the Nomination Committee shall hold a meeting to consider the candidate identified or selected pursuant to the nomination criteria and make a recommendation to the Board as appropriate. The Board shall deliberate and decide on the appointment based upon the recommendation of the Nomination Committee. In the case of re-appointment of an existing Director, the Nomination Committee shall review the overall contribution and service of the retiring Director to the Company, determine whether the retiring Director continues to meet the nomination criteria set out in the Nomination Policy and if appropriate, recommend the retiring Director to the Board for consideration and recommendation to shareholders for the proposed re-election of such Director at a general meeting. The factors considered in assessing the suitability of a proposed candidate for appointment as a Director or an existing Director for re-appointment are as follows:

- Contribution to the Board with due regard to the Diversity Policy;
- Reputation for integrity;
- Commitment to devote sufficient time to discharge duties as a Board member;
- Potential conflicts of interest with the Company; and
- Satisfaction of independence requirements of the Listing Rules in the case of a candidate for Independent Non-executive Director.

Directors' Time Commitment and Contribution to the Board

The Board, through the Nomination Committee, annually evaluates whether each Director devotes sufficient time to his/her role and makes an adequate contribution to the Board. Directors are required to disclose to the Company the amount of time devoted to performing their duties within the Group, as well as the number and nature of directorships and offices held in other listed public companies and any other significant external time commitments, together with an indication of the time involved in each.

After reviewing such information and taking into account the Directors' attendance and participation at Board and Board committee meetings, general meetings and business update sessions, the Nomination Committee considered that each Director has devoted sufficient time, attention and efforts to the Group's affairs to perform his/her roles as a Director during the year.

Additionally, each Director is required to update and confirm to the Nomination Committee his/her educational background, professional knowledge/qualifications, major appointments and work experience, as well as the skill he/she possesses, all of which contribute to the Board's effectiveness.

The Nomination Committee also reviews the continuous professional development undertaken by each Director during the year, including the number of training hours, topics covered (as required under the Listing Rules) and modes of training taken, in order to assess whether each Director has devoted efforts to stay abreast of the latest developments in, inter alia, board functions, directors' duties, laws and regulations, corporate governance, ESG and industry and business matters relevant to the Group.

Following its review of the above information for the year ended 30 June 2026, the Nomination Committee was satisfied that each Director has made effective contribution to the Board and has properly discharged his/her duties and responsibilities as a Director during the year.

Board Evaluation

The Company conducted an internal board evaluation exercise covering the period from mid-May 2023 to the end of FY2025 to solicit Directors' views on the performance and effectiveness of the Board by means of a questionnaire. The results and recommendations were presented and reviewed at a meeting of the Independent Non-executive Directors, and the final report (the "2025 Board Evaluation Report") was submitted to the Nomination Committee and the Board for consideration in September 2025. The evaluation process and a summary of findings and recommendations were disclosed in the Corporate Governance Report contained in the Company's 2025 Annual Report.

The measures taken during the year in response to the recommendations made in the 2025 Board Evaluation Report are summarised below:

Recommendations	Measures taken during the year
(i) To increase the frequency of business update sessions for the Independent Non-executive Directors from annually to semi-annually.	Business update sessions were held semi-annually in September 2025 and March 2026, during which the management of various business units presented the latest business development to the Independent Non-executive Directors.
(ii) Starting from FY2026, the Company will enhance directors' training by incorporating more real case examples, providing materials relevant to the five specified topics under the new Rule 3.09G of the Listing Rules, and setting a target of 10–12 training hours for the year.	During FY2026, the Company arranged internal and external training programmes and provided reading materials for Directors covering all five topics specified under Rule 3.09G of the Listing Rules. The participation records of each Director are set out in the section headed "Directors' Continuous Professional Development" of this report. Shanghai and Hangzhou site visits were also arranged in April 2026 to provide Directors with first-hand insights into the Group's business operations and latest developments. In addition, real-life case studies were incorporated into the internal training sessions covering industry-specific developments, business trends and the Group's strategies, which were conducted at the quarterly meetings of the Independent Non-executive Directors.
(iii) To involve full Board members for briefings on progress updates in relation to strategic issues so as to enhance Board cohesion and promote Board dynamics.	Five Board meetings were held during FY2026, at which the Group's strategies, business activities and significant transactions were presented to and deliberated by the Board.

The Company will continue to conduct a formal evaluation of the performance of the Board, either internally or by an external provider, at least every two years. The next Board performance evaluation will be conducted in 2027.

Chairman, Chief Executive Officer and Other Executive Directors

Dr. Cheng Kar-Shun, Henry, the Chairman, has led the Board and ensured that the Board works effectively and that all important issues are discussed in a timely manner. During the year under review, Ms. Huang Shaomei, Echo, the Chief Executive Officer, oversaw the Company's day-to-day businesses and the implementation of major strategies and policies of the Company. Each of the other Executive Directors takes up different responsibilities according to their own expertise. The responsibilities of the Chairman, the Chief Executive Officer and the other Executive Directors are clearly set out in their respective letters of appointment. The positions of the Chairman and the Chief Executive Officer are held by separate individuals so as to maintain an effective segregation of duties.

Non-executive Directors

Non-executive Directors (including Independent Non-executive Directors) serve the function of bringing independent judgement on the development, performance and risk management of the Company. They have the same duties of care and skill and fiduciary duties as the Executive Directors.

Independence

The Company has received a written confirmation of independence from each Independent Non-executive Director. The Board, through the Nomination Committee, has assessed the independence of the Independent Non-executive Directors with reference to all the factors set out in Rule 3.13 of the Listing Rules, and considered that all Independent Non-executive Directors are independent in accordance with the Listing Rules.

During the year, Independent Non-executive Directors met quarterly with members of senior management and representatives from major business units, providing valuable opportunities for Independent Non-executive Directors to better understand the businesses of the Group and to discuss a wide range of business matters concerning the Group. Business update sessions were held semi-annually, during which the management of various business units presented the latest business developments to the Independent Non-executive Directors. The Chairman also held an annual meeting with the Independent Non-executive Directors without the presence of other Directors.

Taking into account the following channels, the Nomination Committee reviewed and considered that the Company had in place mechanisms which remain effective to ensure a strong independent element on the Board:

- There is a sufficient number of six Independent Non-executive Directors, representing not less than one-third of the Board, and all of them continue to devote adequate time and make effective contribution to the Company;
- All Independent Non-executive Directors share their views and opinions through regular quarterly meetings with heads of core departments and particular business units;
- Presentation sessions on the performance of business segments are arranged semi-annually by core business units for Independent Non-executive Directors, providing opportunities for them to share and express their views and inputs;

- Site visits are arranged for Independent Non-executive Directors from time to time to enhance their understanding of the Company's new and on-going projects;
- An annual meeting between the Chairman and all Independent Non-executive Directors without the presence of other Directors provides an effective platform for the Chairman to hear independent views on various issues concerning the Group; and
- Independent professional advice will be provided to Independent Non-executive Directors upon reasonable request to assist them in performing their duties.

Role of the Board

The Board is the ultimate decision-making body of the Company except for matters requiring approval of the shareholders in accordance with the Articles of Association, the Listing Rules or other applicable laws and regulations. It oversees the management, businesses, strategic directions and financial performance of the Group. It is collectively responsible for the management and operations of the Company. Day-to-day businesses of the Company are delegated to the management team which works under the leadership and supervision of the Chief Executive Officer and the Executive Committee of the Board.

The Board strives to foster and promote a desired culture throughout all levels of the Company, and ensures the desired culture is reflected in the Company's strategy, business models and operating practices towards the sustainable growth of the Group. Employees are encouraged to voice out their practical innovative ideas which are fully integrated into the Group's business development. For further details of the Group's culture, please refer to the "Corporate Sustainability" section of this annual report.

The Board is responsible for performing the corporate governance duties of the Company including:

- (a) to develop and review the Company's policies and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of the Directors and senior management;

- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and the Directors; and
- (e) to review the Company's compliance with the CG Code and disclosures in the Corporate Governance Report.

During the year, the Board reviewed the Company's compliance with the CG Code and the applicable statutory and regulatory requirements.

The Group has complied with all major aspects of laws and regulations that are significant to its business operations, and there were no threatened or concluded cases of a material nature in connection with legal compliance during the year.

Board Meetings

Regular Board meetings are held at least four times a year with at least 14 days' notice, and additional meetings with reasonable notice are held as and when the Board considers appropriate. The Board held four regular Board meetings and one ad hoc Board meeting during the year ended 30 June 2026. The Joint Company Secretaries assist the Chairman in preparing the agenda for each meeting. A draft agenda for each regular Board meeting is circulated to all Directors to enable them to include other matters on the agenda. The agenda accompanying board papers are sent to all Directors at least three days before each regular Board meeting. Board decisions are voted upon at the Board meetings. The Joint Company Secretaries record in sufficient detail the matters considered and decisions reached, including any concerns raised or dissenting views expressed by the Directors. Minutes of meetings are kept by the Joint Company Secretaries with copies circulated to all Directors for information and records.

Corporate Governance Report

The attendance records of the Directors at the Board and Board committee meetings and general meetings for the year ended 30 June 2026 are set out below:

Name of Directors	Number of Meetings Attended/Eligible to Attend for the Year Ended 30 June 2026						
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Sustainability Committee Meeting	Annual General Meeting	Extraordinary General Meeting
<i>Executive Directors</i>							
Dr. Cheng Kar-Shun, Henry	4/5	—	2/2	—	—	1/1	0/1
Ms. Huang Shaomei, Echo	5/5	—	—	—	—	1/1	1/1
Ms. Cheng Chi-Man, Sonia	5/5	—	—	2/2	—	1/1	1/1
Mr. Sitt Nam-Hoi	5/5	—	—	—	2/2	1/1	1/1
Ms. Chiu Wai-Han, Jenny	5/5	—	—	—	—	1/1	1/1
Mr. Ho Gilbert Chi-Hang	5/5	—	—	—	—	1/1	1/1
Mr. Lau Fu-Keung	5/5	—	—	—	—	1/1	1/1
Mr. Chan Yiu-Ho ⁽¹⁾	3/3	—	—	—	—	—	1/1
<i>Non-executive Directors</i>							
Mr. Doo Wai-Hoi, William	4/5	—	—	—	—	1/1	1/1
Mr. Cheng Kar-Shing, Peter	5/5	—	—	—	—	1/1	1/1
Mr. Cheng Chi-Heng	4/5	—	—	—	—	1/1	1/1
Mr. Cheng Chi-Ming, Brian	4/5	—	—	—	—	1/1	1/1
<i>Independent Non-executive Directors</i>							
Mr. Lee Luen-Wai, John	5/5	4/4	2/2	2/2	—	1/1	1/1
Mr. Ip Yuk-Keung, Albert	5/5	4/4	—	2/2	2/2	1/1	1/1
Mr. Chan Johnson Ow	5/5	4/4	2/2	—	1/2	1/1	1/1
Mrs. Law Fan Chiu-Fun, Fanny	5/5	4/4	—	—	2/2	1/1	1/1
Ms. Lo Wing-Sze, Anthea	5/5	4/4	—	—	—	1/1	1/1
Ms. Wong Yeung-Fong, Fonia	5/5	—	—	—	2/2	1/1	1/1

Note:

(1) appointed as an Executive Director on 12 December 2025

Directors' Continuous Professional Development

Each newly appointed Director is provided with the necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under the relevant statutes, laws, rules and regulations. From time to time, the Joint Company Secretaries also provide the Directors with updates on the latest developments and changes in the Listing Rules and other relevant legal and regulatory requirements.

The newly appointed Director, Mr. Chan Yiu-Ho, has obtained legal advice (as referred to in Rule 3.09D of the Listing Rules) from a firm of solicitors qualified to advise on Hong Kong laws and engaged by the Company on 10 December 2025. The advice pertained to the requirements under the Listing Rules applicable to him as a Director and the possible consequences of making a false declaration or giving false information to the Stock Exchange. Mr. Chan has confirmed that he understood his obligations as a Director. As Mr. Chan is not regarded as a first-time director as defined under the Listing Rules, the additional continuous professional development requirement under Rule 3.09H of the Listing Rules did not apply to him.

The Chief Executive Officer reports the Group's business activities, including financial and operation reviews, segment performance, strategies and new initiatives at Board meetings. In addition, all Directors are provided with monthly updates on the performance of major business segments and year-to-date financials. All these enable the Board to obtain a balanced and understandable assessment of the Group's performance, position and prospects in sufficient detail to enable each Director and the Board as a whole to discharge their duties.

All Directors shall participate in continuous professional development to develop and refresh their knowledge and skills. During the year ended 30 June 2026, the Company has arranged internal and external training sessions for Directors with specified focus topics on board and directors' duties, corporate governance and ESG, and industry and business updates. On top of it, the Company has continued to provide the Directors with reading materials on board and directors' duties, Listing Rules and Hong Kong law compliance, corporate governance and ESG, risk management and internal controls, and industry and business updates for self-study. All of these are of sufficient quality to adequately support Directors' in developing their knowledge and expertise and cover the specified topics as required under Rule 3.09G of the Listing Rules. All Directors have participated in continuous professional development as required under Rules 3.09F and 3.09G of the Listing Rules during the year.

The records of Directors' participation in continuous professional development for the year ended 30 June 2026 are set out below:

Records of Directors' Continuous Professional Development for the Year Ended 30 June 2026				
Name of Directors	Hours (by Mode of Training ⁽¹⁾) (Topic(s) ⁽²⁾ /Training Provider(s) ⁽³⁾)			Total Hours
	Internal Training	External Training	Self-study	
Executive Directors				
Dr. Cheng Kar-Shun, Henry	—	9 (a,b,c,d,e / i,iii,vi)	13 (a,b,c,d,e / iii,iv,v)	22
Ms. Huang Shaomei, Echo	5 (e / v)	1 (b / i)	13 (a,b,c,d,e / iii,iv,v)	19
Ms. Cheng Chi-Man, Sonia	—	37 (a,b,c,d,e / iii,vi)	18.5 (a,b,c,d,e / i,iii,iv,vi)	55.5
Mr. Sitt Nam-Hoi	—	2 (b,c / i,iii)	11 (a,b,c,d,e / iv)	13
Ms. Chiu Wai-Han, Jenny	5 (e / v)	7.5 (b,d / i,ii)	11.5 (a,b,c,d,e / i,iii,iv,v)	24
Mr. Ho Gilbert Chi-Hang	2 (e / v)	25.5 (a,b,c,d,e / i,ii,iii,iv,vi)	26 (a,b,c,d,e / i,iii,iv,vi)	53.5
Mr. Lau Fu-Keung	5 (e / v)	24.5 (a,b,c,d / i,ii,iii)	13 (a,b,c,d,e / i,ii,iii,iv,v)	42.5
Mr. Chan Yiu-Ho ⁽⁴⁾	5 (e / v)	1 (c / iii)	9.5 (a,b,c,d,e / i,iv,v)	15.5
Non-executive Directors				
Mr. Doo Wai-Hoi, William	—	1 (c / iii)	12 (a,b,c,d,e / iii,iv)	13
Mr. Cheng Kar-Shing, Peter	—	2 (b,c / i,iii)	12 (a,b,c,d,e / iii,iv)	14
Mr. Cheng Chi-Heng	—	2.5 (c,d,e / iii)	9 (a,b,c,d,e / iv)	11.5
Mr. Cheng Chi-Ming, Brian	—	17 (a,b,c,d,e / i,iii,iv,vi)	12 (a,b,c,d,e / iii,iv)	29
Independent Non-executive Directors				
Mr. Lee Luen-Wai, John	17.5 (e / v)	10 (b,c / i,ii,iii)	10 (a,b,c,d,e / iii,iv)	37.5
Mr. Ip Yuk-Keung, Albert	12.5 (e / v)	2.5 (c / iii,iv)	8 (a,b,c,d,e / iv)	23
Mr. Chan Johnson Ow	17.5 (e / v)	2 (b,c / i,iii)	10 (a,b,c,d,e / iii,iv)	29.5
Mrs. Law Fan Chiu-Fun, Fanny	17.5 (e / v)	1 (c / iii)	4 (a,b,c,d,e / iii,iv)	22.5
Ms. Lo Wing-Sze, Anthea	17.5 (e / v)	2 (c / i,iii)	10 (a,b,c,d,e / iii,iv)	29.5
Ms. Wong Yeung-Fong, Fonia	17.5 (e / v)	1 (c / iii)	12 (a,b,c,d,e / iii,iv)	30.5

Notes:

- (1) Modes of Training:
 - “Internal training” includes seminars, forums, briefings, site visits and other learning activities organised by the Group, including participation as either an attendee or a speaker/panellist.
 - “External training” includes seminars, webinars, forums, conferences, workshops and other learning activities organised by external parties (such as regulatory bodies, professional bodies, professional firms, industry associations and other listed issuers), including participation as either an attendee or a speaker/panellist.
 - “Self-study” includes self-directed learning undertaken by Directors through learning resources (e.g. publications, online materials, regulatory/industry/market updates, etc.) published and/or circulated by external parties (such as regulatory bodies, professional bodies, professional firms, industry associations and other listed issuers) or the Group.
- (2) Training Topics:
 - (a) the roles, functions and responsibilities of the board, its committees and its directors, and board effectiveness
 - (b) issuers’ obligations and directors’ duties under Hong Kong law and the Listing Rules, and key legal and regulatory developments (including Listing Rules updates relevant to the discharge of such obligations and duties)
 - (c) corporate governance and ESG matters (including developments on sustainability and climate- and nature-related risks and opportunities relevant to the issuer and its business)
 - (d) risk management and internal control
 - (e) updates on industry-specific developments, business trends and strategies relevant to the issuer
- (3) Training Providers:
 - (i) regulatory bodies
 - (ii) professional bodies
 - (iii) professional firms
 - (iv) industry associations
 - (v) the Group
 - (vi) others
- (4) appointed as an Executive Director on 12 December 2025

BOARD COMMITTEES

The Board discharges some of its responsibilities through delegation to respective Board-level committees, namely the Executive Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Sustainability Committee. All the Board committees are empowered by the Board under their own terms of reference which have been posted on HKEX’s website and/or the Company’s website.

Executive Committee

Members:

Executive Directors	Dr. Cheng Kar-Shun, Henry (<i>Chairman</i>)
	Ms. Huang Shaomei, Echo
	Ms. Cheng Chi-Man, Sonia
	Mr. Sitt Nam-Hoi
	Ms. Chiu Wai-Han, Jenny
	Mr. Ho Gilbert Chi-Hang
	Mr. Lau Fu-Keung
	Mr. Chan Yiu-Ho*

* became a member with effect from 12 December 2025

The Board has delegated to the Executive Committee, comprising all Executive Directors, the authority and responsibility for handling the management functions and day-to-day operations of the Company, while reserving certain key matters such as the declaration of an interim dividend, and the recommendation for a final dividend or other distributions for approval by the Board. The Executive Committee monitors the execution of the Company's strategic plans and the operations of all business units of the Company, manages and develops the Company's businesses generally, and oversees internal controls over the handling of inside information. The Executive Committee meets regularly as and when necessary.

Audit Committee

Members:

Independent Non-executive Directors	Mr. Lee Luen-Wai, John (<i>Chairman</i>)
	Mr. Ip Yuk-Keung, Albert
	Mr. Chan Johnson Ow
	Mrs. Law Fan Chiu-Fan, Fanny
	Ms. Lo Wing-Sze, Anthea

The Audit Committee is responsible for reviewing the Group's financial controls, its risk management and internal control systems (covering ESG topics), financial and related ESG disclosures. The Audit Committee is empowered to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. It also reviews the internal audit programme and ensures the internal audit function is adequately resourced and effective.

During the year, the Audit Committee held four meetings and the work performed by the Audit Committee included the following:

- (i) reviewed the audited financial statements of the Company for the year ended 30 June 2025 and the unaudited interim financial statements of the Company for the six months ended 31 December 2025 with recommendations to the Board for approval;
- (ii) reviewed reports on risk management and internal control systems of the Group;
- (iii) discussed with the management and the external auditor on the accounting policies and practices which may affect the Group and the financial reporting matters;
- (iv) reviewed the continuing connected transactions;
- (v) reviewed the work undertaken by the Data Protection and Compliance Committee, which included the preparation and maintenance of a personal data inventory, the preparation of new policies or guidelines relating to data privacy and protection matters, and the provision of relevant staff training; and
- (vi) reviewed the key risk indicators and the enterprise risk management system of the Group.

Remuneration Committee

Members:

Independent Non-executive Directors Mr. Lee Luen-Wai, John (*Chairman*)
Mr. Chan Johnson Ow

Executive Director Dr. Cheng Kar-Shun, Henry

The Remuneration Committee is responsible for making recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management of the Company (comprising Executive Directors only) and on the establishment of a formal and transparent procedure for developing the Company's remuneration policy for approval by the Board. Directors' fees, including allowances, are benchmarked against those of other listed companies of similar size and in the similar industry, and are commensurate with Directors' responsibilities and workload.

The Remuneration Committee shall also make recommendations to the Board on the remuneration packages of individual Executive Director and senior management. The remuneration of each Executive Director and member of senior management is determined with reference to his/her duties and responsibilities with the Company, the Company's performance as well as remuneration benchmarks in the industry and prevailing market conditions. The Company's Human Resources Department provides materials on relevant remuneration data, remuneration benchmarks, market analysis and proposals to the Remuneration Committee for consideration. The remuneration package is performance-based and linked to the Company's profitability, with the aim of remaining competitive in attracting and retaining talented employees.

During the year, the Remuneration Committee held two meetings and the work performed by the Remuneration Committee included the following:

- (i) reviewed the remuneration policy of the Company, including that for the Directors and senior management of the Company; and
- (ii) reviewed and approved the remuneration package for the Executive Directors and senior management of the Company.

The remuneration for Executive Directors comprises basic salary, pensions and discretionary bonus. Share options may be granted to Directors and senior management to subscribe for shares in the Company under the Company's share option scheme. Details of the remuneration paid to the Directors for the financial year ended 30 June 2026 are disclosed in the notes to the financial statements.

Nomination Committee

Members:

Independent Non-executive Directors Mr. Lee Luen-Wai, John (*Chairman*)
Mr. Ip Yuk-Keung, Albert

Executive Director Ms. Cheng Chi-Man, Sonia

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board, assessing the independence of Independent Non-executive Directors, taking into account the independence requirements set out in Rule 3.13 of the Listing Rules, and making recommendations to the Board on the appointment and re-appointment of Directors. To align with the amendments to the CG Code relating to the composition of the members of the Nomination Committee and skills matrix, the terms of reference of the Nomination Committee were revised and took effect on 1 July 2025. The Chairman of the Nomination Committee is independent from the management.

During the year, the Nomination Committee held two meetings and the work performed by the Nomination Committee included the following:

- (i) made recommendations to the Board on change(s) to the Board;
- (ii) reviewed the structure, size and composition of the Board in accordance with the Listing Rules, the Diversity Policy and the Nomination Policy, and considered that the Board consists of a diverse mix of members and has provided a good balance of skills and experience appropriate to the business needs of the Group;
- (iii) reviewed the Diversity Policy and the Nomination Policy and considered they remain effective and appropriate for the Company;
- (iv) reviewed the re-election of retiring Directors and recommended the same to the Board for putting forward to the shareholders for approval at the annual general meeting of the Company held on 20 November 2025;
- (v) reviewed the implementation and effectiveness of mechanisms to ensure independent views and input are available to the Board; and
- (vi) reviewed and discussed the findings and recommendations in the 2025 Board Evaluation Report.

Sustainability Committee

Members:

Executive Director	Mr. Sitt Nam-Hoi (<i>Chairman</i>)
Independent Non-executive Directors	Mr. Ip Yuk-Keung, Albert Mr. Chan Johnson Ow Mrs. Law Fan Chiu-Fun, Fanny Ms. Wong Yeung-Fong, Fonia

The Sustainability Committee is responsible for the oversight of the Company's ESG and climate-related issues and risks. Supported by the Group Sustainability Steering Committee, which comprises heads of business units, the Board-level Sustainability Committee oversees the ESG management approach and policies, the processes for identifying and evaluating material ESG-related issues to internal and external stakeholders (including risks to the Group's businesses) and delivering commitments and targets under the "Sustainability Vision 2030+", which guide the Company to evolve as a future-proof company towards 2050. The Sustainability Committee monitors the integrity of the Company's sustainability and ESG information in annual sustainability reporting and advises the Board on the matters in the applicable code provisions of the Environmental, Social and Governance Reporting Code (Appendix C2) of the Listing Rules.

The Sustainability Committee met twice during the year. It discussed and endorsed the Group's sustainability strategy, targets and policies. It also reviewed the process of sustainability reporting and ESG disclosures and monitored the progress of target achievement and sustainability performance. In addition, the Sustainability Committee discussed relevant global trends including sustainable finance, ESG ratings, materiality, employee well-being, climate risks, evolution of sustainability disclosures including the standards issued by the International Sustainability Standards Board ("ISSB"), and governance of sustainability matters.

AUDITOR'S REMUNERATION

During the year ended 30 June 2026, the total fee paid/payable in respect of assurance and non-assurance services provided by the Group's external auditors is set out below:

Type of services	Fee paid/payable for the year ended 30 June	
	2026 HK\$m	2025 HK\$m
Assurance services	43.5	46.1
Non-assurance services	13.9	16.5
Total	57.4	62.6

The Group's external auditor is PricewaterhouseCoopers (Certified Public Accountants and Registered Public Interest Entity Auditor). PricewaterhouseCoopers has written to the Audit Committee confirming that they are independent with respect to the Company and that there is no relationship between PricewaterhouseCoopers and the Company which may reasonably be thought to bear on their independence. In order to maintain the external auditor's independence, the Group has reviewed the services provided by PricewaterhouseCoopers to the Group and it would only be employed for non-assurance work if the work does not compromise the external auditor's independence.

During the year, the external auditor provided assurance and permissible non-assurance services to the Group. Assurance services include services provided in connection with the audit of the Group's consolidated financial statements and certain of its subsidiaries, and services such as issuance of special audit or assurance reports for other regulatory or compliance purposes. Permissible non-assurance services include services such as tax compliance services, tax advisory, transfer pricing services, due diligence and transaction advisory services relating to acquisition and disposal activities, ESG and green finance services and data privacy services as well as other related services. None of these services provided compromises the independence as auditor, in terms of Hong Kong Institute of Certified Public Accountants' Code of Ethics for Professional Accountants.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board, supported by the group finance and capital management department, is responsible for the preparation of the financial statements of the Company and the Group. The Board has prepared the financial statements in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. Appropriate accounting policies have also been used and applied consistently except the adoption of amendments to standards and interpretation. The Directors consider that it is appropriate to prepare the consolidated financial statement on a going concern basis.

The statement by the auditor of the Company and the Group regarding its reporting responsibilities on the financial statements of the Company and the Group is set out in the Independent Auditor's Report in this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems. The Audit Committee is delegated with the authority from the Board to oversee the Group's management in design, implementation and monitoring of the risk management and internal control systems. It also advises the Board on the Group's risk-related matters.

Sound and effective risk management and internal control systems have been established and maintained for safeguarding assets against unauthorised use or disposition, ensuring the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensuring compliance of applicable laws, rules and regulations.

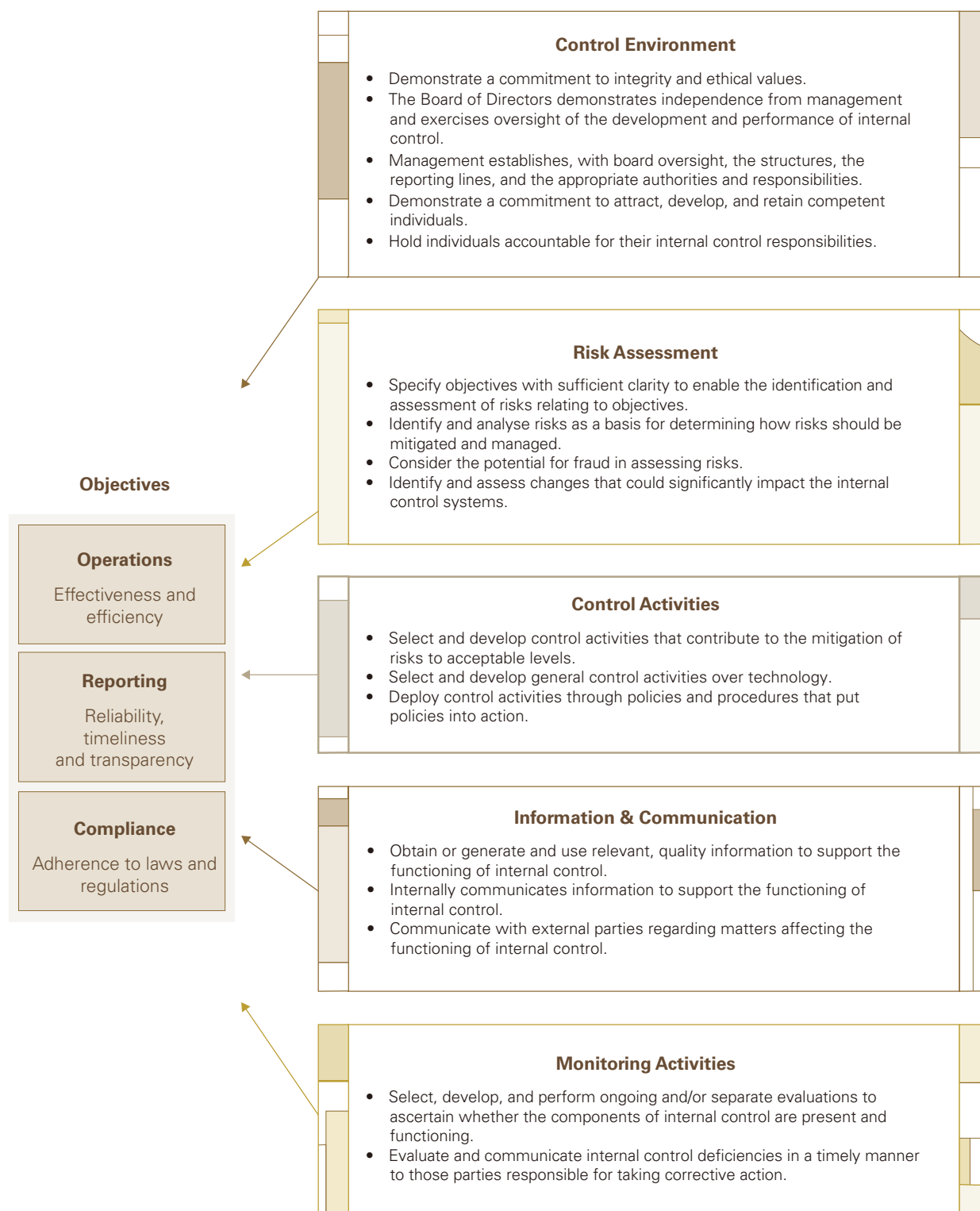
INTERNAL AUDIT

An internal audit department has been established to conduct internal audit of the Company and its subsidiaries, joint ventures and associated companies. The internal audit department performs risk-based audits to review the effectiveness of the Group's material internal controls so as to provide assurance that all key risks are identified and managed, and to ensure that the risk management and internal control measures are carried out appropriately and functioning as intended. Major audit findings and recommendations are reported to the Audit Committee, which in turn reports to the Board. The implementation of the agreed actions in response to the identified audit issues are tracked and followed up regularly, and the status is reported to the Audit Committee.

The Group Audit Director plays a major role in monitoring the internal governance and process of the Group for meeting its business objective, reports directly to the Audit Committee and Risk Management Committee and administratively to the Executive Director and Chief Executive Officer. The Group Audit Director also has the right to consult the Audit Committee without reference to management.

INTERNAL CONTROL

With reference to the “Internal Control – Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”), the key features of our internal control systems are outlined below:



Policies, Guidelines and Practices

Enterprise Risk Management Policy

- The policy outlines the Group’s risk management framework and methodology, and provides guidance to business units and corporate departments of the Group in implementing effective risk management practices.

Whistleblowing Policy

- The Company has established a “Whistleblowing Policy” that enables employees to report serious concerns regarding suspected fraud, corruption, malpractice, misconduct or irregularity directly to the internal audit department for of the Group. Reported cases will be investigated confidentially and promptly, with the results of investigations reported to both the Executive Committee and the Audit Committee.

Anti-Corruption Policy

- The policy provides guidelines on standards of conduct to uphold integrity of the Group. It draws on principles from the UN Global Compact, the UN Convention Against Corruption, the World Economic Forum’s Partnering Against Corruption Initiative, and the Transparency International’s Business Principles for Countering Bribery to establish a strong tone at the top regarding anti-corruption commitment and relevant reporting channels. All employees of the Group are required to confirm annually that they have read and agreed to be bound by the policy.

Conflict of Interest Policy

- The policy offers guidance to all employees of the Group on reporting and handling (potential) conflict of interest, raises awareness among directors and employees, and promotes good corporate governance practices.

Disclosure Policy and Disclosure Procedure Manual in respect of Inside Information

- The Company has established the Disclosure Committee, which convenes at least twice a year, to oversee internal controls related to inside information as well as the timeliness, accuracy and completeness of disclosable information. The Disclosure Policy and the Disclosure Procedure Manual set out the Company’s policies and practices for handling and disseminating inside information, with reference to the requirements and principles outlined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong), the Listing Rules and the “Guidelines on Disclosure of Inside Information” published by the Securities and Futures Commission. All Directors and employees are bound by the Disclosure Policy and the Disclosure Procedure Manual to ensure the proper handling and dissemination of inside information.

Anti-Money Laundering (“AML”) & Counter-Terrorist Financing Policy

- The policy aims to ensure that the Group, its directors, officers and employees understand the AML/Counter – Terrorist Financing requirements applicable to them and are aware of their roles and responsibilities in achieving compliance. It also seeks to establish and align AML/Counter-Terrorist Financing compliance objectives, compliance governance framework, compliance control design and monitoring systems to ensure consistent implementation of AML/Counter-Terrorist Financing controls across the Group.

Responsible Investment Policy

- The policy is designed to integrate the Group’s “ESG” commitments, standards and guidelines into its internal investment decision making processes.

Privacy Management Programme

- The Privacy Management Programme sets out a strategic framework to assist the Company in building a robust privacy infrastructure, supported by effective ongoing review and monitoring processes, and provides guidance to all employees of the Group.

Personal Data Privacy Policy and Guidelines

- The policy aims to ensure the entire personal data life cycle from collection, use and transfer to retention remains within the parameters of the application regulatory regime. It also provides guidance to all employees of the Group on the policies and procedures for operating in compliance with the relevant laws.

Personal Data Access and Correction Policy

- The policy provides guidance to all employees of the Group on handling data access and correction requests in accordance with applicable laws.

Personal Data Privacy Enquiries and Complaints Handling Policy

- The policy offers guidance to all employees of the Group on handling personal data privacy enquiries and complaints in accordance with applicable laws.

Personal Identifiers Policy

- The policy provides guidance to all employees of the Group on the framework and mechanisms related to the collection, accuracy, retention, use and security of personal identifiers in accordance with applicable laws.

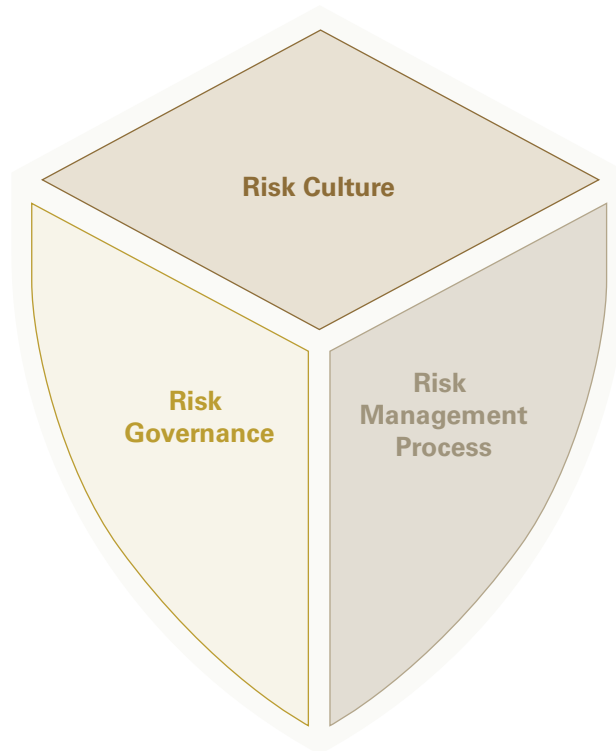
RISK MANAGEMENT

Robust and effective risk management is a vital and integral component of corporate governance. It ensures that risks encountered in the pursuit of the Group's strategic objectives are managed within its defined risk appetite, supporting the Group's sustainable growth and development.

To achieve this, the Group adopts an enterprise-wide, holistic and systematic approach known as Enterprise Risk Management ("ERM"). The ERM framework embeds risk management into business strategy, day-to-day operations and management processes. It is forward-looking and focused on supporting the achievement of the Group's strategic goals and performance objectives.

Enterprise Risk Management Framework

The Group has developed a tailor-made ERM framework with reference to internationally recognised standards, including COSO's Enterprise Risk Management – Integrating with Strategy and Performance, the International Organization for Standardization ("ISO") 31000 Risk Management and the World Business Council for Sustainable Development ("WBCSD").



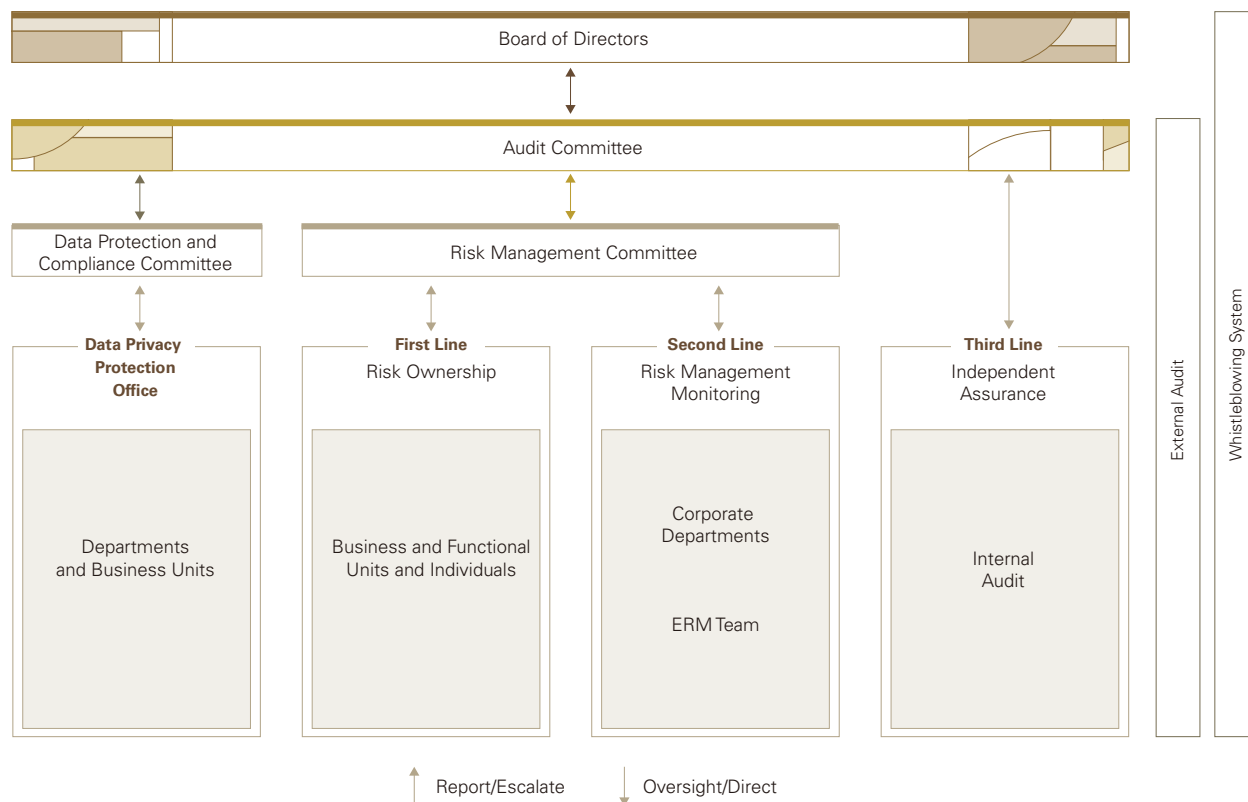
Risk Culture

Risk culture refers to the shared values and behaviours of all employees of the Group that influence the Group's risk-related decisions. The Group is committed to fostering a culture of speaking up across all levels. This includes both online and offline learning initiatives that encourage corporate and frontline employees to proactively communicate potential issues – whether related to operational risks, unsatisfactory customer service, grievances, whistleblowing, or suggestions for improving the working environment. A positive risk culture is characterised by the following attributes:

- Every employee is able to identify, understand, openly discuss and efficiently respond to current and emerging risks
- Risks are clearly and efficiently communicated to relevant stakeholders
- Policies, guidelines and rules are consistently followed by all employees

Risk Governance Structure

The Group adopts a “Three Lines” governance model illustrated as below.



Risk Oversight

Board of Directors

- Establishes a strong risk management culture and defines the Group’s risk appetite.
- Evaluates and determines the level of risk the Group should undertake, with regular monitoring.
- Sets strategic direction by proposing strategies that address key risks and align with the Group’s values and core business.
- Ensures annual disclosures comply with relevant regulatory requirements.
- Demonstrates openness, integrity, and accountability to stakeholders throughout the decision-making process.

Audit Committee

- Reviews the effectiveness of the Group's risk management system, including the identification, assessment, monitoring and reporting of risks.
- Evaluates and ensures that appropriate and effective business operations, risk management and internal control systems are in place.
- Provides market insights and strategic advice to enhance the Group's business performance and risk management practices.
- Assesses strategic risks and reviews related reports submitted by respective risk owners.
- Oversees compliance with data privacy and protection laws and regulations applicable to the Group.

Risk Management Committee

- Reviews ERM activities and the Group's risk profile, ensuring timely communication to the Audit Committee at least twice a year and to the Board of Directors as appropriate.
- Ensures a comprehensive and consistent approach to manage risks across the Group.
- Regularly assesses the ERM framework to ensure it remains fit for purpose and aligned with business, operational and regulatory requirements.
- Ensures that all key risks are properly identified, managed and monitored.

Data Protection and Compliance Committee

- Oversees compliance with data privacy and protection laws and regulations applicable to the Company, and reports to the Audit Committee at least twice a year on the Company's overall compliance status, issues encountered, privacy-related complaints and potential data breach incidents.
- Guides the development and implementation of the Company's Privacy Management Programme ("PMP").
- Establishes the Data Privacy Protection Office to support the day-to-day implementation and management of the PMP's programme controls.
- Ensures the compliance with Company's data privacy and protection policies, standards and guidelines, and reviews and recommends necessary updates.
- Reviews and assesses cyber risk mitigation and incident (including data breach) response strategies to ensure alignment with market best practices, business objectives, privacy expectations and the Company's risk appetite.
- Reviews and enhances information security standards in line with the Company's risk tolerance and relevant industry standards.

First Line

Business and Functional Units and Individuals

- Act as risk owners by identifying, assessing, monitoring and reporting risks.
- Ensure the effectiveness of risk management systems and mitigation strategies.
- Implement appropriate risk management measures and actions to safeguard the Group's interest and support business performance.

Second Line

Corporate Departments

- Support risk owners in implementing the risk management framework and overseeing risk information management.
- Ensure that risk management processes are functioning effectively as intended.
- Ensure operations are conducted efficiently and effectively, with appropriate consideration, assessment and management of risks.

ERM Team

- Facilitates the processes of risk identification, assessment, monitoring and reporting.
- Aggregates, analyses, prioritises and reports key risks to the Risk Management Committee.
- Provides expertise and support to management and risk owners on risk-related matters.
- Assists the Group in proactively identifying emerging risks.
- Ensures the ERM framework is effectively implemented across the Group.
- Supports the integration of ERM within the Group's strategic planning.

Third Line

Internal Audit

- Maintains primary accountability to the governing body and independence from management responsibilities.
- Provides independent and objective assurance and advice to management and the governing body on the adequacy and effectiveness of governance and risk management (including internal control), and supports the achievement of organisational objectives while promoting continuous improvement.
- Reports any impairments to independence and objectivity (if any) to the governing body and implements appropriate safeguards as necessary.

External Audit

- Provides independent assurance on the effectiveness of the Group's risk management and internal controls over financial reporting.
- The Audit Committee meets with the external auditor at least once a year and reviews reports relating to financial reporting, internal controls and the risk management process, and considers appropriate safeguards where necessary.

Whistleblowing System

- Enables all employees of the Group and other relevant parties to raise concerns, including suspected fraud, malpractice, misconduct or irregularities. All reported cases are handled confidentially and followed through in accordance with the Whistleblowing Policy and its related procedures.

Risk Appetite Setting

Risk appetite reflects the Group's willingness to take controlled and well-understood risks in pursuit of broader business objectives. NWD's strategic direction drives the Group's overall risk appetite, which defines the level of risk the Group is prepared to assume to achieve its goals. All risk-taking activities must be managed within this defined risk appetite.

The Board of Directors is responsible for approving the Group's Risk Appetite Statement. Senior management and business unit heads are tasked with cascading detailed interpretations and implementations of the risk appetite, ensuring the statement is effectively communicated to and understood by both internal and external stakeholders. They must also monitor and control their activities and business transactions to ensure alignment with the approved risk appetite.

Risk appetite is closely linked to the annual planning process, which sets business targets aligned with the Group's strategic objectives. It is also integrated into the ERM cycle, where management identifies risks and implements mitigation actions to manage the risk within the defined risk appetite. The Risk Appetite Statement should be communicated by management, reviewed by the Risk Management Committee, and disseminated throughout the Group to ensure consistent understanding and application. The risk appetite should also be reaffirmed at least annually to maintain alignment with the Group's strategy.

The Risk Appetite Statement is as follows:

Risk category	Risk Appetite Statement
Strategic	The Group aspires to create shared value and contributes to building a better society through innovation and sustainable business growth, including but not limited to developing its own ecosystem, redeploying resources from non-core businesses to core business areas.
Operational	The Group aims to optimise its operations within its organisational structure to support sustainable business growth. The Group acknowledges that operational risks are inherent to business activities but is committed to protecting its assets and those of its customers through cost-effective risk mitigation strategies.
Financial	The Group actively manages profitability, liquidity and funding to support its business strategy and ensure compliance with relevant accounting and banking requirements through prudent capital management.
Regulatory	The Group is committed to maintaining the highest standards of compliance with applicable laws, regulations, industry standards as well as internal policies, guidelines and procedures. We have zero tolerance for regulatory risks that could expose our organisation to significant legal or compliance violations, penalties, or reputational harm.

Risk Management Process

The Group adopts both top-down and bottom-up approaches to risk management. This involves collating and appraising bottom-up inputs from risk owners across key departments and business units of the Group, with refinements and adjustments made through top-down input from senior management and the Board of Directors in an iterative manner.

The risk management process is integrated into our daily operations and is an ongoing process involving all levels of the Group, from the Board of Directors to each individual employee of the Group. Risk owners and risk oversight parties are clearly defined across the Group. They are responsible for identifying, analysing and evaluating the risks faced by their businesses, and for executing appropriate management actions to avoid, mitigate or transfer risks, as well as to exploit, enhance or share opportunities.

The ERM process is illustrated in the diagram below.



Risk Identification

Our ERM process enables management to identify new and emerging risks, including medium- to long-term sustainability risks such as climate-related risks. The interconnectivity of sustainability risks is also considered, with sustainability factors integrated across all key risk areas.

The risk identification process includes top-down interviews with management and bottom-up discussions with business and functional units and individual contributors, to gather insights on changes in the risk landscape. This process is integrated with the Group's annual strategic planning exercise. The linkage between the risks and opportunities, and the annual Objectives and Key Results ("OKRs"), which are derived from the Group's long-term strategic objectives, is clearly explained during interviews and deep-dive workshops. Additional sources of risk identification include emerging risks identified by the ERM Team and risks reported through the early risk flagging mechanism.

Risk Assessment and Prioritisation

Identified key risks and opportunities are assessed across two or more dimensions (e.g. impact and likelihood) based on predefined risk assessment criteria that incorporate both qualitative and quantitative elements. Additional tools, such as the Climate Checklist from the Company's Climate Resilience Guideline, are also introduced during deep-dive workshops to support the risk assessment process.

The results of risk analysis are compared against the Group's predefined risk appetite and tolerance levels. This enables management to determine appropriate risk response strategies, prioritise risk treatment plans, and allocate limited resources effectively.

Risk Treatment

The selection of the most appropriate risk treatment plan considers the costs and benefits at both the Group and business unit levels. The optimum risk treatment aims to limit downside exposure while maximising upside potential. Any residual risks that exceed the approved risk appetite must be escalated to senior management and, if deemed necessary, to the Risk Management Committee.

Risk Monitoring

Continuous tracking of risk treatment plans is in place to monitor whether risks remain within the Group's risk appetite and aligned with desired levels, while ensuring adherence to relevant policies, minimum standards and regulations.

Monitoring is performed using various techniques supported by automated and other tools. Examples include management reports, Key Risk Indicators ("KRIs") monitoring, action tracking, key control testing, supervision, quality assurance, back-testing, scorecard reviews, policy reviews, and self-assessments.

Key Risk Indicator ("KRI")

KRIs serve as early warning signals, developed to monitor potential shifts in risk exposures and enable management and the Board of Directors to make timely, data-driven and strategic decisions. KRIs for previously identified key risks have been established, along with the relevant reporting mechanism. Acceptable thresholds (i.e. upper and lower limits) are also defined to support ongoing risk monitoring and escalation procedures.

Early Risk Flagging Mechanism

An early risk flagging mechanism has been established to enable the Group to proactively identify and assess emerging risks and broad areas of changes arising from both internal and external factors, and to respond in a timely manner. All employees of the Group are encouraged to immediately report any perceived potential risks, especially those expected to impact business areas, to the corresponding risk oversight parties.

Risk Reporting

Following a holistic review of the Group, the internal audit department submits a written report on the effectiveness of the Group's risk management and internal control systems to the Risk Management Committee and the Audit Committee on a half-yearly basis. Through the Risk Management Committee and the Audit Committee, the Board of Directors has put in place effective risk management and internal control systems that enable the Group to respond appropriately to significant risks in achieving its strategic objectives.

Key Risks of the Group

Through our combined top-down and bottom-up risk review processes, the Group has identified the following key risks across various business segments for the upcoming period:

Existing Risks	Risk Trend	Mitigation Actions
Macroeconomic Adverse changes in macroeconomic environment due to the uncertainties of local and global financial conditions.	Unchanged	• Closely monitor economic conditions and respond with suitable strategies • Identify opportunities for business collaboration and partnership to leverage the synergies within the New World Group ecosystem • Perform sensitivity assessment on potential impacts in relation to economic conditions
Sales and Market Competition Changes in market demand, supply, and pricing for products/services, together with intensifying competition may impact sales targets.	Unchanged	• Regular market research conducted and close communication with local government bodies to grasp the optimal sales opportunities • Engage professional media agency to assist in spotting and dealing with public relations emergencies in a timely manner • Evaluation on the effectiveness of marketing activities are regularly conducted in multi-dimension to facilitate timely adjustments on marketing strategies • Utilise technology to enhance customer experience and to increase operational efficiency and effectiveness

Existing Risks	Risk Trend	Mitigation Actions
Interest Rate and Inflation Fluctuation of interest rate impacting the future cost of business.	Increase	• Maintain an appropriate mix of fixed rate and floating rate debts • Enter into interest rate swaps to hedge against interest rate movements
Customer Demand  Change in customers' needs, wants and behaviour, impacting company's market share target and/or sales revenue target.	Decrease	• Conduct market update to monitor consumer trends • Review and act on the Voice of the Customer (VoC) • Leverage New World Group ecosystem to increase customer lifetime value
Government Policy and Intervention Government intervention, policies and regulations in the market impacting the achievement of financial and/or operation performance objectives.	Increase	• Regularly analyse government policy directions and maintain close relationships with district-, city-, and provincial-level authorities across regions • Maintain close communication within the management team to share and evaluate observations on government directions, ensuring a comprehensive understanding of policies and the business environment, and enabling timely contingency planning or business plan adjustments • Develop early-stage understanding of relevant government policies, town planning, and key officials for target projects through multiple channels; engage external advisors (e.g. legal and tax consultants) where necessary to identify market risks and conditions
Funding and Capital Management A risk associated with the company's ability to secure necessary funds to meet its obligations and manage its capital structure including debt and equity.	Unchanged	• Maintain an appropriate balance of secured and unsecured borrowings • Regular review on concentration of exposure with banks; explore new financial institutions when necessary • Diversify funding channels to reduce dependency on a single or limited sources of cash inflow • Adopt rolling cashflow forecast and scenario planning to ensure adequate liquidity for operating, investing and financing activities

Existing Risks	Risk Trend	Mitigation Actions
Business Return Variability in operating performance and shifting cost or pricing dynamics that may reduce expected ROI and profitability.	Unchanged	- Set and track Key Performance Indicators including sales revenue and cost - Strengthen cost control and execute cost-saving initiatives to enhance sustainable ROI
Brand Management and Reputation  Image, reputation and brand value impacting the stakeholder confidence towards the company.	Unchanged	- Align with relevant business units, departments and senior executives, as well as other internal stakeholders on communication strategies and key corporate messages to accurately reflect the company's value and operational performance - Iteratively refine communications plans and proactively identify reputational risks through collecting and monitoring stakeholders' feedback and public sentiment from engagements and social listening
Supply Chain, Outsourcing and Third-Party Management  Management of supply chain, outsourcing and third parties impacting service/product supply, quality and operational cost.	Increase	- Implement stringent project controls and monitoring, including close communication with consultants and experts, site inspections, regular project meetings, and prompt follow-up actions. - Maintain comprehensive project manuals and supplementary guidelines - Leverage technology and tools to enhance effectiveness and efficiency in project management and quality monitoring - Require suppliers to complete sustainability self-assessment questionnaires and comply with the Supplier Code of Conduct - Incorporate ESG requirements into the Sustainable Procurement Policy - Conduct regular supplier due diligence and performance evaluations, and onboard new suppliers to avoid over-concentration risk

Existing Risks	Risk Trend	Mitigation Actions
Climate Resilience and Adaptation  Climate change risks are embedded in our risk management process. <u>Physical risks</u> Increased severity and frequency of physical events (rainfall, sea-level rise, heat stress and wind), both acute and chronic resulting from climate change impact the value of our portfolio. Either through physical damage resulting in losses or replacement costs, or operational disruptions impacting revenue generating activities. <u>Transition risks</u> Financial impacts derived by markets shifting under the pressure presented by climate change. Includes costs associated with: • changes in market preferences, • the onboarding of new technologies, • responding to increased policy regulation, and • reputational shifts and investor sentiments.	Unchanged	• Adoption of the IFRS S2, HKEX Climate-related Disclosures, and other emerging standards for preparing climate-related disclosures • Continued to implement Climate Resilience Guideline to further incorporate climate resilience into assets • Engage both in-house expertise and external consultants to evaluate risks and quantify possible climate financial impacts • Adopt a consistent and practical assessment and prioritisation process to climate risks across the wider NWD portfolio • Implementation of site mitigation measures, including flood protection hardware e.g. flood gate • Sustainability Committee is responsible for overseeing the Group's sustainability risks and opportunities, including those presented by climate change • Climate change training workshops with latest updates on climate change and risk • Regular climate risk scenario analysis, review insurance coverage, update resilience plan and monitor accordingly For details of How NWD identifies, assesses and manages climate risks, please refer to the Corporate Sustainability section on pages 54 to 113 of this annual report.

 Risks including sustainability considerations

Cybersecurity Risks

Despite cybersecurity risks did not rank among the Group's top 10 risks this year, we have made significant progress in strengthening our cybersecurity framework.

- Senior management's oversight on cybersecurity initiatives
- Ongoing assessments to ensure robust security measures are applied and maintained
- Conduct mandatory cybersecurity training covering all business units to raise awareness of the importance of and the best practices in information handling and vigilance against phishing attacks

Our dedicated team has implemented robust security measures, advanced threat detection systems and comprehensive employee training programs to fortify our defences. These proactive initiatives ensure we remain vigilant and resilient against potential cyber threats, safeguarding our digital assets and maintaining stakeholder trust. We will continue to prioritise cybersecurity and adapt to the evolving threat landscape to protect our organisation effectively.

Emerging Risks and Responses Strategies

Emerging Risks	Impact	Mitigation Actions
Risks spanning across cybersecurity, technology and artificial intelligence ("AI") Category: Technological Description: With the fast-paced technological development, the (1) Cybersecurity risks include potential data breaches, ransomware attacks, (2) Technology risk leading to malfunctioning of the supply chain, and (3) AI risks, are all emerging as forever-expanding web of risks in unprecedented rate threatening to compromise operation on a significant scale	• Data breach incidents may lead to financial and reputational damage and stakeholders losing faith • Potential operational disruption due to technological failure jeopardising daily operation and customer experience • Hackers leverage AI to automate sophisticated attacks at scale, increasing breach likelihood, financial losses, operational disruption, and reputational damage • Ensuring compliance with applicable and evolving laws and regulations around AI and data protection can be challenging and costly	• Establish IT and AI governance, covering AI risk assessment framework, acceptable usage and ensuring human oversight for responsible application • Implement robust data protection measures, including both administrative and technical controls to safeguard confidential data • Leverage advanced threat intelligence and automated attack surface defences to proactively identify, validate, and remediate emerging threats • Shift from compliance-driven cybersecurity towards proactive cyber resilience and continuous security validation

Emerging Risks	Impact	Mitigation Actions
Multipolarization: Risks spanning across geopolitics, capital flows and investment sentiment. Category: Strategic Description: The emergence of multiple economic and political centres of influence, resulting in shifts in capital flows, investment patterns and business activities	• Changes in investment sentiment and capital allocation • Fluctuations in residential, commercial and retail demand • Increased geopolitical uncertainty and market volatility	• Monitor geopolitical and macroeconomic developments • Conduct scenario planning and market stress testing

By addressing these emerging risks, the Group can strengthen its resilience, enhance competitive positioning and capitalise on new opportunities in a rapidly evolving market environment.

Review of Risk Management and Internal Control Systems Effectiveness

On behalf of the Board of Directors, the Audit Committee reviews the effectiveness of the Group's risk management and internal control systems at least half-yearly, including for the financial year ended 30 June 2026.

The Board of Directors has considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit, financial reporting functions, as well as the ESG reporting function. During the year, the Board of Directors received and considered the reports from Internal Audit and the ERM on the effectiveness of the Group's internal control and risk management systems. These reports covered, among others, the results of internal controls reviews, audit findings, the Group's top risks, significant changes in risk assessments, and the monitoring of KRIs.

The Board of Directors also received management's certification regarding the effectiveness of the Group's risk management and internal control systems through the "Integrated Internal Control Self-Assessment Certificate". It is acknowledged that such 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.

Based on the reviews conducted during the year, the Board of Directors was not aware of any significant control weaknesses and concluded that the Group's risk management and internal control systems are appropriate and effective.

The Group's risk management and internal control systems will continue to be reviewed regularly to support ongoing improvement.

COMPANY SECRETARY

Both Joint Company Secretaries are full-time employees of the Company and possess day-to-day knowledge of the Company's affairs. The Joint Company Secretaries report to the Chief Executive Officer and are responsible for advising the Board on governance matters. During the year under review, each of the Joint Company Secretaries has confirmed that he/she has taken no less than 15 hours of relevant professional training.

CONSTITUTIONAL DOCUMENTS

No change was made to the Company's Articles of Association during the year.

The Company has proposed the adoption of new Articles of Association with amendments to, inter alia, tie in with the latest legal and regulatory requirements in relation to (i) the treasury share regime, (ii) the implied consent mechanism for the dissemination of corporate communications by means of a website, (iii) the further expansion of the paperless listing regime, and (iv) the uncertificated securities market regime.

A special resolution to approve the adoption of the new Articles of Association will be proposed at the 2026 annual general meeting of the Company. Details of the proposed amendments to the Company's Articles of Association brought about by the adoption of the new Articles of Association are set out in the relevant circular to the shareholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The "Corporate Sustainability" section in this annual report is prepared in accordance with the Environmental, Social and Governance Reporting Code issued by the Stock Exchange, which provides an overview of the Group's efforts and performance in pursuing corporate sustainability. Supplementary information is available on the Company's website under Sustainability section.

The section also references the Global Reporting Initiative ("GRI") Standards 2021, the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), the International Sustainability Standards Board's ("ISSB") IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures, the United Nations Global Compact ("UNGC"), the recommendations of the Taskforce on Nature-related Financial Disclosures ("TNFD"), and the standard for real estate industry set by the Sustainability Accounting Standards Board ("SASB").

SHAREHOLDERS' RIGHTS

Convening Extraordinary General Meeting ("EGM")

Shareholders representing at least 5% of the total voting rights of all shareholders of the Company having a right to vote at general meetings can deposit a written request to convene an EGM at the registered office of the Company for the attention of the Joint Company Secretaries. Such requisition, signed by the shareholders concerned, must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. If the Directors do not within 21 days from the date of the deposit of a request (after being verified to be valid) proceed to convene an EGM on a day not more than 28 days after the date on which the notice convening the EGM is given, the shareholders concerned, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene an EGM, but any EGM so convened shall not be held after the expiration of three months after the date on which the Directors become subject to the requirement to call a meeting.

Putting Forward Proposals at General Meetings

To put forward proposals at a general meeting, a request in writing must be made by:

- (i) shareholders representing at least 2.5% of the total voting rights of all shareholders of the Company having the right to vote at the general meeting; or
- (ii) at least 50 shareholders of the Company having the right to vote at the meeting,

to the Company to give to shareholders notice of any resolution which may properly be moved and is intended to be moved at an annual general meeting, or to circulate to shareholders any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at any general meeting.

The written request must be signed by all shareholders concerned in one or more documents in like form and deposited at the registered office of the Company for the attention of the Joint Company Secretaries not less than six weeks before the meeting in the case of a requisition requiring notice of a resolution at annual general meeting, and not less than seven days before the meeting in the case of a requisition requiring circulation of statement. Upon the request being verified to be valid, the Company will give notice of the resolution or circulate the statement.

Proposing a Person for Election as Director

If a shareholder of the Company intends to propose a person other than a Director of the Company for election as a Director of the Company at any general meeting, the shareholder concerned shall lodge with the registered office of the Company for the attention of the Joint Company Secretaries (i) a written notice of his intention to propose that person for election as a Director; and (ii) a written notice by that person of his/her willingness to be elected as a Director together with the necessary information within the period commencing no earlier than the day after the dispatch of the notice of the general meeting and ending no later than seven days prior to the date of such general meeting.

Detailed procedures can be found in the following documents which are available on the Company's website:

- "Procedures for Shareholders to convene Extraordinary General Meetings and putting forward proposals at General Meetings"; and
- "Procedures for Shareholders to propose a person for election as a Director".

Enquiries to the Board

Enquiries may be put to the Board through the Company's investor relations department at 30/F., New World Tower, 16-18 Queen's Road Central, Hong Kong (email: ir@nwd.com.hk).

DIVIDEND POLICY

The Board adopted a Dividend Policy in November 2018 which sets out the guidelines for the Board to determine the frequency of dividend payment and target dividend payout ratio for a financial year. In general, the Company would distribute to its shareholders funds surplus to the operating needs of the Company and its subsidiaries twice for each financial year as determined by the Board, subject to its shareholders' approval, where applicable. In general, it is the policy of the Company to maintain a balance between meeting shareholders' expectations and prudent capital management with a sustainable dividend policy. The following factors will be taken into account for determining the Company's target dividend payout ratio:

- any restrictions under the Hong Kong Companies Ordinance;
- any banking or other funding covenants by which the Company is bound from time to time;
- the capital expenditure and operating requirements of the Group; and
- the external economic and market situation.

After considering, among other factors, the financial performance and obligations of the Group as well as its future operational and funding requirements, the Board has resolved not to declare any dividend for the year ended 30 June 2026. It is confirmed that all dividend decisions made by the Board were made in accordance with the Dividend Policy.

In order to enhance long-term shareholder value, strengthening cash flow and reducing overall indebtedness will remain the Group's key priorities. To support these objectives, the Group will continue to execute its "Seven Measures to Reduce Indebtedness" as outlined in the Outlook section of the CEO's Report. The Board will review the Dividend Policy from time to time and will consider dividend distribution as and when appropriate, having regard to the Group's financial performance and funding requirements.

COMMUNICATION WITH SHAREHOLDERS

The Board and management maintain a continuing dialogue with the Group's shareholders and investors through various channels. The Chairman, the Chief Executive Officer, other members of the Board and the external auditor attend the annual general meeting to meet the shareholders. The Directors will answer questions raised by the shareholders about the performance of the Group. The Company holds press conferences and analyst briefings at least twice a year following the release of interim and annual results announcements at which the Executive Directors and management of the Company are available to answer questions and listen to feedback regarding the performance of the Group. Our corporate websites which contain corporate information, interim and annual reports, announcements and circulars issued by the Group as well as the recent developments of the Group enable the Group's shareholders to have timely and updated information of the Group. Shareholders can refer to the "Shareholders' Communication Policy" posted on the Group's websites for more details.

The Company has reviewed its prevailing Shareholders' Communication Policy during the year under review, and believes the Shareholders' Communication Policy is still appropriate and effective.

INVESTOR RELATIONS

To ensure that the investors have a comprehensive and thorough understanding of the Group, with the establishment of timely and effective two-way communications, the management and the investor relations department of the Group participate in different international investment conferences and arrange local and overseas non-deal roadshows on a regular basis to elaborate the Group's business development and market movement to investors in different locations. During the year under review, the Group reaped over 30 domestic and international awards for its investor relations, ESG and annual report in recognition of the management's efforts in maintaining a high level of standard in investor relations and ESG. For details, please refer to the "Investor Relations" section of this annual report.

Investor Relations

The Group is committed to facilitating comprehensive interaction with its stakeholders, maintaining close communication and actively engaging with shareholders, institutional investors and analysts through a professional investor relations team to ensure that markets can receive the Group's information in a comprehensive and timely manner to enable effective assessment and informed decision-making on investment.

BOARD'S EMPHASIS ON INVESTOR RELATIONS

The annual general meeting is an important annual event for members of the Board to engage and communicate with shareholders in person. The Chairman and other members of the Board, together with the representatives of the external auditor, attend the meeting and answer questions raised by shareholders on the spot. On the days of annual and interim results announcements, the Group typically holds press conferences and analyst briefings in Hong Kong, at which the Executive Directors and senior management report the operating conditions and development prospects, listen to the feedback from stakeholders of the investment community and address their queries in a bid to promote two-way communications. The press conferences and analyst briefings for the financial year were taken place via live streaming and in three languages (i.e. English, Cantonese and Putonghua), for the convenience of investors from different regions with different language backgrounds.



COMPREHENSIVE AND TIMELY DISCLOSURE OF INFORMATION

Committed to complying with pertinent laws and regulatory requirements, the Group attaches great importance to corporate governance and is committed to maintaining a high level of transparency through effective communication with its stakeholders, including shareholders and bond investors. Consistent with HKEX guidance encouraging the timely publication of full annual reports following results announcements, the Group publishes its full bilingual annual and interim reports, together with the corresponding results presentation materials, on the HKEX website promptly after results announcement, enabling investors to access comprehensive information in a timely manner.

In addition, the Board has approved and adopted the Shareholders' Communication Policy, which is reviewed periodically to ensure its continued appropriateness and effectiveness. Publicly available information published on the HKEX websites (HKEx news) and the Group's website includes key corporate governance policies, terms of reference of the Board committees, financial reports, announcements, press releases and newsletters (ARTISANAL CONNECT). In addition to shareholders'





services provided by the share registrar and transfer office, the Group also addresses general enquiries from shareholders and stakeholders via email and online forms available on the corporate website.

DIVERSIFIED INVESTOR COMMUNICATION CHANNELS

The Group's senior management and investor relations team maintain close relationship with shareholders, institutional investors and analysts. While the Group actively participates in investor conferences and forums, it also hosts a number of investor relations activities to engage its stakeholders in different ways. During the year under review, the investor relations team was active in organising property tours and site visits, including visits to projects in Hong Kong and the Chinese Mainland, to allow participants to enhance their understanding about the Group's future development plan.

In further reiteration of the Group's emphasis on sustainable development, the investor relations team works with the sustainability team to attend ESG thematic sessions to address investors' concerns on sustainability initiatives and goals. It also connects with the corporate governance teams, green funds and environmental, social and governance (ESG) funds of institutional investors, in a proactive manner to explore new markets.

EXCEPTIONAL MARKET RECOGNITION

The Group has been enjoying longstanding market recognition for its outstanding performance in investor relations. During the year under review, the Group reaped over 30 domestic and international awards for its investor relations, ESG and annual report in recognition of the management's efforts in maintaining a high level of standard in investor relations and ESG.

Garnered over

30 investor relations awards



Hosted over

50 non-deal roadshows and investors activities



Joined

7 international investment conferences



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Cheng Kar-Shun, Henry GBM GBS (*Chairman*)
Ms. Huang Shaomei, Echo JP (*Chief Executive Officer*)
Ms. Cheng Chi-Man, Sonia
Mr. Sitt Nam-Hoi
Ms. Chiu Wai-Han, Jenny
Mr. Ho Gilbert Chi-Hang
Mr. Lau Fu-Keung (*Chief Financial Officer*)
Mr. Chan Yiu-Ho

Non-executive Directors

Mr. Doo Wai-Hoi, William BBS JP
(*Non-executive Vice-chairman*)
Mr. Cheng Kar-Shing, Peter
Mr. Cheng Chi-Heng
Mr. Cheng Chi-Ming Brian

Independent Non-executive Directors

Mr. Lee Luen-Wai, John BBS JP
Mr. Ip Yuk-Keung, Albert
Mr. Chan Johnson Ow
Mrs. Law Fan Chiu-Fun, Fanny GBM GBS JP
Ms. Lo Wing-Sze, Anthea BBS JP
Ms. Wong Yeung-Fong, Fonia

JOINT COMPANY SECRETARIES

Mr. Lau Fu-Keung
Ms. Hui Ka-Wai

INDEPENDENT AUDITOR

PricewaterhouseCoopers
*Certified Public Accountants and
Registered Public Interest Entity Auditor*

SOLICITORS

Linklaters
Clifford Chance
Woo, Kwan, Lee & Lo
Johnson Stokes & Master
Simmons & Simmons
Howse Williams
Kao, Lee & Yip
Ince & Co.
Dentons Hong Kong LLP

SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

REGISTERED OFFICE

30/F., New World Tower,
16-18 Queen's Road Central, Hong Kong
Tel: (852) 2523 1056
Fax: (852) 2810 4673

PRINCIPAL BANKERS

Agricultural Bank of China
Bank of China (Hong Kong)
Bank of Communications
Bank of East Asia
Bank of Nova Scotia
China Construction Bank (Asia)
China Merchants Bank
Crédit Agricole Corporate & Investment Bank
DBS Bank
Hang Seng Bank
Hua Xia Bank
Industrial and Commercial Bank of China (Asia)
Malayan Banking Berhad
Mizuho Bank
MUFG Bank, Ltd.
Nanyang Commercial Bank
OCBC Bank
Shanghai Pudong Development Bank
Sumitomo Mitsui Banking Corporation
Standard Chartered Bank
The Hongkong and Shanghai Banking Corporation
United Overseas Bank

STOCK CODE

Hong Kong Stock Exchange 0017
Reuters 0017.HK
Bloomberg 17 HK

INFORMATION FOR INVESTORS

For more information about the Group,
please contact the Investor Relations Department of
the Company at:
30/F., New World Tower,
16-18 Queen's Road Central,
Hong Kong
Tel: (852) 2523 1056
Fax: (852) 2810 4673
e-mail: ir@nwd.com.hk

WEBSITE

www.nwd.com.hk

Report of the Directors

The Directors have pleasure in presenting their annual report and financial statements for the year ended 30 June 2026.

GROUP ACTIVITIES

The principal activities of the Company remain investment holding and property development and investment. The principal activities of the principal subsidiaries, joint ventures and associated companies are shown in notes 47 to 49 to the financial statements.

RESULTS AND APPROPRIATION

The results of the Group for the year ended 30 June 2026 are set out in the consolidated income statement on page 190 of this annual report.

The Directors have resolved not to recommend a final dividend for the year ended 30 June 2026 (2025: Nil). There is no dividend for the financial year ended 30 June 2026 (2025: Nil).

BUSINESS REVIEW

A fair review of the business of the Group, a discussion and analysis of the Group's performance during the year including analysis using financial key performance indicators, particulars of important events affecting the Group that have occurred since the end of the financial year, description of the principal risks and uncertainties facing the Group, and a discussion on the Group's environmental policies and performance and the Group's compliance with relevant laws and regulations that have a significant impact on the Group, and an account of the Group's key relationships with its stakeholders are provided throughout this annual report, particularly in the sections headed "Financial Highlights", "CEO's Report", "Corporate Sustainability", "Corporate Governance Report" and "Management Discussion and Analysis" of this annual report. These discussions form part of this Directors' Report.

SHARES ISSUED

During the year, there was no movement in issued share capital of the Company.

Details of the share capital of the Company during the year are set out in note 33 to the financial statements.

DEBENTURES ISSUED

Save for the issuance of the New Instruments (as defined hereinafter) pursuant to the exchange offers as set out in the section headed "Purchase, Sale or Redemption of Listed Securities" on pages 160 to 162, the Group has not issued any debenture during the year.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme of the Company as set out on pages 167 and 168, no equity-linked agreements were entered into by the Company, or existed during the year.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 30 June 2026, calculated under Part 6 of the Hong Kong Companies Ordinance (Cap. 622, Laws of Hong Kong), amounted to HK\$1,246.9 million (2025: HK\$4,739.2 million).

BOOK CLOSE DATES FOR 2026 ANNUAL GENERAL MEETING ("2026 AGM")

Book close dates (both days inclusive)	:	12 November 2026 to 19 November 2026
Record date	:	Thursday, 19 November 2026
Latest time to lodge transfers with share registrar	:	4:30 p.m. on Wednesday, 11 November 2026
Address of share registrar	:	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road, Hong Kong



FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on pages 288 and 289.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2026, around 9,200 staff were employed by entities under the Group's management. Remuneration policies are reviewed annually. Remuneration and bonuses are awarded to employees based on individual performances and are in line with market practices. Education subsidies are granted to employees who are taking job-related courses. Periodic in-house training programs are also offered. Under the share option schemes of the Company and its listed subsidiary namely, NWDS, which is not a principal subsidiary (as defined under Rule 17.14 of the Listing Rules) of the Company, share options may be granted to certain directors and employees of the Group to subscribe for shares in the Company and/or NWDS.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 3 November 2025, CS Treasury Management Services (P) Limited ("PerpCo") and CS Treasury Management Services (B) Limited ("BondCo") (both being wholly-owned subsidiaries of the Company) offered to exchange the existing perpetual securities (the "Existing Perpetual Securities") and certain existing notes as listed below (the "Existing Notes", and together with the Existing Perpetual Securities, the "Existing Instruments") validly tendered for the relevant exchange consideration and subject to the terms and conditions of the exchange offers. Details and final results of the exchange offers were set out in the announcements of the Company dated 3 November 2025 and 5 December 2025 respectively.

Upon completion of the exchange offers and following final settlement on 5 December 2025:

- (a) US\$2,292,955,000 (equivalent to approximately HK\$17,885,049,000) in aggregate principal amount of Existing Perpetual Securities and US\$235,974,000 (equivalent to approximately HK\$1,840,597,000) in aggregate principal amount of Existing Notes were exchanged and cancelled pursuant to the exchange offers; and
- (b) PerpCo and BondCo issued US\$1,175,548,191 (equivalent to approximately HK\$9,169,276,000) and US\$186,563,710 (equivalent to approximately HK\$1,455,197,000) in aggregate principal amount of the new 9.000% senior perpetual capital securities denominated in US dollar (the "New Perpetual Securities") and new 7.000% senior secured notes due 2031 denominated in US dollar (the "New Notes", and together with the New Perpetual Securities, the "New Instruments") respectively pursuant to the exchange offers.

The exchange offers are part of the Company's effort to optimise its debt maturity profile, enhance balance sheet flexibility and liquidity and further improve its overall financial position. The New Instruments have exposure to an enhanced credit profile that is linked to Victoria Dockside and have an enhanced credit profile relative to the Existing Instruments.

Details in relation to the exchanged principal amount and remaining outstanding principal amount of each series of Existing Perpetual Securities and Existing Notes as at 30 June 2026 are set out below:

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES (CONTINUED)

(A) Existing Perpetual Securities issued by NWD Finance (BVI) Limited ("NWD Finance")

Existing Perpetual Securities	Exchange consideration		Aggregate principal amount exchanged and cancelled upon settlement	Total outstanding principal amount as at 30 June 2026
	New Perpetual Securities consideration	Cash consideration		
US\$700,000,000 (equivalent to approximately HK\$5,460,000,000) 4.800% Guaranteed Senior Perpetual Capital Securities	US\$500 in aggregate principal amount of New Perpetual Securities for each US\$1,000 in deferred arrears and principal amount in respect of the relevant Existing Perpetual Securities.	US\$20 in cash for each US\$1,000 in deferred arrears and principal amount in respect of the relevant Existing Perpetual Securities.	US\$540,199,000 (equivalent to approximately HK\$4,213,552,000)	US\$159,801,000 (equivalent to approximately HK\$1,246,448,000)
US\$1,300,000,000 (equivalent to approximately HK\$10,140,000,000) 6.250% Guaranteed Senior Perpetual Capital Securities	US\$500 in aggregate principal amount of New Perpetual Securities for each US\$1,000 in deferred arrears and principal amount in respect of the relevant Existing Perpetual Securities.	US\$20 in cash for each US\$1,000 in deferred arrears and principal amount in respect of the relevant Existing Perpetual Securities.	US\$700,705,000 (equivalent to approximately HK\$5,465,499,000)	US\$599,295,000 (equivalent to approximately HK\$4,674,501,000)
US\$500,000,000 (equivalent to approximately HK\$3,900,000,000) 6.150% Guaranteed Senior Perpetual Capital Securities	US\$500 in aggregate principal amount of New Perpetual Securities for each US\$1,000 in deferred arrears and principal amount in respect of the relevant Existing Perpetual Securities. Accrued and unpaid distributions shall be forfeited.	US\$20 in cash for each US\$1,000 in deferred arrears and principal amount in respect of the relevant Existing Perpetual Securities.	US\$13,770,000 (equivalent to approximately HK\$107,406,000)	US\$331,544,000 (equivalent to approximately HK\$2,586,043,000)
US\$1,000,000,000 (equivalent to approximately HK\$7,800,000,000) 5.250% Guaranteed Senior Perpetual Capital Securities	US\$500 in aggregate principal amount of New Perpetual Securities for each US\$1,000 in deferred arrears and principal amount in respect of the relevant Existing Perpetual Securities.	US\$20 in cash for each US\$1,000 in deferred arrears and principal amount in respect of the relevant Existing Perpetual Securities.	US\$255,647,000 (equivalent to approximately HK\$1,994,047,000)	US\$743,353,000 (equivalent to approximately HK\$5,798,153,000)
US\$1,200,000,000 (equivalent to approximately HK\$9,360,000,000) 4.125% Guaranteed Senior Perpetual Capital Securities	US\$500 in aggregate principal amount of New Perpetual Securities for each US\$1,000 in deferred arrears and principal amount in respect of the relevant Existing Perpetual Securities.	US\$20 in cash for each US\$1,000 in deferred arrears and principal amount in respect of the relevant Existing Perpetual Securities.	US\$782,634,000 (equivalent to approximately HK\$6,104,545,000)	US\$361,766,000 (equivalent to approximately HK\$2,821,775,000)



PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES (CONTINUED)**(B) Existing Notes**

Existing Notes	Exchange consideration	Aggregate principal amount exchanged and cancelled upon settlement	Total outstanding principal amount as at 30 June 2026
US\$600,000,000 (equivalent to approximately HK\$4,680,000,000) 4.750% Guaranteed Notes due Jan 2027 (the "Existing Jan 2027 Notes") issued by NWCL	(i) US\$910 in aggregate principal amount of New Notes for each US\$1,000 in aggregate principal amount of the Existing Jan 2027 Notes; and (ii) the relevant accrued interest amount.	US\$1,500,000 (equivalent to approximately HK\$11,700,000)	US\$456,866,000 (equivalent to approximately HK\$3,563,555,000)
US\$200,000,000 (equivalent to approximately HK\$1,560,000,000) 5.875% Guaranteed Notes due June 2027 (the "Existing Jun 2027 Notes") issued by NWD (MTN) Limited ("NWD (MTN)")	(i) US\$900 in aggregate principal amount of New Notes for each US\$1,000 in aggregate principal amount of the Existing Jun 2027 Notes; and (ii) the relevant accrued interest amount.	US\$9,410,000 (equivalent to approximately HK\$73,398,000)	US\$162,590,000 (equivalent to approximately HK\$1,268,202,000)
US\$400,000,000 (equivalent to approximately HK\$3,120,000,000) 8.625% Guaranteed Notes due Feb 2028 (the "Existing Feb 2028 Notes") issued by NWD (MTN)	(i) US\$900 in aggregate principal amount of New Notes for each US\$1,000 in aggregate principal amount of the Existing Feb 2028 Notes; and (ii) the relevant accrued interest amount.	US\$27,962,000 (equivalent to approximately HK\$218,104,000)	US\$372,038,000 (equivalent to approximately HK\$2,901,896,000)
US\$950,000,000 (equivalent to approximately HK\$7,410,000,000) 4.125% Guaranteed Notes due July 2029 (the "Existing July 2029 Notes") issued by NWD (MTN)	(i) US\$775 in aggregate principal amount of New Notes for each US\$1,000 in aggregate principal amount of the Existing July 2029 Notes; and (ii) the relevant accrued interest amount.	US\$129,413,000 (equivalent to approximately HK\$1,009,421,000)	US\$588,386,000 (equivalent to approximately HK\$4,589,411,000)
US\$600,000,000 (equivalent to approximately HK\$4,680,000,000) 4.500% Guaranteed Notes due May 2030 (the "Existing May 2030 Notes") issued by NWD (MTN)	(i) US\$765 in aggregate principal amount of New Notes for each US\$1,000 in aggregate principal amount of the Existing May 2030 Notes; and (ii) the relevant accrued interest amount.	US\$57,424,000 (equivalent to approximately HK\$447,907,000)	US\$385,163,000 (equivalent to approximately HK\$3,004,271,000)
US\$200,000,000 (equivalent to approximately HK\$1,560,000,000) 3.750% Guaranteed Notes due Jan 2031 (the "Existing Jan 2031 Notes") issued by NWD (MTN)	(i) US\$715 in aggregate principal amount of New Notes for each US\$1,000 in aggregate principal amount of the Existing Jan 2031 Notes; and (ii) the relevant accrued interest amount.	US\$10,265,000 (equivalent to approximately HK\$80,067,000)	US\$65,785,000 (equivalent to approximately HK\$513,123,000)

During the year, the Company has not redeemed any of its listed securities. Save as disclosed above, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities (including sale of treasury shares, if any) during the year.

DONATIONS

The Group made charitable and other donations during the year of HK\$10.6 million (2025: HK\$35.0 million).

CONNECTED TRANSACTIONS

Connected transactions of the Company during the year are set out on pages 170 to 174.

RULES 13.20 AND 13.22 OF THE LISTING RULES

The disclosure pursuant to Rules 13.20 and 13.22 of the Listing Rules is set out on page 176.

DIRECTORS

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

Executive Directors

Dr. Cheng Kar-Shun, Henry *GBM GBS (Chairman)*
Ms. Huang Shaomei, Echo *JP (Chief Executive Officer)*
Ms. Cheng Chi-Man, Sonia
Mr. Sitt Nam-Hoi
Ms. Chiu Wai-Han, Jenny
Mr. Ho Gilbert Chi-Hang
Mr. Lau Fu-Keung *(Chief Financial Officer)*
Mr. Chan Yiu-Ho

(appointed on 12 December 2025)

Non-executive Directors

Mr. Doo Wai-Hoi, William *BBS JP*
(Non-executive Vice-chairman)
Mr. Cheng Kar-Shing, Peter
Mr. Cheng Chi-Heng
Mr. Cheng Chi-Ming, Brian

Independent Non-executive Directors

Mr. Lee Luen-Wai, John *BBS JP*
Mr. Ip Yuk-Keung, Albert
Mr. Chan Johnson Ow
Mrs. Law Fan Chiu-Fun, Fanny *GBM GBS JP*
Ms. Lo Wing-Sze, Anthea *BBS JP*
Ms. Wong Yeung-Fong, Fonia

In accordance with Article 94 of the Company's Articles of Association, Mr. Chan Yiu-Ho, who was appointed on 12 December 2025, shall hold office until the conclusion of the 2026 AGM and, being eligible, offer himself for re-election.

In accordance with Article 103(A) of the Company's Articles of Association, Ms. Huang Shaomei, Echo, Mr. Cheng Kar-Shing, Peter, Mr. Cheng Chi-Heng, Mr. Sitt Nam-Hoi, Mr. Ip Yuk-Keung, Albert and Ms. Chiu Wai-Han, Jenny shall retire by rotation at the 2026 AGM and, being eligible, offer themselves for re-election.

No Director proposed for re-election at the 2026 AGM has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation other than statutory compensation.

A list of names of all the directors who have served on the boards of the Company's subsidiaries during the year and up to the date of this report is available on the Company's website at www.nwd.com.hk.

AUDIT COMMITTEE

An Audit Committee has been established and the members of the Committee as at the date of this report are Mr. Lee Luen-Wai, John, Mr. Ip Yuk-Keung, Albert, Mr. Chan Johnson Ow, Mrs. Law Fan Chiu-Fun, Fanny and Ms. Lo Wing-Sze, Anthea. The principal responsibilities of the Audit Committee include the review and supervision of the Group's financial reporting process and risk management (including but not limited to business, operation as well as environmental, social and governance related risks) and internal control systems.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section headed "Connected Transactions" on pages 170 to 174 of this annual report and contracts amongst group companies, no other transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company and the Director's connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2026, the interests of the Directors in shares, underlying shares and debentures of the Company and its associated corporations which were recorded in the register required to be kept by the Company under Section 352 of the Securities and Futures Ordinance ("SFO") are set out on pages 175 to 176.

PERMITTED INDEMNITY PROVISION

The Company's Articles of Association provides that every Director is 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.

The Company and its listed subsidiary namely, NWDS, have taken out and maintained directors' liability insurance throughout the year, which provides appropriate cover for the Directors and directors of the subsidiaries of the Group.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year, according to the Listing Rules, the following Directors have interests in the following businesses which are considered to compete or be likely to compete, either directly or indirectly, with the businesses of the Group other than those businesses where the Directors of the Company were appointed as directors to represent the interests of the Company and/or the Group:

Name of Director	Businesses which are considered to compete or be likely to compete with the businesses of the Group		Nature of interest of the Director in the entity
	Name of entity	Description of businesses	
Dr. Cheng Kar-Shun, Henry	Cheung Hung Development (Holdings) Limited	Property investment and development	Director
	Chow Tai Fook Enterprises Limited ("CTF") group of companies	Property investment and development, hotel operations, facilities management, property and carpark management, property agency, strategic investment, and food and beverage	Director
	FSE Lifestyle Services Limited group of companies	Property and carpark management	Director
	Ramada Property Limited	Property and hotel property investment	Director

DIRECTORS' INTERESTS IN COMPETING BUSINESSES (CONTINUED)

Name of Director	Businesses which are considered to compete or be likely to compete with the businesses of the Group		Nature of interest of the Director in the entity
	Name of entity	Description of businesses	
Mr. Doo Wai-Hoi, William	Fortune Success Limited group of companies	Property investment	Director
	FSE Lifestyle Services Limited group of companies	Property and carpark management	Director
	Fungseng Prosperity Holdings Limited group of companies	Property investment and management	Director
	Lifestyle International Holdings Limited group of companies	Department stores operations and property investment	Director
	Oriental Triumph Inc. group of companies	Property and hotel property investment	Director and shareholder
	Perfect Fine Group Limited group of companies	Property investment	Director
	Silver Success Company Limited group of companies	Hotel property investment	Director
	Supreme Harvest Development Limited group of companies	Property investment and development	Director
Ms. Huang Shaomei, Echo	Chow Tai Fook Business Development (Wuhan) Co., Ltd.	Property investment, development and management	Director
	Chow Tai Fook Chuangdi Real Estate (Wuhan) Co., Ltd.	Property investment and development, estate agency and carpark management	Director
	Guangzhou Junfu Real Estate Development Co., Ltd.	Hotel operations, property investment and management	Director
	Guangzhou Xinyu Operation Management Co., Ltd.	Hotel operations, property investment and management	Director
	Guangzhou Xinyuxian Yinghui Business Management Co., Ltd.	Carpark leasing and management	Director
	Shenzhen Fusheng Investments Co., Ltd.	Hotel operations, property investment and management	Director
	Tianjin New World Huan Bo Hai Real Estate Development Co., Ltd.	Property investment and management	Director
	Wuhan Xinhuiye Real Estate Co., Ltd.	Property investment and development and carpark management	Director



DIRECTORS' INTERESTS IN COMPETING BUSINESSES (CONTINUED)

Name of Director	Businesses which are considered to compete or be likely to compete with the businesses of the Group		Nature of interest of the Director in the entity
	Name of entity	Description of businesses	
Mr. Cheng Kar-Shing, Peter	CTF group of companies	Property investment and development, hotel operations, facilities management, property and carpark management, property agency, strategic investment, and food and beverage	Director
Mr. Cheng Chi-Heng	CTF group of companies	Property investment and development, hotel operations, facilities management, property and carpark management, property agency, strategic investment, and food and beverage	Director
Mr. Cheng Chi-Ming, Brian	CTF Services Limited group of companies	Facilities management, property and carpark management, property agency, property investment, strategic investment, and food and beverage	Director
Mr. Ho Gilbert Chi-Hang	CTF group of companies	Property investment and development, hotel operations, facilities management, property and carpark management, property agency, strategic investment, and food and beverage	Director
Mr. Chan Yiu-Ho	Chow Tai Fook Business Development (Wuhan) Co., Ltd.	Property investment, development and management	Director
	Chow Tai Fook Chuangdi Real Estate (Wuhan) Co., Ltd.	Property investment and development, estate agency and carpark management	Director
	Guangzhou Xinyu Operation Management Co., Ltd.	Hotel operations, property investment and management	Director
	Shenzhen Fusheng Investments Co., Ltd.	Hotel operations, property investment and management	Director
	Tianjin New World Huan Bo Hai Real Estate Development Co., Ltd.	Property investment and management	Director
	Wuhan Xinhuiye Real Estate Co., Ltd.	Property investment and development and carpark management	Director

As the Board of Directors of the Company is independent of the boards of the above-mentioned entities and none of the above Directors can control the Board of the Company, the Group is therefore capable of carrying on its businesses independently of, and at arm's length from, the businesses of these entities.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Under the share option schemes of the Company and its listed subsidiary, namely NWDS, which is not a principal subsidiary (as defined under Rule 17.14 of the Listing Rules) of the Company, certain Directors may be granted share options to subscribe for shares in the Company and/or NWDS. No share option of the Company was granted to any Director during the year or remains outstanding and held by any Director as at 30 June 2026 under the share option scheme of the Company. No share option was granted by NWDS to any Director since adoption of its share option scheme.

Other than the above share option schemes, at no time during the year was the Company or any of its specified undertakings (as defined under the Hong Kong Companies (Directors' Report) Regulation) a party to any arrangements to enable the Directors or chief executives of the Company or any of their spouse or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTION SCHEME OF THE COMPANY

On 22 November 2016, the Company adopted a share option scheme (the "Scheme"). Under the Scheme, the Directors of the Company may at their discretion grant options to any eligible participant (as explained hereinafter) to subscribe for shares in the Company.

Summary of the Scheme disclosed in accordance with the Listing Rules is as follows:

The Scheme	
Purpose of the Scheme	To reward directors and employees of the Group for past service or performance, to provide incentive, motivation or reward to eligible participants for increasing performance or making contribution to the Group, to attract and retain persons of right caliber with the necessary experience to work for or make contribution to the Group, to foster a sense of corporate identity and to allow the eligible participants to enjoy the results of the Company attained through their relationship, efforts and/or contribution.
Participants of the Scheme	Under the Scheme, an eligible participant may be a person or an entity belonging to any of the following classes: (i) any eligible employee (including any director) of the Group or any invested entity of the Group (the "Invested Entity"); (ii) any person seconded or nominated by the Group to represent the Group's interest in any of the Invested Entity or any other company or organisation; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of any member of the Group or any Invested Entity; (v) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; (vi) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (vii) any joint venture partner or business alliance that co-operates with any member of the Group or any Invested Entity in any area of business operation or development. Following the amendments of Chapter 17 of the Listing Rules which took effect from 1 January 2023, options may only be granted under the Scheme to eligible participants as defined in the amended Listing Rules.

SHARE OPTION SCHEME OF THE COMPANY (CONTINUED)

The Scheme	
Total number of shares available for issue under the Scheme and percentage of issued shares it represents as at the date of this annual report	The Company had granted options to subscribe for 34,812,500 shares of the Company under the Scheme up to the date of this report. The total number of shares available for issue in respect of all options available for grant under the Scheme is 226,834,911, representing approximately 9.01% of the Company's total number of issued shares (excluding treasury shares, if any), as at the date of this report.
Maximum entitlement of each participant under the Scheme	Unless approved by shareholders of the Company in accordance with the Listing Rules, the total number of shares issued and to be issued upon exercise of the options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period must not exceed 1.0% of the total number of shares of the Company in issue (excluding treasury shares, if any).
The period within which the option may be exercised by the grantee under the Scheme	A period to be specified by the Directors and not exceeding 10 years from the date of grant of options.
The vesting period of options granted under the Scheme	Any period as determined by the Directors.
The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid	HK\$10.0 is to be paid as consideration for the grant of option within 14 days from the date of offer.
The basis of determining the exercise price of options granted	The exercise price is determined by the Directors which must be at least the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant.
The remaining life of the Scheme	The Scheme shall be valid and effective for a period of 10 years from the date of adoption, i.e. 22 November 2016.

The total number of shares available for issue in respect of all options available for grant under the Scheme as at 1 July 2025 and 30 June 2026 is 226,834,911.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2026, the interests or short positions of substantial shareholders (as defined in the Listing Rules) in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long positions in shares

Name	Number of shares held			Approximate % of shareholding as at 30 June 2026
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited ("CYTFH") ⁽¹⁾	—	1,140,728,609	1,140,728,609	45.33
Cheng Yu Tung Family (Holdings II) Limited ("CYTFH-II") ⁽²⁾	—	1,140,728,609	1,140,728,609	45.33
Chow Tai Fook Capital Limited ("CTFC") ⁽³⁾	2,300,000	1,138,428,609	1,140,728,609	45.33
Chow Tai Fook (Holding) Limited ("CTFHL") ⁽⁴⁾	—	1,138,428,609	1,138,428,609	45.24
CTF ⁽⁵⁾	1,035,392,823	103,035,786	1,138,428,609	45.24

Notes:

- (1) CYTFH holds 48.98% direct interest in CTFC and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTFC.
- (2) CYTFH-II holds 46.65% direct interest in CTFC and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTFC.
- (3) CTFC holds 90.52% direct interest in CTFHL and is accordingly deemed to have an interest in the shares deemed to be interested by CTFHL.
- (4) CTFHL holds 100% direct interest in CTF and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTF.
- (5) CTF together with its subsidiaries.

Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 336 of the SFO as at 30 June 2026.

SUFFICIENCY OF PUBLIC FLOAT

According to the information available to the Company, the percentage of the Company's shares in the hands of the public has exceeded 25.0% of the Company's total number of issued shares (excluding treasury shares, if any) throughout the year and up to the date of this report. Accordingly, the Company has maintained the prescribed public float under the Listing Rules throughout that period.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, less than 30.0% of the Group's turnover and less than 30.0% of the Group's purchases were attributable to the Group's five largest customers and five largest suppliers respectively.

AUDITOR

The financial statements have been audited by Messrs. PricewaterhouseCoopers, who will retire and, being eligible, offer themselves for re-appointment at the 2026 AGM.

On Behalf of the Board

Dr. Cheng Kar-Shun, Henry

Chairman

Hong Kong, China, 30 September 2026



CONNECTED TRANSACTIONS

- (1) On 22 March 2012, NWDS and Chow Tai Fook Jewellery Group Limited (“CTFJ”) entered into a master concessionaire counter agreement (the “Master Concessionaire Counter Agreement”) commencing from 24 April 2012 up to and including 30 June 2014, pursuant to which members of the NWDS Group (i.e. NWDS and its subsidiaries) and the CTFJ Group (i.e. CTFJ and its subsidiaries) may from time to time enter into definitive concessionaire agreements in relation to any transactions arising from the concessionaire arrangements or rental agreements in respect of retailing counters for the sale of jewellery products and watches by the CTFJ Group at properties in the Chinese Mainland owned by, or leased to the NWDS Group or at which the NWDS Group operates its business.

The Master Concessionaire Counter Agreement will be automatically renewed for a successive period of three years after the initial term or subsequent renewal term subject to compliance with relevant requirements of the Listing Rules, unless terminated earlier in accordance with the Master Concessionaire Counter Agreement. Upon expiry of its third renewed term on 30 June 2023, the Master Concessionaire Counter Agreement was automatically further renewed for three years commencing from 1 July 2023 up to and including 30 June 2026. Details of the fourth renewal of the Master Concessionaire Counter Agreement and the annual caps set for each of the three financial years ending 30 June 2026 were set out in the announcement of the Company dated 28 April 2023.

As CTFJ is a fellow subsidiary of CTF, which is a substantial shareholder of the Company, CTFJ is therefore a connected person of the Company under the Listing Rules. Accordingly, the renewal of the Master Concessionaire Counter Agreement and all the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

For the year ended 30 June 2026, the aggregate amount of the transactions under the Master Concessionaire Counter Agreement amounted to approximately RMB17.1 million (equivalent to approximately HK\$19.1 million), which is within the annual cap of RMB100.0 million (equivalent to approximately HK\$111.7 million).

The Master Concessionaire Counter Agreement was terminated upon the expiry of its renewal term on 30 June 2026. With effect from 1 July 2026, the relevant transactions are governed by, and entered into pursuant to, the New CTF MSA (as defined hereinafter).

- (2) On 28 April 2023, the Company and Mr. Doo Wai-Hoi, William (“Mr. Doo”) entered into a master services agreement (the “Mr. Doo MSA”) for a term of three years commencing from 1 July 2023 up to and including 30 June 2026 in respect of, inter alia, the provision of the contracting services, cleaning and landscaping services, facility management services, insurance, medical and health care services, property management services, security, guarding and event servicing services, and rental and procurement services (the “Services Group Services”) between members of the Group and members of the Services Group (being (1) Mr. Doo and his immediate family members (as defined under the Listing Rules) and (2) any company in the equity capital of which Mr. Doo and/or his immediate family member(s) (individually or together) is/are or will be directly or indirectly interested so as to exercise or control the exercise of 30.0% (or such other amount as may from time to time be specified in the Code on Takeovers and Mergers (the “Takeovers Code”) as being the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any other company which is its subsidiary). Subject to compliance with the relevant requirements under the Listing Rules, upon expiration of the initial term or subsequent renewal term, the Mr. Doo MSA will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules), unless terminated earlier in accordance with the Mr. Doo MSA. The Mr. Doo MSA and the annual caps set for each of the three financial years ending 30 June 2026 were disclosed in the announcement of the Company dated 28 April 2023 and were approved by the independent shareholders of the Company on 27 June 2023.

For the year ended 30 June 2026, the aggregate amount of the transactions under the Mr. Doo MSA amounted to approximately HK\$340.0 million, which is within the annual cap of HK\$6,084.2 million.

CONNECTED TRANSACTIONS (CONTINUED)

(2) (continued)

On 24 April 2026, the Company and Mr. Doo entered into a new master services agreement (the “New Mr. Doo MSA”) for a term of three years commencing from 1 July 2026 up to and including 30 June 2029 in respect of, inter alia, the provision of the Services Group Services between members of the Group and members of the Services Group and agreed to terminate the Mr. Doo MSA on the commencement date of the New Mr. Doo MSA. Subject to compliance with the relevant requirements under the Listing Rules, upon expiration of the initial term or subsequent renewal term, the New Mr. Doo MSA will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules), unless terminated earlier in accordance with the New Mr. Doo MSA. The New Mr. Doo MSA and the annual caps set for each of the three financial years ending 30 June 2029 were disclosed in the announcement of the Company dated 24 April 2026.

Mr. Doo is a non-executive vice-chairman of the Company and a director of certain subsidiaries of the Company and the beneficial owner of several corporate substantial shareholders of certain subsidiaries of the Company, and hence a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Mr. Doo MSA and the New Mr. Doo MSA and all the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

- (3) On 28 April 2023, the Company and CTF entered into a master services agreement (the “CTF MSA”) for a term of three years commencing from 1 July 2023 up to and including 30 June 2026 in respect of the provision of services including, inter alia, administrative services, contracting services, general and rental services, insurance, medical and health care services, and project management and consultancy services (the “CTF MSA Services”) between members of the Group and members of the CTF Services Group (being CTF, (a) any other company which is its subsidiary or holding company or is a fellow subsidiary of any such holding company, and/or (b) any other company in the equity capital of which CTF and such other companies referred to in (a) above taken together are directly or indirectly interested so as to exercise or control the exercise of 30.0% (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings or to control the composition of a majority of the board of directors, and any other company which is its subsidiary, but excluding members of the Group). Subject to compliance with the relevant requirements under the Listing Rules, upon expiration of the initial term or subsequent renewal term, the CTF MSA will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules), unless terminated earlier in accordance with the CTF MSA. Details of the CTF MSA and the annual caps set for each of the three financial years ending 30 June 2026 were set out in the announcement of the Company dated 28 April 2023.

In anticipation of expected increases in the annual transaction values under the CTF MSA upon completion of the disposal of NWS Holdings Limited (“NWS”, now known as CTF Services Limited) (the “NWS Disposal”), the Board proposed the revision of annual caps for the three financial years ending 30 June 2026 as set out in the announcement of the Company dated 12 October 2023. The new annual caps became effective upon completion of the NWS Disposal at the close of business on 17 November 2023 as disclosed in the announcement of the Company dated 20 November 2023.

For the year ended 30 June 2026, the aggregate amount of the transactions under the CTF MSA amounted to approximately HK\$2,120.6 million, which is within the revised annual cap of HK\$3,887.3 million.

On 24 April 2026, the Company and CTF entered into a new master services agreement (the “New CTF MSA”) for a term of three years commencing from 1 July 2026 up to and including 30 June 2029 in respect of the provision of services including, inter alia, the CTF MSA Services, and concessionaire and rental services between members of the Group and members of the CTF Services Group, and agreed to terminate the CTF MSA on the commencement date of the New CTF MSA. Subject to compliance with the relevant requirements under the Listing Rules, upon expiration of the initial term or subsequent renewal term, the New CTF MSA will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules), unless terminated earlier in accordance with the New CTF MSA. The New CTF MSA and the annual caps set for each of the three financial years ending 30 June 2029 were set out in the announcement of the Company dated 24 April 2026 and were approved by the independent shareholders of the Company on 24 June 2026.

As CTF is a substantial shareholder of the Company, it is a connected person of the Company under the Listing Rules. Accordingly, the entering into of the CTF MSA and the New CTF MSA and all the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

CONNECTED TRANSACTIONS (CONTINUED)

- (4) On 28 April 2020, the Company and CTFJ entered into the master leasing and licensing agreement (the “Master Leasing and Licensing Agreement”) for a term of three years commencing from 1 July 2020 up to and including 30 June 2023 in relation to transactions arising from the leases or tenancy agreements, licensing agreements, concession agreements, other similar collaboration agreements or any other agreements in relation to any real properties (including without limitation retail shops, shops-in-shops and counters) between members of the Group and members of the CTFJ Group.

Subject to compliance with the relevant requirements under the Listing Rules, upon expiration of the initial term or subsequent renewal term, the Master Leasing and Licensing Agreement will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules), unless terminated earlier in accordance with the Master Leasing and Licensing Agreement. Upon expiry of its initial term on 30 June 2023, the Master Leasing and Licensing Agreement was automatically renewed for a further term of three years commencing from 1 July 2023 up to and including 30 June 2026. Details of the renewal of the Master Leasing and Licensing Agreement and the annual caps set for each of the three financial years ending 30 June 2026 were set out in the announcement of the Company dated 28 April 2023.

As CTFJ is a fellow subsidiary of CTF, which is a substantial shareholder of the Company, CTFJ is therefore a connected person of the Company under the Listing Rules. Accordingly, the renewal of the Master Leasing and Licensing Agreement and all the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

For the year ended 30 June 2026, the aggregate amount of the transactions under the Master Leasing and Licensing Agreement amounted to approximately HK\$77.7 million, which is within the annual cap of HK\$142.8 million.

The Master Leasing and Licensing Agreement was terminated upon the expiry of its renewal term on 30 June 2026. With effect from 1 July 2026, the relevant transactions are governed by, and entered into pursuant to, the New CTF MSA.

- (5) On 10 April 2017, the Company and CTF entered into a master hotel management services agreement (the “Master Hotel Management Services Agreement”) regarding the provision of hotel management and consultancy services by members of the CTF Group (i.e. CTF and its subsidiaries) to members of the Group (the “MS Transactions”). The Master Hotel Management Services Agreement is for a term of 10 years commencing from 1 July 2017 up to and including 30 June 2027 and will be automatically renewed for a further term of 10 years upon expiration of the initial term subject to compliance with the relevant requirements under the Listing Rules, unless terminated earlier in accordance with the Master Hotel Management Services Agreement.

In anticipation of the expiry of the annual caps for the transactions under the Master Hotel Management Services Agreement on 30 June 2023, the Board determined new annual caps for the three financial years ending 30 June 2026 as set out in the announcement of the Company dated 28 April 2023.

For the year ended 30 June 2026, the aggregate amount of the transactions under the Master Hotel Management Services Agreement amounted to approximately HK\$247.9 million, which is within the annual cap of HK\$279.1 million.

On 24 April 2026, the Company and CTF entered into a new master hotel management services agreement (the “New Master Hotel Management Services Agreement”) for a term of 15 years commencing from 1 July 2026 up to and including 30 June 2041 regarding the MS Transactions, and agreed to terminate the Master Hotel Management Services Agreement on the commencement date of the New Master Hotel Management Services Agreement. Subject to compliance with the relevant requirements under the Listing Rules, upon expiration of the initial term or subsequent renewal term, the New Master Hotel Management Services Agreement will be automatically renewed for a successive period of 15 years, unless terminated earlier in accordance with the New Master Hotel Management Services Agreement. Details of the New Master Hotel Management Services Agreement and the annual caps set for each of the three financial years ending 30 June 2029 were set out in the announcement of the Company dated 24 April 2026.

As CTF is a substantial shareholder of the Company, it is a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Master Hotel Management Services Agreement and the New Master Hotel Management Services Agreement and all the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

CONNECTED TRANSACTIONS (CONTINUED)

- (6) On 10 April 2017, the Company and CTF entered into a master hotel leasing agreement (the “Master Hotel Leasing Agreement”) regarding the leasing of hotels and licensing of related licences to members of the CTF Group from members of the Group (the “HL Transactions”) for a term of 10 years commencing from 1 July 2017 up to and including 30 June 2027. The Master Hotel Leasing Agreement will be automatically renewed for a further term of 10 years upon expiration of the initial term subject to compliance with the relevant requirements under the Listing Rules, unless terminated earlier in accordance with the Master Hotel Leasing Agreement.

In anticipation of the expiry of the annual caps for the transactions under the Master Hotel Leasing Agreement on 30 June 2023, the Board determined new annual caps for the three financial years ending 30 June 2026 as set out in the announcement of the Company dated 28 April 2023.

For the year ended 30 June 2026, the aggregate amount of the transactions under the Master Hotel Leasing Agreement amounted to approximately HK\$317.4 million, which is within the annual cap of HK\$377.8 million.

On 24 April 2026, the Company and CTF entered into a new master hotel leasing agreement (the “New Master Hotel Leasing Agreement”) for a term of 15 years commencing from 1 July 2026 up to and including 30 June 2041 regarding the HL Transactions, and agreed to terminate the Master Hotel Leasing Agreement on the commencement date of the New Master Hotel Leasing Agreement. Subject to compliance with the relevant requirements under the Listing Rules, upon expiration of the initial term or subsequent renewal term, the New Master Hotel Leasing Agreement will be automatically renewed for a successive period of 15 years, unless terminated earlier in accordance with the New Master Hotel Leasing Agreement. Details of the New Master Hotel Leasing Agreement and the annual caps set for each of the three financial years ending 30 June 2029 were set out in the announcement of the Company dated 24 April 2026.

As CTF is a substantial shareholder of the Company, it is a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Master Hotel Leasing Agreement and the New Master Hotel Leasing Agreement and all the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

- (7) On 28 April 2023, the Company and Mr. Choy Hon-Ping (“Mr. Choy”) entered into a master construction services agreement (the “Master Construction Services Agreement”) in respect of the provision of the construction services by the Construction Services Group (being (1) Hip Seng Construction Group Limited together with its subsidiaries and joint venture; (2) Mr. Choy; (3) the immediate family members (as defined under the Listing Rules) of Mr. Choy; and (4) any company in the equity capital of which Mr. Choy and/or his immediate family member(s) (individually or together) is/are or will be directly or indirectly interested so as to exercise or control the exercise of 30.0% (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any other company which is its subsidiary) to the Group for a term of three years commencing from 1 July 2023 up to and including 30 June 2026. Subject to compliance with the relevant requirements under the Listing Rules, upon expiration of the initial term or subsequent renewal term, the Master Construction Services Agreement will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules), unless terminated earlier in accordance with the Master Construction Services Agreement. The Master Construction Services Agreement and the annual caps set for each of the three financial years ending 30 June 2026 were disclosed in the announcement of the Company dated 28 April 2023 and were approved by the independent shareholders of the Company on 27 June 2023.

Mr. Choy was a director of certain subsidiaries of the Group and hence a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Master Construction Services Agreement and all the transactions contemplated thereunder constituted continuing connected transactions for the Company under the Listing Rules.

The annual cap for the Master Construction Services Agreement for the year ended 30 June 2026 is HK\$7,039.7 million. There were no relevant transactions under the Master Construction Services Agreement for the year ended 30 June 2026.

Following the cessation of Mr. Choy as a connected person of the Company, the Master Construction Services Agreement was terminated pursuant to a notice of termination dated 24 April 2026 served by the Company.

CONNECTED TRANSACTIONS (CONTINUED)

(8) On 26 September 2024, the Company and AC Group Limited ("ACG") entered into a master services agreement (the "ACG MSA") in relation to all future transactions in respect of the provision of, inter alia, administrative services, general and rental services, general management and advisory services, and project management and consultancy services between members of the Group and members of ACG Group (being ACG, (a) any other company which is its subsidiary or holding company or is a fellow subsidiary of any such holding company, and/or (b) any other company in the equity capital of which ACG and such other companies referred to in (a) above taken together are directly or indirectly interested so as to exercise or control the exercise of 30.0% (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings or to control the composition of a majority of the board of directors, and any other company which is its subsidiary) with an initial term of three years commencing from 1 October 2024. Subject to compliance with the relevant requirements under the Listing Rules and approval by the Board, upon expiration of the initial term or subsequent renewal term, the ACG MSA will be renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules). Details of the ACG MSA and the annual caps set for the nine months ending 30 June 2025, two financial years ending 30 June 2026 and 2027 and three months ending 30 September 2027 were disclosed in the announcement of the Company dated 26 September 2024.

As ACG is wholly owned by Dr. Cheng Chi-Kong, Adrian, a former director of the Company (who resigned on 1 July 2025) and a family member of certain Directors, ACG is a connected person of the Company under the Listing Rules. Accordingly, the entering into of the ACG MSA and all the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

For the year ended 30 June 2026, the aggregate amount of the transactions under the ACG MSA amounted to approximately HK\$223.0 million, which is within the annual cap of HK\$372.7 million.

The Company has complied with the applicable requirements under Chapter 14A of the Listing Rules for all connected transactions and continuing connected transactions during the year. The price and terms of the continuing connected transactions set out in paragraphs (1) to (8) above were determined in accordance with the pricing policies and guidelines as set out in the relevant announcements of the Company. These continuing connected transactions have been reviewed by the Independent Non-executive Directors who have confirmed that the transactions during the year have been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better to the Group; and
- (iii) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions stated in paragraphs (1) to (8) above in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules.

A summary of significant related party transactions made during the year, including the exempt or non-exempt connected transactions of the Company for which the Company has complied with the applicable requirements under Chapter 14A of the Listing Rules, where applicable, is disclosed in note 44 to the financial statements. Save as the connected transactions and/or continuing connected transactions disclosed above, other related party transactions, if constituting connected transactions or continuing connected transactions under the Listing Rules, are exempt from the relevant requirements under the Listing Rules.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2026, the interests of the Directors in shares, underlying shares and debentures of the Company or any of its associated corporations which were recorded in the register required to be kept by the Company under Section 352 of the SFO were as follows:

(A) Long positions in shares

	Number of shares			Total	Approximate % of shareholding as at 30 June 2026
	Personal interests	Spouse interests	Corporate interests		
NWD					
(Ordinary shares)					
Dr. Cheng Kar-Shun, Henry	5,168,909	—	—	5,168,909	0.21
Mr. Cheng Kar-Shing, Peter	213,444	141,641 ⁽¹⁾	—	355,085	0.01
Mr. Cheng Chi-Heng	133,444	—	—	133,444	0.01
Ms. Cheng Chi-Man, Sonia	825,672	—	—	825,672	0.03
Ms. Chiu Wai-Han, Jenny	29,899	—	—	29,899	0.00
Mr. Lau Fu-Keung	1,000	—	—	1,000	0.00
NWDS					
(Ordinary shares of HK\$0.10 each)					
Mr. Lau Fu-Keung	1,000	—	—	1,000	0.00
Sun Legend Investments Limited					
(Ordinary shares)					
Mr. Cheng Kar-Shing, Peter	—	—	9,500,500 ⁽²⁾	9,500,500	50.00

Notes:

- (1) These shares were jointly held by Mr. Cheng Kar-Shing, Peter and his spouse.
 (2) These shares were beneficially owned by a controlled corporation of Mr. Cheng Kar-Shing, Peter.

(B) Long positions in debentures

(1) NWD Finance

Name	Amount of debentures issued in US\$ by NWD Finance				Approximate % to the total amount of debentures in issue as at 30 June 2026
	Personal interests US\$	Spouse interests US\$	Corporate interests US\$	Total US\$	
Mr. Doo Wai-Hoi, William	—	91,875,000	10,000,000 ⁽¹⁾	101,875,000	4.64
Mr. Cheng Kar-Shing, Peter	4,000,000	—	—	4,000,000	0.18
Mr. Ip Yuk-Keung, Albert	—	750,000 ⁽²⁾	—	750,000	0.03

Notes:

- (1) These debentures were beneficially owned by a company which was wholly owned by Mr. Doo Wai-Hoi, William.
 (2) These debentures were jointly held by Mr. Ip Yuk-Keung, Albert and his spouse.



DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)**(B) Long positions in debentures (continued)****(2) NWD (MTN)**

Name	Amount of debentures issued by NWD (MTN)				Approximate % to the total amount of debentures in issue as at 30 June 2026
	Personal interests HK\$	Spouse interests HK\$	Corporate interests HK\$	Total HK\$	
Mr. Doo Wai-Hoi, William	—	202,800,000 ⁽¹⁾	—	202,800,000	1.01
Mr. Ip Yuk-Keung, Albert	—	3,900,000 ⁽²⁾	—	3,900,000	0.02
Mr. Chan Yiu-Ho	1,000,000	—	—	1,000,000	0.00

Notes:

(1) These debentures were issued in US\$ and had been translated into HK\$ using the rate of US\$1.0=HK\$7.8.

(2) These debentures were jointly held by Mr. Ip Yuk-Keung, Albert and his spouse, and were issued in US\$ and had been translated into HK\$ using the rate of US\$1.0=HK\$7.8.

Save as disclosed above, as at 30 June 2026, none of the Directors or chief executive had or deemed to have any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations as defined in the SFO that were required to be entered into the register kept by the Company pursuant to Section 352 of the SFO or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

DISCLOSURE PURSUANT TO RULES 13.20 AND 13.22 OF THE LISTING RULES

At 30 June 2026, the Group had given financial assistance and guarantees to its joint ventures and associated companies (collectively "affiliated companies") as set out below:

	2026 HK\$m	2025 HK\$m
Amounts due by affiliated companies (note)	24,522.1	26,368.0
Guarantees given for affiliated companies in respect of banking and other credit facilities	721.5	5,482.1
	25,243.6	31,850.1

Note:

The advances were unsecured and were interest free except for an aggregate amount of HK\$12,761.6 million (2025: HK\$13,484.4 million) which carried interest ranging from 3.45% to 10% per annum (2025: from 3.45% to 10% per annum). The advances had no fixed repayment terms.

Pursuant to Rule 13.22 of the Listing Rules, a combined statement of financial position of those affiliated companies with financial assistance from the Group and the Group's attributable interests in those affiliated companies as at 30 June 2026 are presented as follows:

	Combined statement of financial position HK\$m	Group's attributable interests HK\$m
Non-current assets	37,558.6	18,231.0
Current assets	55,117.0	20,494.0
Current liabilities	(60,276.0)	(24,832.3)
Total assets less current liabilities	32,399.6	13,892.7
Non-current liabilities	(35,853.7)	(16,538.2)
Net liabilities	(3,454.1)	(2,645.5)

The combined statement of financial position of the affiliated companies was prepared by combining their statements of financial position, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant classification in the statement of financial position, as at 30 June 2026.

Management Discussion and Analysis

During the year under review, the Group recorded consolidated revenues of HK\$19,992 million, a decrease of 28% year-on-year, net profit from recurring operations of HK\$2,278 million, a turnaround from last year and core operating profit of HK\$7,702 million (note), an increase of 28% year-on-year. Loss for the year amounted to HK\$26,818 million, primarily driven by non-cash impairment and provisions relating to 11 SKIES project. Excluding non-cash impairment, provisions and other losses, the Group's underlying operating performance remained resilient, with net profit from recurring operations amounted to HK\$2,278 million, representing its first return to profitability over the past few financial years.

Note – Reconciliation of loss for the year to net profit/(loss) from recurring operations and core operating profit as follows:

	FY2026 HK\$m	FY2025 HK\$m
Loss for the year	(26,818.3)	(16,356.6)
Changes in fair value of investment properties, include share of results of joint ventures and associated companies	1,332.2	406.9
Impairment loss on properties held for sale, properties for/under development, include share of results of joint ventures and associated companies	7,978.8	8,502.0
Impairment loss on property, plant and equipment, right-of-use assets and interest in associated companies	663.8	277.2
Net impairment losses and provisions relating to 11 SKIES project	18,321.5	2,700.0
Impairment loss on goodwill, include share of results of joint ventures	540.5	538.3
Loss on disposal of investments and investments through disposal of subsidiaries and joint ventures	25.0	1,219.4
Loss on disposal of long-term loan receivables and provision of receivables shared in investments in joint ventures	–	1,347.5
Loss on assets disposal and remeasurement of the disposal groups	423.1	144.9
Write back of loss allowance on properties held for sale and property, plant and equipment, include share of results of joint ventures	(239.0)	(4.6)
Net profit/(loss) from recurring operations	2,227.6	(1,225.0)
Taxation	1,262.9	2,521.2
Financing income	(498.3)	(700.2)
Financing costs	4,710.1	5,420.5
Core operating profit	7,702.3	6,016.5

Non-cash Impairment Provisions and Losses

For the year ended 30 June 2026, the Group incurred a loss for the year of HK\$26,818 million, which was primarily attributable to non-cash impairment and provisions relating to 11 SKIES project of HK\$18,322 million, impairment losses recognised on properties for/under development and properties held for sale (including share of results of joint ventures and associated companies) of HK\$7,740 million, and fair value loss on investment properties (including share of results of joint ventures and associated companies) of HK\$1,332 million.

Continuous Stringent Control on CAPEX and OPEX

In FY2026, the Group continued to exercise stringent control over capital expenditure spending, as well as general administrative and other operating expenses, resulting in a year-on-year reduction of 6% and 19% respectively.

Capital expenditure covers all the land and construction costs incurred for the Group's property development, property investment projects and property, plant and equipment during the financial year. For FY2026, CAPEX amounted to HK\$11.8 billion, a 6% reduction compared with HK\$12.6 billion in FY2025. This amount came in below the revised FY2026 guidance of HK\$12.0 billion, underscoring the Group's disciplined approach to capital spending. For FY2027, the Group will strive to maintain CAPEX below HK\$12.0 billion.

General administrative and other operating expenses amounted to HK\$2.8 billion, representing a year-on-year decrease of 19% from HK\$3.5 billion in FY2025.

The following provides analysis on the performance of each segment.

REVENUES – ANALYSED BY BUSINESS SEGMENTS

	FY2026 HK\$m	FY2025 HK\$m
Property Development	10,948.3	15,039.7
Property Investment	5,339.4	5,055.3
Construction	213.2	3,506.9
Hotel operations	1,464.0	1,499.1
Others	2,027.3	2,579.5
Total	19,992.2	27,680.5

REVENUES – GEOGRAPHIC CONTRIBUTION (PROPERTY RELATED SEGMENTS)

	FY2026 HK\$m	FY2025 HK\$m
Property Development		
Hong Kong	5,122.3	2,696.1
Chinese Mainland	5,826.0	12,343.6
Total	10,948.3	15,039.7

	FY2026 HK\$m	FY2025 HK\$m
Property Investment		
Hong Kong	3,424.1	3,234.4
Chinese Mainland	1,915.3	1,820.9
Total	5,339.4	5,055.3

The Group's total revenue in FY2026 amounted to HK\$19,992 million, decreased by 28% year-on-year, mainly attributed to lower construction revenue and fewer property handovers in the Chinese Mainland, offset by higher property development revenue in Hong Kong.

Property Development

Revenues from the overall property development segment amounted to HK\$10,948 million, decreased by 27% year-on-year.

Segment revenue of property development in Hong Kong amounted to HK\$5,122 million, increased by approximately 90% year-on-year, mainly attributed to THE PAVILIA FARM, MOUNT PAVILIA and Uptown East.

Segment revenue of property development in the Chinese Mainland amounted to HK\$5,826 million, decreased by 53% year-on-year, mainly attributed to fewer property handovers in FY2026. Main contributors included Guangzhou Covent Garden (i.e. THE SILLAGE), Shenyang New World Garden, and Guangzhou Park Paradise.

Property Investment

Revenue from the overall property investment segment amounted to HK\$5,339 million, increased by 6% year-on-year.

Segment revenue of property investment in Hong Kong during the year under review was HK\$3,424 million, increased by 6% year-on-year. This was primarily attributed to revenue contributions from K11 MUSEA, 83 King Lam Street and K11 Art Mall.

Segment revenue of property investment in the Chinese Mainland reached HK\$1,915 million, increased by 5% year-on-year. The occupancy rate of major projects in the investment property portfolio remained stable.

Construction, Hotel Operations and Others

Revenues from the construction segment amounted to HK\$213 million, representing a year-on-year decrease of 94%.

Revenues from the hotel operations segment amounted to HK\$1,464 million, representing a year-on-year decrease of 2%.

Revenues from others segment amounted to HK\$2,027 million, representing a year-on-year decrease of 21%.

SEGMENT RESULTS – ANALYSED BY BUSINESS SEGMENTS

	FY2026 HK\$m	FY2025 HK\$m
Property Development	6,010.0	5,580.4
Property Investment	3,474.6	3,243.5
Construction	(28.8)	(180.2)
Hotel operations	(330.2)	(359.8)
Others	(989.2)	(1,213.5)
Total	8,136.4	7,070.4

SEGMENT RESULTS – GEOGRAPHIC CONTRIBUTION (PROPERTY RELATED SEGMENTS)

Property Development	FY2026 HK\$m	FY2025 HK\$m
Hong Kong	3,828.2	877.0
Chinese Mainland	2,181.8	4,703.4
Total	6,010.0	5,580.4

Property Investment	FY2026 HK\$m	FY2025 HK\$m
Hong Kong	2,619.9	2,400.6
Chinese Mainland	854.7	842.9
Total	3,474.6	3,243.5

The Group's consolidated segment results in FY2026 amounted to HK\$8,136 million, increased by 15% year-on-year, mainly attributed to improved segment results of property development in Hong Kong and property investment in Hong Kong and the Chinese Mainland, partly offset by the decrease in segment results of property development in the Chinese Mainland due to fewer property handovers during FY2026.

Property Development

During the year under review, the Group's segment results of property development in Hong Kong was HK\$3,828 million. Major contributors included The Pavilia Farm, The Legacy and Mount Pavilia.

As at 30 June 2026, among the unrecognised attributable income of the Group from contracted sales of properties in Hong Kong, approximately HK\$20,914 million would be booked in FY2027 and FY2028. Key projects expected to be booked in FY2027 and FY2028 include Deep Water Pavilia, The Pavilia Farm III, State Pavilia, Pavilia Rosa and House Muse.

During the year under review, the Group's segment results from property development in the Chinese Mainland amounted to HK\$2,182 million. The contributions from the Chinese Mainland segment were mainly derived from Guangzhou Covent Garden (i.e. THE SILLAGE), Shenyang New World Garden, and Guangzhou Park Paradise.

As at 30 June 2026, among the unrecognised gross revenue from contracted sales of properties in the Chinese Mainland, approximately RMB3,400 million would be booked in FY2027 and FY2028.

Property Investment

In FY2026, the overall property investment segment recorded a contribution of HK\$3,475 million, increased by 7% year-on-year.

Segment results of Hong Kong investment properties was HK\$2,620 million, increased by 9% year-on-year, mainly attributable to improved contributions from 83 King Lam Street, K11 MUSEA and K11 Art Mall, with K11 MUSEA achieving a 23% year-on-year increase in mall sales during FY2026.

During the year under review, segment results of the property investment in the Chinese Mainland was HK\$855 million, increased by 1%.

Construction, Hotel Operations and Others

The contribution from construction segment recorded a loss of HK\$29 million, loss narrowed by 84% year-on-year.

Hotel operations segment recorded a loss of HK\$330 million, loss narrowed by 8% year-on-year.

Others segment recorded a loss of HK\$989 million, loss narrowed by 18% year-on-year.

LIQUIDITY AND CAPITAL RESOURCES

Total Debt

As at 30 June 2026, the Group's consolidated debt has decreased to HK\$143,267.5 million (2025: HK\$145,970.1 million).

Net Debt

As at 30 June 2026, the Group's consolidated net debt amounted of HK\$126,307.1 million (2025: HK\$120,113.3 million).

The Group's debts were primarily denominated in Hong Kong dollar, United States dollar and Renminbi. In respect of the Group's operations in the Chinese Mainland, the Group maintains an appropriate level of external borrowings in Renminbi for natural hedging. The Renminbi currency exposure of the Group is mainly derived from the translation of non-current assets and liabilities of the subsidiaries, associated companies and joint ventures in the Chinese Mainland with functional currency of Renminbi and the Renminbi deposits held for future development costs to Hong Kong Dollar. As at 30 June 2026, the translation of non-current assets and liabilities of subsidiaries, associated companies and joint ventures with functional currency other than Hong Kong Dollar to Hong Kong Dollar by using exchange rates at that day resulted a gain of HK\$5,818.3 million is recognised in equity. Apart from this, the Group does not have any material foreign exchange exposure.

The Group's borrowings were arranged on both floating rate and fixed rate basis. The financing costs had decreased to HK\$4,710.1 million (2025: HK\$5,420.5 million). The Group used interest rate swaps, cross currency swaps and foreign exchange forward contracts to hedge part of the Group's underlying interest rate and foreign exchange exposure. As at 30 June 2026, the Group had outstanding cross currency swaps in the amounts of approximately HK\$22,269.8 million, and had outstanding interest rate swaps in the amounts of HK\$18,200.0 million.

In June 2025, the Group (a) refinanced certain of its existing offshore unsecured financial indebtedness, including bank loans, through a new refinancing term loan facility (the "New Bank Facility") entered into by the Company, the relevant Group entities and the relevant bank creditors; and (b) aligned its other existing offshore unsecured bank loans with the terms of the New Bank Facility (the "Aligned Bank Facilities"). The New Bank Facility and Aligned Bank Facilities together cover approximately HK\$88.2 billion of the Group's existing unsecured offshore financial indebtedness. The New Bank Facility consists of multiple tranches of bank loans with different maturities, with the earliest maturity date being 30 June 2028.

On 3 November 2025, CS Treasury Management Services (P) Limited ("PerpCo") and CS Treasury Management Services (B) Limited ("BondCo") (both PerpCo and BondCo are wholly-owned subsidiaries of the Company) offered to exchange the existing perpetual securities (the "Existing Perpetual Securities") and certain existing notes as listed below (the "Existing Notes", and together with the Existing Perpetual Securities, the "Existing Instruments") validly tendered for the relevant exchange consideration.

Upon completion of the exchange offers and following final settlement on 5 December 2025:

- (a) US\$2,293.0 million (equivalent to approximately HK\$17,885.0 million) in aggregate principal amount of Existing Perpetual Securities and US\$236.0 million (equivalent to approximately HK\$1,840.6 million) in aggregate principal amount of Existing Notes were exchanged and cancelled pursuant to the exchange offers; and
- (b) PerpCo and BondCo issued US\$1,175.5 million (equivalent to approximately HK\$9,169.3 million) and US\$186.6 million (equivalent to approximately HK\$1,455.2 million) in aggregate principal amount of new 9.000% senior perpetual capital securities denominated in US dollar (the "New Perpetual Securities") and new 7.000% senior secured notes due 2031 denominated in US dollar (the "New Notes", and together with the New Perpetual Securities, the "New Instruments") respectively pursuant to the exchange offers.

The exchange offers are part of the Company's effort to optimise its debt maturity profile, enhance financial flexibility and liquidity and further improve its overall financial position. The New Instruments have exposure to an enhanced credit profile that is linked to Victoria Dockside and have an enhanced credit profile relative to the Existing Instruments.

Details in relation to the exchanged principal amount and remaining outstanding principal amount of each series of Existing Perpetual Securities and Existing Notes as at 30 June 2026 are set out on pages 160 to 162 of this report.

As at 30 June 2026, the Group's cash and bank balances (restricted and unrestricted) decreased to HK\$16,960.4 million (30 June 2025: HK\$25,856.8 million) and the consolidated net debt amounted to HK\$126,307.1 million (30 June 2025: HK\$120,113.3 million). The net debt to equity ratio was 68.3%; an increase of 10.2% as compared to 30 June 2025.

LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

Net Debt (continued)

During the year under review, the Group's net debt amounted to HK\$126.3 billion, representing a year-on-year increase of HK\$6.2 billion. This increase was mainly driven by the following three factors.

Although a sizable portion of buyers of the Group's development properties opted for cash-payment, the remaining balance, net of initial deposit, are typically collected after a period of 120 to 180 days. Approximately HK\$2.4 billion in cash inflows are expected from Pavilia Farm and Pavilia Rosa.

In addition, a significant portion of the Group's contracted sales in FY2026 were derived from joint venture projects, including Deep Water Pavilia, The Pavilia Forest, The Knightsbridge, Double Coast and The Legacy. Cash generated from these joint venture projects would not be consolidated at the Group level until distributions to the Group were made.

Furthermore, during the year under review, construction of several joint venture projects had been completed, and the respective construction loans fell due. The joint venture partners, including the Group, were required to settle the remaining outstanding loan balances. During the year under review, financial guarantee attributable to the Group had decreased by HK\$4.8 billion. The remaining HK\$0.7 billion is expected to be fully repaid by cash proceeds from future sales of the respective projects.

Expected cash proceeds from assets disposal including spin off and separate listing of the REIT of RMB3.2 billion (equivalent to approximately HK\$3.7 billion); Hangzhou Wangjiang New Town Project and disposal of Ningbo Tower office building.

The Group's debt position is expected to improve upon collection of proceeds from assets disposal.

As at 30 June 2026, the Group's long-term bank loans, other loans and fixed rate bonds and notes payable amounted to HK\$143,159.4 million (30 June 2025: HK\$145,886.9 million). Short-term bank loans and other loans as at 30 June 2026 were HK\$108.1 million (30 June 2025: HK\$83.2 million). The maturity of bank loans, other loans and fixed rate bonds and notes payable as at 30 June 2026 and 2025 was as follows:

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Within first year	23,237.2	6,569.8
In the second year	41,751.4	22,447.8
In the third year	41,601.3	40,296.7
In the fourth year	22,606.3	42,085.0
In the fifth year	4,989.7	22,693.0
After the fifth year	9,081.6	11,877.8
	143,267.5	145,970.1

Equity of the Group as at 30 June 2026 decreased to HK\$184,816.4 million against HK\$206,736.9 million as at 30 June 2025.

On 25 September 2025, a facility agreement (the "Facility Agreement") was entered into by, among others, certain members of the Group (as borrower and/or obligor) and Deutsche Bank AG (as arranger, original lender and agent). Pursuant to the Facility Agreement, a term loan facility (the "Facility") of up to HK\$5.9 billion with an initial committed tranche of up to HK\$3.95 billion will be made available to certain group companies of the Group for the Group's ordinary course financing activities. The Facility is or will be secured by a first ranking mortgage over the property known as "Victoria Dockside" (which comprises five major components, namely "K11 ARTUS", "K11 ATELIER", "K11 MUSEA", Rosewood Hong Kong and certain carparks) and assets that are related to Victoria Dockside. In September 2026, The Group has secured additional term loan facilities tranche which upsized loan facilities from HK\$3,950.0 million to HK\$4,900.0 million. The Group has been monitoring its on-going compliance with the financial covenant requirements and will continue to actively arrange for sales and pre-sale activities and execute its assets disposal plan.

The Group will respond to market changes and capture demands in order to generate cash inflow and enhance liquidity. The Group will also continue to take active measures to control operating costs and capital expenditure.

Independent Auditor's Report



羅兵咸永道

To the Members of New World Development Company Limited

(incorporated in Hong Kong with limited liability)

OPINION

What we have audited

The consolidated financial statements of New World Development Company Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 190 to 287, comprise:

- the consolidated statement of financial position as at 30 June 2026;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2026, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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.

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KEY AUDIT MATTERS (CONTINUED)

Key audit matters identified in our audit are summarised as follows:

- Valuation of investment properties;
- Recoverability assessment of properties for/under development and properties held for sale held by the Group and its joint ventures;
- Impairment of contract assets and prepayment and provisions for termination costs relating to the 11 SKIES project; and
- Going concern assessment.

Key Audit Matter

How our audit addressed the Key Audit Matter

Valuation of investment properties

Refer to notes 5(a) and 16 to the consolidated financial statements.

As at 30 June 2026, the investment properties held by the Group were stated at fair value of HK\$198,891.2 million, mainly comprising completed investment properties of HK\$192,694.3 million. During the year ended 30 June 2026, fair value loss on investment properties of HK\$1,807.8 million was recognised in the consolidated income statement, out of which fair value loss of HK\$1,794.8 million was related to completed investment properties.

Management engaged independent external valuers to assist them to determine the fair value of the completed investment properties as at 30 June 2026.

The fair value of the completed investment properties was determined using income capitalisation method, direct comparison method and discounted cash flow method. The income capitalisation method was based on the capitalisation of the net income and reversionary income potential using appropriate capitalisation rates and prevailing market rents. The direct comparison method was based on comparable market transactions, adjusted for property-specific qualitative factors. The discounted cash flow method was based on daily room rates and discount rates assumptions.

We focused on this area because the determination of fair value involves significant management judgements on key assumptions.

Our procedures to address this key audit matter included:

- We understood management's controls and processes for determining the valuation of completed investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the level of other inherent risk factors;
- We evaluated the competence, capability and objectivity of the independent external valuers;
- We obtained the valuation reports and met the independent external valuers to discuss the valuation methodologies and key assumptions used;
- We involved our in-house valuation experts and assessed the appropriateness of the valuation methodologies, and the reasonableness of the key assumptions used in the valuation of selected completed investment properties, including capitalisation rates, prevailing market rents, comparable market transactions, daily room rates and discount rates, based on our knowledge of the property industry and research evidence, and prevailing market rents, comparable market transactions and daily room rates for similar properties, where applicable;
- We tested, on a sample basis, the data used in the valuation of completed investment properties, including rental rates from existing tenancies, by agreeing them to the relevant underlying tenancy agreements; and
- We evaluated the appropriateness of the disclosures relating to the valuation of completed investment properties included in the consolidated financial statements.

Based on the procedures performed, we found the key assumptions used by management in the valuation were supported by available evidence.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter

How our audit addressed the Key Audit Matter

Recoverability assessment of properties for/under development and properties held for sale held by the Group and its joint ventures

Refer to notes 5(b), 8 and 25 to the consolidated financial statements.

As at 30 June 2026, the carrying values of the Group's properties for/under development and properties held for sale amounted to HK\$14,579.3 million, HK\$32,532.1 million and HK\$30,555.0 million, respectively. During the year ended 30 June 2026, a provision on properties for/under development and properties held for sale of HK\$6,667.3 million was recognised in the consolidated income statement. The Group also has significant property development projects for sale held by its joint ventures.

Management assessed the recoverability of the properties for/under development and properties held for sale held by the Group and its joint ventures based on the estimated net realisable values of the underlying properties. These involved the estimation of sales prices of the properties based on current market prices of properties of comparable locations and conditions, the costs necessary to make the sales and the construction costs to complete based on the existing development plans, where applicable.

Impairment provision for properties for/under development and properties held for sale is made when the estimated net realisable values of the underlying properties are lower than their respective carrying values.

We focused on this area because the recoverability assessment involves significant management judgements on key assumptions.

Our procedures to address this key audit matter included:

- We understood management's controls and processes of assessing the recoverability of properties for/under development and properties held for sale and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the level of other inherent risk factors;
- We evaluated and tested, on a sample basis, the key controls over cost budgeting of estimated construction costs to complete; and
- We assessed the reasonableness of key assumptions and estimates in management's assessment, on a sample basis, including:
 - (i) For the estimated sales prices, we compared to the recent actual contracted sales prices of the selected properties or current market prices of properties with comparable locations and conditions, where applicable; and
 - (ii) For the estimated costs necessary to make the sales and the estimated construction costs to complete, we assessed the reasonableness of the costs necessary to make the sales based on our knowledge of the property industry and costs incurred for similar transactions by the Group, and compared the estimated construction costs to complete with the latest budgets of remaining construction costs of the selected properties and checked to committed contracts, and other supporting documentation, as appropriate.

Based on the procedures performed, we found the key assumptions used by management in the recoverability assessment were supported by available evidence.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of contract assets and prepayment and provisions for termination costs relating to the 11 SKIES project <i>Refer to notes 5(i) and 24(b) to the consolidated financial statements.</i> In accordance with the Agreement for Sub-Lease entered between a subsidiary of the Group and Airport Authority Hong Kong ("AAHK") which governed the entire arrangement relating to the construction and operation of the 11 SKIES project (the "11 SKIES Agreement"), the Group had provided the related construction services which were substantially completed in prior years. During the year, the Group has been in discussion with AAHK to revisit and explore possibility for changes in the contractual arrangement of the 11 SKIES Agreement. Subsequent to the year end, an agreement was eventually reached with AAHK on 30 September 2026 for the early termination of the 11 SKIES Agreement (the "Termination Deed"). In light of these developments, management assessed the impairment of the Group's contract assets and prepayment as at 30 June 2026 relating to the 11 SKIES project by estimating their recoverable amounts, with the involvement of an independent external valuer. Based on management's assessment, a full impairment loss of HK\$14,722.0 million against these assets has been recognised during the year ended 30 June 2026. Management also assessed the provision for termination costs relating to the 11 SKIES project. Based on the terms of the Termination Deed, management has recognised a provision for termination costs of HK\$3,599.5 million as at 30 June 2026. We focused on this area because the magnitude of the impairment loss of contract assets and prepayment and the provision for termination costs relating to the 11 SKIES project and the aforesaid assessments involve significant management judgements and estimates, including rental income growth rate, discount rate and management's interpretation of terms of the 11 SKIES Agreement.	Our procedures to address this key audit matter included: • We understood management's controls and processes of the impairment assessment of the contract assets and prepayment, as well as the costs arising from changes in the 11 SKIES project contractual arrangements, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the level of other inherent risk factors; • We enquired management of their latest plan of the 11 SKIES project and their interactions with AAHK concerning possible changes to and termination of the original contractual arrangements; • We evaluated management's assessment of the impairment and provision for termination costs relating to the 11 SKIES project by: i. assessing the methodology and key management judgements and estimates used in the impairment assessment with reference to the relevant supporting or market information, with the involvement of our in-house valuation expert; and ii. evaluating the provisions for termination costs based on the terms as set out in the 11 SKIES Agreement, Termination Deed and other relevant supporting documents; and • We evaluated the appropriateness of the disclosures relating to the termination arrangement of the 11 SKIES project included in the consolidated financial statements. Based on the procedures performed, we found management's judgements and estimates used in the impairment assessment of contract assets and prepayment and the provision for termination costs in relation to the 11 SKIES project were supported by available evidence.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Going concern assessment <i>Refer to notes 2(c) and 5(f) to the consolidated financial statements.</i> As stated in note 2(c), during the year ended 30 June 2026, the Group incurred a loss of HK\$26,818.3 million. As at 30 June 2026, the Group had total borrowings of HK\$148,587.2 million, of which HK\$24,508.8 million are due within 12 months from 30 June 2026. As at the same date, the Group had cash and bank balances of HK\$16,960.4 million and undrawn term loan facilities of HK\$3,950.0 million. In recent years, the Group has been significantly affected by economic uncertainties, challenging property market conditions in Hong Kong and the Chinese Mainland, and the high interest environment. Amid these challenges, the Group completed a number of financing and refinancing arrangements during the year. In view of the abovementioned circumstances, as part of the going concern assessment, the directors of the Company reviewed the Group's cash flow projections prepared by management which covered a period for not less than 12 months from 30 June 2026 and have taken into account various plans and measures as set out in note 2(c) to the consolidated financial statements and considered that it is appropriate to prepare the consolidated financial statements on a going concern basis. We focused on this area because management's assessment of the going concern basis used in the preparation of consolidated financial statements involves significant management judgements on key assumptions, including the volume and amount of sale/pre-sale of property projects, the execution of the Group's assets disposal plan, and the ability to renew/refinance bank and other borrowings.	Our procedures to address this key audit matter included: • We obtained the cash flow projections prepared by management and discussed with management to understand the process of the preparation of and key assumptions used in the cash flow projections; • We tested data used in the cash flow projections on a sample basis to relevant supporting documents, such as property sale/pre-sale contracts and construction contracts; • We challenged the reasonableness of the key assumptions adopted in the cash flow projections, including the volume and amount of sale/pre-sale of property projects and the Group's assets disposal plan by considering the prevailing market information and the Group's business plan; • We enquired management regarding the availability of banking and other financing facilities and assessed the Group's ability to obtain refinancing, by considering its banking relationship with the lenders; and corroborated management's explanation with relevant supporting documents, including agreements and commitment letters entered into with the banks for new or existing banking facilities, and made direct enquiries of selected banks on a sample basis regarding their intention to refinance the relevant facilities; • We evaluated the Group's compliance with financial covenants as at the relevant test dates during the year by examining management's covenant calculations and corroborating the underlying data; • We evaluated management's sensitivity analyses and performed our independent sensitivity analyses on the key assumptions in the cash flow projections to assess the downside effect of such changes on liquidity and compliance with financial covenants; • We inspected the letter of financial support provided by the significant shareholder of the Company and evaluated its financial capability to provide such support; and • We evaluated the appropriateness of the disclosures relating to the going concern basis of preparation included in the consolidated financial statements.

Based on the procedures performed, we found the key assumptions used by management in the going concern assessment were supported by available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

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

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

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee of the Company is responsible 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. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee of the Company 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 of the Company with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 of the Company, 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 WONG, Cheuk Kay (practising certificate number: P05656).

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 September 2026

Consolidated Income Statement

For the year ended 30 June 2026

	Note	2026 HK\$m	2025 HK\$m
Revenues	6	19,992.2	27,680.5
Cost of sales		(10,566.6)	(16,054.7)
Gross profit		9,425.6	11,625.8
Other income	7	853.8	32.1
Other losses, net	8	(8,177.6)	(10,374.2)
Net impairment losses and provisions relating to 11 SKIES project	8	(18,321.5)	(2,700.0)
Selling and marketing expenses		(1,131.7)	(1,181.5)
Expenses of department store's operation		(977.5)	(1,032.4)
Administrative and other operating expenses		(2,845.1)	(3,524.6)
Changes in fair value of investment properties	16	(1,807.8)	(1,128.6)
Operating loss	9	(22,981.8)	(8,283.4)
Financing income		498.3	700.2
Financing costs	10	(4,710.1)	(5,420.5)
		(27,193.6)	(13,003.7)
Share of results of			
Joint ventures		224.7	(830.6)
Associated companies		1,413.5	(1.1)
Loss before taxation		(25,555.4)	(13,835.4)
Taxation	11	(1,262.9)	(2,521.2)
Loss for the year		(26,818.3)	(16,356.6)
(Loss)/profit attributable to:			
Shareholders of the Company	35	(28,148.8)	(16,301.5)
Holders of perpetual capital securities		1,987.0	988.3
Non-controlling interests		(656.5)	(1,043.4)
		(26,818.3)	(16,356.6)
Basic and diluted loss per share (HK\$)	12	(7.72)	(6.82)

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2026

	2026 HK\$m	2025 HK\$m
Loss for the year	(26,818.3)	(16,356.6)
Other comprehensive (loss)/income		
Items that will not be reclassified to profit or loss		
Net fair value changes on equity instruments as financial assets at fair value through other comprehensive income	(98.1)	(49.9)
Revaluation of investment properties upon reclassification from property, plant and equipment and right-of-use assets, net of taxation	38.9	105.8
Translation differences	304.5	398.2
Items that had been reclassified/may be reclassified subsequently to profit or loss		
Release and reclassification of reserves upon disposal of interests in joint ventures and associated companies	—	85.5
Release and reclassification of reserves upon disposal of subsidiaries	(218.7)	(987.1)
Share of other comprehensive income of joint ventures and associated companies	163.4	37.6
Gain/(loss) on cash flow hedges	366.9	(313.0)
Translation differences	5,350.4	1,308.7
Other comprehensive income for the year	5,907.3	585.8
Total comprehensive loss for the year	(20,911.0)	(15,770.8)
(Loss)/profit attributable to:		
Shareholders of the Company	(22,546.0)	(15,982.9)
Holders of perpetual capital securities	1,987.0	988.3
Non-controlling interests	(352.0)	(776.2)
	(20,911.0)	(15,770.8)



Consolidated Statement of Financial Position

As at 30 June 2026

	Note	2026 HK\$m	2025 HK\$m
Assets			
Non-current assets			
Investment properties	16	198,891.2	204,885.0
Property, plant and equipment	17	15,486.0	16,034.3
Right-of-use assets	18	3,394.4	3,898.8
Intangible assets	19	383.1	791.5
Interests in joint ventures	20	30,195.2	32,186.1
Interests in associated companies	21	11,145.3	9,199.5
Financial assets at amortised costs	28	—	111.9
Financial assets at fair value through profit or loss	29	3,946.0	4,420.4
Financial assets at fair value through other comprehensive income	30	488.8	2,331.5
Derivative financial instruments	22	103.6	—
Properties for development	25	14,579.3	15,377.5
Deferred tax assets	23	1,509.3	1,714.5
Other non-current assets	24	8,032.0	22,737.8
		288,154.2	313,688.8
Current assets			
Properties under development	25	32,532.1	37,328.4
Properties held for sale	25	30,555.0	28,773.9
Inventories	26	123.3	153.3
Debtors, prepayments and contract assets	27	12,978.6	12,266.2
Financial assets at fair value through profit or loss	29	453.6	536.7
Derivative financial instruments	22	—	106.0
Cash and bank balances – restricted and unrestricted	31	16,960.4	25,856.8
		93,603.0	105,021.3
Assets of disposal groups held for sale	32	9,939.8	1,554.9
		103,542.8	106,576.2
Total assets		391,697.0	420,265.0
Net current assets		27,996.1	48,930.1

Consolidated Statement of Financial Position

As at 30 June 2026

	Note	2026 HK\$m	2025 HK\$m
Equity			
Share capital	33	78,382.1	78,382.1
Reserves	35	71,355.6	85,333.7
Shareholders' funds		149,737.7	163,715.8
Perpetual capital securities	34	27,858.2	35,178.0
Non-controlling interests		7,220.5	7,843.1
Total equity		184,816.4	206,736.9
Liabilities			
Non-current liabilities			
Long-term borrowings	36	124,078.4	143,942.1
Lease liabilities	37	1,565.1	3,415.1
Deferred tax liabilities	23	5,368.9	7,766.9
Derivative financial instruments	22	281.5	666.1
Other non-current liabilities	38	40.0	91.8
		131,333.9	155,882.0
Current liabilities			
Creditors, accrued charges and contract liabilities	39	37,401.8	40,173.9
Current portion of long-term borrowings	36	23,856.0	6,520.0
Short-term borrowings	36	652.8	474.0
Lease liabilities	37	555.2	655.8
Derivative financial instruments	22	355.1	67.5
Current tax payable		9,314.1	9,754.9
Liabilities of disposal groups held for sale	32	72,135.0 3,411.7	57,646.1 —
		75,546.7	57,646.1
Total liabilities		206,880.6	213,528.1
Total equity and liabilities		391,697.0	420,265.0

Dr. Cheng Kar-Shun, Henry
Director

Ms. Huang Shaomei, Echo
Director



Consolidated Statement of Changes in Equity

For the year ended 30 June 2026

	Share capital HK\$m	Retained profits HK\$m	Other reserves HK\$m	Shareholders' funds HK\$m	Perpetual capital securities HK\$m	Non-controlling interests HK\$m	Total HK\$m
At 1 July 2025	78,382.1	79,024.2	6,309.5	163,715.8	35,178.0	7,843.1	206,736.9
(Loss)/profit for the year	—	(28,148.8)	—	(28,148.8)	1,987.0	(656.5)	(26,818.3)
Other comprehensive income							
Revaluation of investment properties upon reclassification from property, plant and equipment and right-of-use assets, net of taxation	—	—	38.9	38.9	—	—	38.9
Share of other comprehensive income of joint ventures and associated companies	—	—	163.4	163.4	—	—	163.4
Net fair value changes on equity instruments as financial assets at FVOCI	—	—	(98.1)	(98.1)	—	—	(98.1)
Disposal of financial assets at FVOCI	—	(604.6)	604.6	—	—	—	—
Release and reclassification of reserves upon disposal of subsidiaries	—	—	(218.7)	(218.7)	—	—	(218.7)
Gain on cash flow hedges	—	—	366.9	366.9	—	—	366.9
Translation differences	—	—	5,350.4	5,350.4	—	304.5	5,654.9
Other comprehensive (loss)/income for the year	—	(604.6)	6,207.4	5,602.8	—	304.5	5,907.3
Total comprehensive (loss)/income for the year	—	(28,753.4)	6,207.4	(22,546.0)	1,987.0	(352.0)	(20,911.0)
Transactions with owners							
Distributions to owners							
Dividend	—	—	—	—	—	(180.6)	(180.6)
Redemption of perpetual capital securities under an exchange offer, net of transaction costs	—	8,565.7	—	8,565.7	(18,029.1)	—	(9,463.4)
Issuance of perpetual capital securities	—	—	—	—	9,169.3	—	9,169.3
Distribution to perpetual capital security holders	—	—	—	—	(447.0)	—	(447.0)
Transfer of reserves	—	13.4	(13.4)	—	—	—	—
	—	8,579.1	(13.4)	8,565.7	(9,306.8)	(180.6)	(921.7)
Change in ownership interests in subsidiaries							
Deregistration of a subsidiary	—	—	7.9	7.9	—	—	7.9
Acquisition of additional interest in a subsidiary	—	—	(5.7)	(5.7)	—	—	(5.7)
Liquidation of subsidiaries	—	—	—	—	—	(111.1)	(111.1)
Contributions from non-controlling interest	—	—	—	—	—	21.1	21.1
	—	—	2.2	2.2	—	(90.0)	(87.8)
Total transactions with owners	—	8,579.1	(11.2)	8,567.9	(9,306.8)	(270.6)	(1,009.5)
At 30 June 2026	78,382.1	58,849.9	12,505.7	149,737.7	27,858.2	7,220.5	184,816.4

Consolidated Statement of Changes in Equity

For the year ended 30 June 2026

	Share capital HK\$m	Retained profits HK\$m	Other reserves HK\$m	Shareholders' funds HK\$m	Perpetual capital securities HK\$m	Non- controlling interests HK\$m	Total HK\$m
At 1 July 2024	78,382.1	95,327.4	6,122.4	179,831.9	36,280.5	8,776.4	224,888.8
(Loss)/profit for the year	—	(16,301.5)	—	(16,301.5)	988.3	(1,043.4)	(16,356.6)
Other comprehensive income							
Revaluation of investment properties upon reclassification from property, plant and equipment and right-of-use assets, net of taxation	—	—	105.8	105.8	—	—	105.8
Share of other comprehensive income of joint ventures and associated companies	—	—	37.6	37.6	—	—	37.6
Net fair value changes on equity instruments as financial assets at FVOCI	—	—	(49.9)	(49.9)	—	—	(49.9)
Release and reclassification of reserve upon disposal of interest in joint ventures and associated companies	—	—	85.5	85.5	—	—	85.5
Release and reclassification of reserves upon disposal of subsidiaries	—	—	(856.1)	(856.1)	—	(131.0)	(987.1)
Loss on cash flow hedges	—	—	(313.0)	(313.0)	—	—	(313.0)
Translation differences	—	—	1,308.7	1,308.7	—	398.2	1,706.9
Other comprehensive income for the year	—	—	318.6	318.6	—	267.2	585.8
Total comprehensive (loss)/income for the year	—	(16,301.5)	318.6	(15,982.9)	988.3	(776.2)	(15,770.8)
Transactions with owners							
Distributions to owners							
Dividends	—	—	—	—	—	(177.7)	(177.7)
Redemption of perpetual capital securities	—	—	—	—	(846.8)	—	(846.8)
Distribution to perpetual capital security holders	—	—	—	—	(1,244.0)	—	(1,244.0)
Release of reserve upon deregistration of subsidiaries	—	4.5	(4.5)	—	—	—	—
Transfer of reserves	—	(6.2)	6.2	—	—	—	—
	—	(1.7)	1.7	—	(2,090.8)	(177.7)	(2,268.5)
Change in ownership interests in subsidiaries							
Deregistration of a subsidiary	—	—	6.2	6.2	—	(70.7)	(64.5)
Acquisition of additional interest in subsidiaries	—	—	(139.4)	(139.4)	—	(138.7)	(278.1)
Contributions from non-controlling interest	—	—	—	—	—	230.0	230.0
	—	—	(133.2)	(133.2)	—	20.6	(112.6)
Total transactions with owners	—	(1.7)	(131.5)	(133.2)	(2,090.8)	(157.1)	(2,381.1)
At 30 June 2025	78,382.1	79,024.2	6,309.5	163,715.8	35,178.0	7,843.1	206,736.9



Consolidated Statement of Cash Flows

For the year ended 30 June 2026

	Note	2026 HK\$m	2025 HK\$m
Cash flows from operating activities			
Net cash generated from operations	43(a)	3,670.7	14,131.1
Hong Kong profits tax paid		(549.9)	(622.0)
Chinese Mainland and overseas taxation paid		(2,643.7)	(3,187.6)
Net cash from operating activities	43(g)	477.1	10,321.5
Cash flows from investing activities			
Interest received		449.1	366.9
Dividends received from			
Joint ventures		2.2	66.7
Associated companies		4.3	4.3
Additions of investment properties, property, plant and equipment and intangible assets		(1,961.6)	(4,211.1)
Advances to joint ventures	43(f)	(1,076.8)	(3,293.2)
Repayments from joint ventures	43(f)	3,174.6	2,407.1
Investments in associated companies		(68.0)	—
Advances to associated companies	43(f)	(140.1)	(514.2)
Repayments from associated companies	43(f)	319.1	229.9
Increase in long-term loans and receivables, long term prepayment and deposits and deposit for capital expenditure		(15.5)	—
Decrease in short-term bank deposits maturing after more than three months		576.3	—
Purchase of financial assets at FVOCI and financial assets at FVPL		(173.0)	(446.9)
Decrease in other non-current assets		202.1	294.4
Proceeds from disposal/partial disposal of			
Associated companies		28.2	—
Joint ventures		—	887.3
Financial assets at amortised cost		111.9	—
Financial assets at FVOCI and financial assets at FVPL		708.8	1,452.1
Disposal groups held for sale		726.4	1,570.2
Investment properties and property, plant and equipment		571.1	1,949.4
Subsidiaries (net of cash and cash equivalents)	43(d)	111.1	1,030.8
Net cash from investing activities		3,550.2	1,793.7

Consolidated Statement of Cash Flows

For the year ended 30 June 2026

	Note	2026 HK\$m	2025 HK\$m
Cash flows from financing activities			
Issue of fixed rate bonds		—	3,089.9
Redemption of fixed rate bonds and notes payable		(1,333.7)	(1,375.9)
Drawdown of bank and other loans		1,564.1	12,405.0
Repayment of bank and other loans		(3,670.7)	(19,921.5)
Advances from non-controlling shareholders		665.9	214.7
Repayment of advances from non-controlling shareholders		(452.9)	(203.6)
Principal elements of lease liabilities payments		(421.6)	(395.8)
Decrease in restricted bank balances		—	190.1
Contributions from non-controlling interests		21.1	230.0
Interest paid		(6,169.7)	(7,554.9)
Dividends paid to non-controlling shareholders		(180.6)	(177.7)
Repurchase of perpetual capital securities		—	(846.8)
Distribution to holders of perpetual capital securities	43(c)	(447.0)	(1,244.0)
Payments to acquire additional interest in a subsidiary		—	(138.7)
Net cash used in financing activities		(10,425.1)	(15,729.2)
Net decrease in cash and cash equivalents		(6,397.8)	(3,614.0)
Cash and cash equivalents at beginning of the year	43(g)	18,510.5	21,766.4
Translation differences		621.9	358.1
Cash and cash equivalents at end of the year	31	12,734.6	18,510.5



Notes to the Financial Statements

1 GENERAL INFORMATION

New World Development Company Limited (the “Company”) is a limited liability company incorporated in Hong Kong. The address of its registered office is 30/F, New World Tower, 16-18 Queen’s Road Central, Hong Kong. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company and its subsidiaries (together the “Group”) are principally engaged in property development and investment, construction, hotel operations, and other businesses (including department store and other strategic businesses).

These consolidated financial statements have been approved by the Board of Directors of the Company (the “Board”) on 30 September 2026.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, certain financial assets and financial liabilities (including derivative financial instruments), which have been measured at fair value.

The preparation of consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5 below.

(a) Adoption of amendments to standards

The Group has adopted the following amendments to standards which are relevant to the Group’s operations and are mandatory for the financial year ended 30 June 2026:

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability
Amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37	Disclosures about Uncertainties in the Financial Statements

The adoption of the amendments to standards does not have significant effect on the results and financial position of the Group.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(b) New standards, amendments to standards and interpretations which are not yet effective

The following new standards, amendments to standards and interpretations are mandatory for accounting periods beginning on or after 1 July 2026 or later periods but which the Group has not early adopted:

Amendments to HKAS 28	Fair Value Option for Investments in Associates and Joint Ventures
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contract Referencing Nature – Dependent Electricity
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRS 18	Presentation and Disclosure in Financial Statements
HKFRS 19	Subsidiaries without Public Accountability: Disclosures
HKFRS 20	Regulatory Assets and Regulatory liabilities
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRSs – Volume 11
Hong Kong Interpretation 5	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The Group has commenced the assessment on the impact of adoption of these amendments to standards and interpretation, certain of which may be relevant to the Group's operations and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the consolidated financial statements.

HKFRS 18 will replace HKAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the consolidated income statement and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. The Group expects to apply the new standard from its mandatory effective date of 1 January 2027 for the year ending 30 June 2028. Retrospective application is required, and so the comparative information for the financial year ending 30 June 2027 will be restated in accordance with HKFRS 18.

Except for the abovementioned changes in presentation and disclosure, these pronouncements are not expected to have a material impact on the results or the financial position of the Group.

(c) Going concern basis

For the year ended 30 June 2026, the Group incurred a loss for the year of HK\$26,818.3 million, which was primarily attributable to impairment losses and provisions relating to 11 SKIES project of HK\$18,321.5 million, impairment losses recognised on properties for/under development and properties held for sale of HK\$6,667.3 million, and fair value loss on investment properties of HK\$1,807.8 million. As at 30 June 2026, the Group had total borrowings of HK\$148,587.2 million, which included bank and other loans of HK\$19,719.3 million and bonds and notes payable of HK\$4,789.5 million, repayable within 12 months from the end of the reporting period, together with the remaining balance repayable thereafter. As at the same date, the Group had cash and bank balances of HK\$16,960.4 million and undrawn term loan facilities of HK\$3,950.0 million, secured by a first ranking mortgage over the Group's property known as "Victoria Dockside" (which comprises five major components, namely "K11 ARTUS", "K11 ATELIER", "K11 MUSEA", Rosewood Hong Kong and certain carparks) and assets that are related to Victoria Dockside.

Amid these challenges, the Group completed a number of financing and refinancing arrangements during the year. In particular, in December 2025, the Group completed a series of exchange offers of its certain perpetual capital securities and notes with principals of approximately US\$2,293.0 million (equivalent to HK\$17,885.0 million) and US\$236.0 million (equivalent to HK\$1,840.6 million), respectively, in return of issuance of new debt instruments, achieving a reduction of outstanding principals of perpetual capital securities and notes by approximately US\$1,117.5 million (equivalent to HK\$8,715.8 million) and US\$49.4 million (equivalent to HK\$385.4 million) respectively, as part of the Group's liability management and liquidity preservation measures.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(c) Going concern basis (continued)

In preparing the consolidated financial statements for the year ended 30 June 2026, the Directors of the Company (the “Directors”) have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern for at least 12 months from 30 June 2026 (the “forecast period”), taking into account the following plans and measures:

- (i) The Group will continue to actively arrange for the property sales and pre-sale activities to respond to market changes, capture demands and generate cash inflow, including implementation of its sales plans and measures to achieve its budgeted sales and pre-sales volume and amounts, and to speed up collection of sales proceeds;
- (ii) The Group will proactively communicate with the relevant banks for the refinancing of certain secured bank loans repayable during the forecast period. Based on its understanding and ongoing communication with the lenders, and the availability and adequacy of security, the Group is confident that such bank loans will be refinanced;
- (iii) The Group will continue to actively execute its assets disposal plan including identifying potential buyers or seeking other opportunities for the realisation of certain assets, including but not limited to properties, hotel and investments, to reduce its debts and finance costs. As part of this, the Group is progressing a proposed spin-off of a mixed-use complex in Shanghai through a separate commercial real estate investment trust fund listing on the Shanghai Stock Exchange;
- (iv) The Group continues to defer distributions on certain existing perpetual capital securities that are directly guaranteed by the Company, including the deferral in August 2026. The Group will continue to monitor its financial position and cashflow in determining distribution decisions;
- (v) In September 2026, certain term loan facilities were upsized with the committed facility amount increased from HK\$3,950.0 million to HK\$4,900.0 million;
- (vi) In September 2026, the Group entered into a termination deed with Airport Authority Hong Kong (“AAHK”) in relation to the contractual arrangements for the 11 SKIES project (note 24(b)). Pursuant to the termination deed, the Group will make a cash compensation payment to AAHK, to be fulfilled using internal financial resources. The termination reduces the Group’s future financial commitments in respect of the project and does not have a significant adverse impact on the Group’s financial position during the forecast period;
- (vii) The significant shareholder of the Company, Chow Tai Fook Enterprises Limited (“CTFE”), has indicated to the Board that it is in its interest that the Group operates as a going concern and CTFE is prepared to provide financial support to the Group, subject to suitable terms and compliance with applicable laws and regulations, as and when the Group may have funding needs for its refinancing or operating activities during the forecast period;
- (viii) The Group will continue to explore options to strengthen its capital base, enhance liquidity and secure additional sources of funding including bank borrowings and debt capital market to support its operations, construction costs and other funding needs. At the same time, the Group will continue to exercise tight cost control, adopt a cautious approach to operating expenditure, capital expenditure and investment commitments; and
- (ix) The Group will continue to monitor compliance with financial covenants across its borrowings through robust oversight and reporting. If any potential non-compliance is anticipated, the Group will proactively engage with lenders to renegotiate terms or seek waivers, as appropriate, to mitigate the related risks, and the Group is confident, based on the Group’s established lender relationships and past experience, that such efforts would be successful.

Notwithstanding the above, whether the Group is able to achieve its plans and measures as described above, which incorporate management’s judgement, at a particular point in time, may involve inherently uncertain outcome of future events and conditions of the market. The Directors, in making assessment and identifying whether there is any material uncertainty, have reviewed the Group’s cash flow projections which cover a period of not less than twelve months from 30 June 2026 and are of the opinion that, considering the successful implementation of the abovementioned plans and measures as well as the reasonably possible downside changes to the cash flow assumptions of the cash flow projections, the Group will be able to meet its financial obligations as and when they fall due within twelve months from 30 June 2026. Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

3 MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted for the presentation of the consolidated financial statements, which have been consistently applied to all the year presented are set out as below:

(a) Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to 30 June.

(i) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement at the acquisition date. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. There is a choice, on the basis of each acquisition to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amount of acquiree's identifiable net assets. If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through consolidated income statement.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree at the date of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this consideration is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in the consolidated income statement. The fair value is the carrying amount for the purposes of subsequently accounting for the retained interest as associated companies, joint ventures or financial assets. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to the consolidated income statement or transferred to another category of equity as specified/ permitted by applicable HKFRS Accounting Standards.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (continued)

(i) **Subsidiaries** (continued)

In the Company's statement of financial position, interests in subsidiaries are stated at cost less impairment losses. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the interests in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(ii) **Joint arrangements**

Under HKFRS 11 "Joint Arrangements", investments in joint arrangements are classified as either joint ventures or joint operations depending on the contractual rights and obligations each investor has.

(1) *Joint ventures*

The Group recognises its interests in joint ventures using equity method of accounting. Interests in joint ventures are stated in the consolidated financial statements at cost (including goodwill on acquisition) plus the share of post-acquisition results and movements in other comprehensive income less provision for impairment losses. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired joint ventures at the date of acquisition.

The Group's interests in joint ventures include the loans and advances to the joint ventures which, in substance, form part of the Group's net investments in the joint ventures. The loans and advances to the joint ventures are a form of commercial arrangement between the parties to the joint ventures to finance the development of projects and viewed as means by which the Group invests in the relevant projects. These loans and advances have no fixed repayment terms and will be repaid when the relevant joint venture has surplus cash flow. Please refer to note 3(i) for the impairment of loans and advances to joint ventures.

The share of post-acquisition results and other comprehensive income is based on the relevant profit sharing ratios which vary according to the nature of the joint ventures set out as follows:

- (a) **Equity joint ventures/joint ventures in wholly foreign owned enterprises**
Equity joint ventures/joint ventures in wholly foreign owned enterprises are joint ventures in respect of which the capital contribution ratios of the venturers are defined in the joint venture contracts and the profit sharing ratios and share of net assets of the venturers are in proportion to the capital contribution ratios.
- (b) **Co-operative joint ventures**
Co-operative joint ventures are joint ventures in respect of which the profit sharing ratios of the venturers and share of net assets upon the expiration of the joint venture periods are not in proportion to their capital contribution ratios but are as defined in the joint venture contracts.
- (c) **Companies limited by shares**
Companies limited by shares are limited liability companies in respect of which each shareholder's beneficial interests therein is in accordance with the amount of the voting share capital held thereby.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (continued)

(ii) Joint arrangements (continued)

(1) Joint ventures (continued)

When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investments in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

For equity accounting purpose, accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Company's interests in joint ventures are stated at cost less provision for impairment losses. The results of joint ventures are accounted for by the Company on the basis of dividend received and receivable.

(2) Joint operations

The assets that the Group has the rights and the liabilities that the Group has the obligations in relation to the joint operations are recognised in the consolidated statement of financial position on an accrual basis and classified according to the nature of the item. The share of expenses that the Group incurs and its share of income that it earns from the joint operations are included in the consolidated income statement.

(iii) Associated companies

An associated company is a company other than a subsidiary and a joint venture, in which the Group has significant influence, but not control, exercised through representatives on the board of directors.

The Group's interests in associated companies include the loans and advances to the associated companies which, in substance, form part of the Group's interests in the associated companies. The provision of loans and advances to the associated companies are a form of commercial arrangement between the parties to the associated companies to finance the development of projects and viewed as a means by which the Group invests in the relevant projects.

Interests in associated companies are accounted for by the equity method of accounting and are initially recognised at cost. The Group's interests in associated companies include goodwill (net of any accumulated impairment loss) identified on acquisition. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired associated companies at the date of acquisition. The interests in associated companies also include long-term receivables that, in substance, form part of the Group's net investments in the associated companies. Please refer to note 3(i) for the impairment of long-term receivables.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (continued)

(iii) **Associated companies** (continued)

The Group's share of its associated companies' post-acquisition profits or losses is recognised in the consolidated income statement, and the share of post-acquisition movements in other comprehensive income is recognised in the consolidated statement of comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the share of losses in an associated company equals or exceeds its interests in the associated company, including any other unsecured receivable, the Group does not recognise further losses, unless it has incurred legal and constructive obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interests in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. For equity accounting purpose, accounting policies of associated companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Company's interests in associated companies are stated at cost less provision for impairment losses. The results of associated companies are accounted for by the Company on the basis of dividend income received and receivable.

Gains or losses on deemed disposal on dilution arising from interests in associated companies are recognised in the consolidated income statement.

The cost of an associated company acquired in stages is measured as the sum of consideration paid for each purchase plus a share of investee's profits and other equity movements.

The Group ceases to use the equity method from the date an investment ceases to be an associated company that is the date on which the Group ceases to have significant influence over the associated company or on the date it is classified as held for sale.

(iv) **Transactions with non-controlling interests**

Non-controlling interests are the equity in a subsidiary which is not attributable, directly or indirectly, to a parent. The Group treats transactions with non-controlling interests (namely, acquisitions of additional interests and disposals of partial interests in subsidiaries that do not result in a loss of control) as transactions with equity owners of the Group. For purchases of additional interests in subsidiaries from non-controlling shareholders, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of partial interests to non-controlling shareholders are also recorded in equity.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Intangible assets

(i) Goodwill

Goodwill arising on acquisitions of subsidiaries is included in intangible assets. Goodwill arising on acquisitions of joint ventures and associated companies is included in interests in joint ventures and associated companies respectively and is tested for impairment as part of overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains or losses on the disposal of all or part of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGUs") for the purpose of testing for impairment. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

(ii) Trademarks

Separately acquired trademarks are initially recognised at initial cost. Trademarks acquired in a business combination are recognised at fair value at the date of acquisition. Trademarks have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives.

(iii) Operating right

Operating right primarily resulted from the acquisition of right to operate facilities rental and other businesses. Separately acquired operating rights are initially recognised at cost. Operating rights acquired in a business combination are initially recognised at fair value at the acquisition date.

Operating right is carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost over the period of the operating right.

(iv) Other intangible assets

Other intangible assets mainly represent computer software. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses.

Amortisation of intangible assets with finite useful lives is charged to consolidated income statement on a straight-line basis over the assets' estimated useful lives or 3 to 5 years, whichever is shorter.

(c) Non-current assets held for sale

Non-current assets are classified as held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. For assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment properties that are carried at fair value, would continue to be measured in accordance with the policies set out elsewhere in note 3.

A remeasurement loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increase in fair value less costs to sell of an asset, but not in excess of any cumulative remeasurement loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

Non-current assets classified as held for sale are presented separately from the other assets in the consolidated statement of financial position. The liabilities directly associated with non-current assets classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property comprises land held under operating leases are accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it was a finance lease.

Property held by the lessee as a right-of-use asset for long-term rental yields or for capital appreciation or both is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment property is carried at fair value. Fair value is determined by professional qualified valuers on an open market value basis at the end of each reporting period. Changes in fair value are recognised in the consolidated income statement.

Property that is being constructed or developed for future use as investment property is stated at fair value.

Subsequent expenditure is included in the carrying amount of the asset only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to properties for/under development. The property's deemed cost for subsequent accounting as properties for/under development is its fair value at the date of change in use.

If an owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this property at the date of transfer is recognised in equity as a revaluation of property, plant and equipment. However, if the fair value of the property at the date of transfer which results in a reversal of the previous impairment loss, the write-back is recognised in the consolidated income statement.

For a transfer from properties for/under development or property held for sale to investment properties that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in the consolidated income statement. Transfers to investment properties shall be made when, and only when, there is a change in use. The inception of a lease to another party is generally an evidence of a change in use. A change in use has occurred is based on an assessment of all relevant facts and circumstances. The relevant facts include but not limited to the Group's business plan, financial resources and legal requirements.

(e) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of assets. Subsequent costs are included in the carrying amount of the assets or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged in the consolidated income statement during the financial period in which they are incurred. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying value of an asset is greater than its estimated recoverable amount.

(i) Assets under construction

All direct costs relating to the construction of property, plant and equipment, including borrowing costs during the construction period are capitalised as the costs of the assets.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Property, plant and equipment (continued)

(ii) Depreciation

No depreciation is provided on assets under construction until such time when the relevant assets are completed and available for intended use. No depreciation is provided on freehold land.

Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Buildings	20 to 40 years
Other assets	2 to 25 years

The residual values and useful lives of the assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

(iii) Gain or loss on disposal

The gain or loss on disposal of property, plant and equipment is determined by comparing the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the consolidated income statement.

(f) Impairment of investments in subsidiaries, joint ventures, associated companies and non-financial assets

Non-financial assets that have an indefinite useful life, for example goodwill, or have not yet been available for use are not subject to amortisation and are tested annually for impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount. An impairment loss is recognised in the consolidated income statement for the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and value in use. Impairment losses on goodwill are not reversed. For the purpose of assessing impairment, assets are grouped as CGUs for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Impairment testing of the interests in subsidiaries, joint ventures or associated companies is required upon receiving dividends from these interests if the dividend exceeds the total comprehensive income of the subsidiaries, joint ventures or associated companies in the period the dividend is declared or if the carrying amount of the interest in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(g) Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- (a) those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss); and
- (b) those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the consolidated income statement or OCI. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity instruments at fair value through OCI.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Investments and other financial assets (continued)

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

Except for trade debtors that do not have a significant financing component, at initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated income statement.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

(a) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the consolidated income statement when the asset is derecognised or impaired. Interest income from these financial assets is recognised in the consolidated income statement using the effective interest method.

(b) Financial assets at fair value through other comprehensive income

Assets that are held for collection of contractual cash flows and for sale, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the consolidated income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated income statement. Interest income from these financial assets is recognised in the consolidated income statement using the effective interest method. Foreign exchange gains and losses and impairment loss are presented in "other gains/losses, net".

(c) Financial assets at fair value through profit or loss ("FVPL")

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt instrument that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in the consolidated income statement and presented net in the period in which it arises.

Equity instruments

The Group subsequently measures all investments in equity instruments at fair value. Where the Group's management has elected to present fair value gains and losses on investments in equity instruments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the consolidated income statement following the derecognition of the investments. Dividends from such investments continue to be recognised in the consolidated income statement when the Group's right to receive payments is established.

Changes in the fair value of investments in equity instruments at FVPL are recognised in the consolidated income statement. Investments in equity instruments at FVOCI are not subject to impairment assessment.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Derivative financial instruments and hedging activities

A derivative is initially recognised at fair value on the date a derivative contract is entered into and is subsequently remeasured at its fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges) or the changes in fair value of recognised assets or liabilities (fair value hedges).

At the inception of the hedging, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 22. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedges that quantity for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other reserves within equity. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement.

When option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognised in OCI and accumulated in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognised in OCI and accumulated in the costs of hedging reserve within equity. In some cases, the Group may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in OCI and accumulated in the cash flow hedge reserve within equity.

Amounts accumulated in equity are transferred to the consolidated income statement in the periods when the hedged item affects profit or loss. Where the hedged item subsequently results in the recognition of a non-financial asset, both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of such asset. The deferred amounts are ultimately recognised in consolidated income statement as the hedged item affects profit or loss. The gain or loss relating to the effective portion of the hedging instrument is recognised in the consolidated income statement at the same time as the expense on the hedged items.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss that were reported in equity are immediately reclassified to the consolidated income statement.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Derivative financial instruments and hedging activities (continued)

Cash flow hedges that qualify for hedge accounting (continued)

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

Hedge ineffectiveness may occur due to:

- the credit/debit value adjustment on the hedging instrument which is not matched by the hedged item; and
- differences in critical terms between the hedged item and hedging instrument.

Fair value hedges

Change in the fair value on hedging instrument is recognised in OCI when the hedged item is an equity instrument for which the Group has elected to present changes in fair value in OCI.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the consolidated income statement.

(i) Impairment of financial assets

The Group's financial assets measured at amortised cost, including trade and other debtors, deposits, retention receivables for contract works, amounts due from associated companies, amounts due from joint ventures and amounts due from non-controlling shareholders, cash and bank balances, and other debt instruments at FVOCI as well as contract assets are subject to expected credit loss model under HKFRS 9 "Financial Instruments" ("HKFRS 9").

For trade debtors, retention receivables and contract assets, the Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which requires the use of the lifetime expected loss provision.

For all other instruments, the Group measures the loss allowance equal to 12-month expected credit loss, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime expected credit loss. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 4(b) details how the Group determines whether there has been a significant increase in credit risk.

(j) Properties for/under development

Properties for/under development comprise leasehold land and land use rights, development expenditure and borrowing costs capitalised, and are carried at the lower of cost and net realisable value. Net realisable value takes into account the proceeds ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to complete. Upon completion, the properties are transferred to properties held for sale. Properties under development included in the current assets are expected to be realised in, or is intended for sale in the Group's normal operating cycle.

(k) Properties held for sale

Properties held for sale are initially measured at the carrying amount of the property at the date of reclassification from properties under development. Subsequently, properties held for sale are carried at the lower of cost and net realisable value. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated on the weighted average basis. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(m) Trade and other debtors

Trade and other debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other debtors is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Details of impairment of trade debtors is disclosed in note 3(i).

(n) Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer.

The combination of those rights and performance obligations gives rise to a net contract asset or a net contract liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the cumulative revenue recognised in the consolidated income statement exceeds cumulative payments made by customers. Conversely, the contract is a liability and recognised as contract liabilities if the cumulative payments made by customers exceeds the revenue recognised in the consolidated income statement.

Contract assets are assessed for impairment under the same approach adopted for impairment assessment of trade debtors as described in notes 3(i) and 4(b). Contract liabilities are recognised as revenue when the Group transfers the goods or services to the customers and therefore satisfies its performance obligation.

The incremental costs of obtaining a contract with a customer are capitalised and presented as contract related assets, if the Group expects to recover those costs, and are subsequently amortised on a systematic basis that is consistent with the transfer to the customers of the goods or services to which the assets relate. The Group recognises an impairment loss in the consolidated income statement to the extent that the carrying amount of the contract related assets recognised exceeds the remaining amounts of consideration that the Group expects to receive less the costs that directly relate to those goods or services and have not been recognised as expenses.

(o) Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings under current liabilities in the consolidated statement of financial position.

(p) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Perpetual capital securities

Perpetual capital securities with no contractual obligation to repay its principal or to pay any distribution are classified as part of equity.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(r) Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(s) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow of resources will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow of resources with respect to any one item included in the same class of obligations may be small.

Provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contracts.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(t) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability, other than that assumed in a business combination, is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(u) Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group, joint ventures and associated companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(u) Current and deferred income tax (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associated companies, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(v) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement or capitalised as stated in note 3(y) over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(w) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts, allowances for credit and other revenue reducing factors after eliminating sales within the Group.

Revenue is recognised when it is probable that future economic benefits will flow to the Group and specific criteria for each of the activities have been met. Estimates are based on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(i) Rental

Rental income is recognised in the consolidated income statement on a straight-line basis over the lease term.

(ii) Property sales

Revenue is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. Revenue is recognised at a point in time when the customer obtains control of the completed property.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(w) Revenue recognition (continued)

(iii) Construction revenue

Revenue from construction service contract is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation using input method.

(iv) Service fee income

Property and facilities management service fees and property letting agency fee are recognised over time and at a point in time respectively when services are rendered.

(v) Sales of goods

Income from sales of goods is recognised at a point in time when the goods are delivered to customers and title has passed.

(vi) Hotel operations

Revenue from hotel and restaurant operations is recognised upon provision of the services.

(vii) Department store operations

Revenue from sale of goods to retail customers is recognised when the Group sells the product to the customers and the revenue from sale of goods to wholesalers is recognised when control of the products has transferred, being when the products are delivered to the wholesaler. The Group recognises commission income from concessionaire sales upon sale of goods.

Payments received in advance that are related to sales of goods or provision of services not yet delivered to customers are deferred and recognised as contract liabilities. Revenue is recognised when goods or services are delivered to customers.

Marketing or promotional offer made to customers at the time of the sale of goods is a separate performance obligation, and the likelihood of settlement of the outstanding performance obligation must be estimated and allocated to the consideration received.

(viii) Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues to unwind the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(ix) Dividend income

Dividend income is recognised when the right to receive payment is established.

(x) Leases

The Group leases various land, office buildings and premises. Rental contracts are made for a range of fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(x) Leases (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the lessee's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated income statement. Short-term leases are leases with a lease term of 12 months or less.

Some leases contain variable payment terms that are linked to sales generated. Variable lease payments that depend on sales are recognised in the consolidated income statement in the period in which the condition that triggers those payments occurs. Most leases are subject to fixed payments.

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessors.

(y) Borrowing cost

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed as incurred.

Borrowing costs include interest expense, finance charges in respect of finance lease and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on forward currency rates at the inception of the borrowings.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined on a cumulative basis based on the cumulative amounts of interest expenses that would have been incurred had the entity borrowed in its functional currency. The total amount of foreign exchange differences capitalised cannot exceed the amount of total net foreign exchange differences incurred on a cumulative basis at the end of the reporting period.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(z) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Bonus plans

Provision for bonus plans are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(iii) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to defined contribution plans, including the Mandatory Provident Fund ("MPF") Scheme and employee pension schemes established by municipal government in The People's Republic of China ("PRC") are expensed as incurred. Contributions are reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions, where applicable.

(iv) Defined benefit plans

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in the consolidated income statement.

(v) Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of share options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted at the date of grant, excluding the impact of any non-market vesting conditions. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) when the options are exercised.

On lapse of share options according to the plan, corresponding amount recognised in employees' share-based compensation reserve is transferred to retained profits.

The grant by the Company of options over its equity instruments to the employees of subsidiary in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary, with a corresponding credit to equity in the parent entity accounts.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(aa) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollar, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates ruling at the end of the reporting period are recognised in the consolidated income statement.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in the consolidated income statement as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in the consolidated statement of comprehensive income.

(iii) Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (1) assets and liabilities for each consolidated statement of financial position presented are translated at the exchange rate ruling at the date of that consolidated statement of the financial position;
- (2) income and expenses for each consolidated income statement are translated at the average exchange rate during the period covered by the consolidated income statement; and
- (3) all resulting translation differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate ruling at the end of the reporting period.

(iv) Disposal of foreign operation and partial disposal

On the disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, all of the translation differences accumulated in equity in respect of that operation attributable to the equity holders of the company are reclassified to the consolidated income statement.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated translation differences are re-attributed to non-controlling interests and are not recognised in the consolidated income statement. For all other partial disposals (that is, reductions in the Group's ownership interest in associated companies or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated translation difference is reclassified to the consolidated income statement.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(ab) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Board of Directors of the Company has appointed an Executive Committee which assess the financial performance and position of the Group, and makes strategic decisions. The Executive Committee, which has been identified as being the chief operating decision-maker, consists of executive directors of the Company.

Segment assets consist primarily of property, plant and equipment, right-of-use assets, investment properties, intangible assets, financial assets at FVOCI, financial assets at FVPL, properties for development, other non-current assets, properties under development, properties held for sale, inventories, receivables and non-current assets classified as assets held for sale and exclude interests in joint ventures and associated companies, derivative financial instruments, deferred tax assets, restricted bank balances and cash and bank balances. Segment liabilities comprise operating liabilities and exclude items such as current tax payable, deferred tax liabilities and borrowings.

(ac) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the financial period when the dividends are approved by the Company's shareholders/directors, where appropriate.

(ad) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

(ae) Deferred income

Deferred income is included in both current and non-current liabilities and is credited to the consolidated income statement on a straight-line basis over the concession periods.

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group has centralised treasury function for all of its subsidiaries except for listed subsidiaries which arrange their financial and treasury affairs on a stand-alone basis and in a manner consistent with the overall policies of the Group.

(a) Market risk

(i) Foreign exchange risk

The Group's operations are mainly in Hong Kong and the Chinese Mainland. Entities within the Group are exposed to foreign exchange risk from future commercial transactions and monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency.

The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates and will consider to enter into foreign exchange forward contracts and foreign exchange swaps to reduce the exposure should the need arises.

During the year, the results and financial position of the Group's operations in the Chinese Mainland having Renminbi as their functional currency fluctuated against the Hong Kong dollar. This gave rise to an unrealised gain of approximately of HK\$5,818.3 million (2025: gain of approximately HK\$1,744.5 million) on translation of these operations' net assets to the Group's Hong Kong dollar reporting currency, including the Group's share of the translation gains and losses of associates and joint ventures. This unrealised gain/loss was reflected as a movement in other reserves under the heading of exchange fluctuation reserve. If Renminbi had strengthened/weakened by 2.5% (2025: 2.5%) against Hong Kong dollar with all other variables unchanged, the Group's total equity would have been HK\$1,405.6 million (2025: HK\$1,925.8 million) higher/lower.

At 30 June 2026, the Group's entities with functional currency of Hong Kong dollar had aggregate United States dollar net monetary liabilities of HK\$14,670.4 million (2025: HK\$14,556.8 million). Under the Linked Exchange Rate System in Hong Kong, Hong Kong dollar is pegged to the United States dollar, management therefore considers that there are no significant foreign exchange risk with respect to the United States dollar.

At 30 June 2026, the Group's entities with functional currency of Hong Kong dollar had aggregate Renminbi net monetary assets of HK\$1,887.7 million (2025: HK\$2,139.0 million). If Hong Kong dollar had strengthened/weakened by 5% (2025: 5%) against Renminbi with all other variables unchanged, the Group's loss before taxation would have been HK\$94.4 million (2025: HK\$106.9 million) higher/lower.

At 30 June 2026, the Group's entities with functional currency of Renminbi had aggregate United States dollar net monetary assets of HK\$49.9 million (2025: HK\$35.3 million). If Renminbi had strengthened/weakened by 5% (2025: 5%) against United States dollar with all other variables unchanged, the Group's loss before taxation would have been HK\$2.5 million (2025: HK\$1.8 million) higher/lower.

At 30 June 2026, the Group's entities with functional currency of Renminbi had aggregate Hong Kong dollar net monetary liabilities of HK\$857.2 million (2025: HK\$849.1 million). If Renminbi had strengthened/weakened by 5% (2025: 5%) against Hong Kong dollar with all other variables unchanged, the Group's loss before taxation would have been HK\$42.9 million (2025: HK\$42.5 million) lower/higher.

This sensitivity analysis ignores any offsetting foreign exchange factors and has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period. The stated change represents management's assessment of reasonably possible changes in foreign exchange rates over the period from the end of the reporting period until the end of next reporting period. There are no other significant monetary balances held by group companies at 30 June 2026 and 2025 that are denominated in a non-functional currency. Currency risks as defined by HKFRS 7 "Financial Instruments: Disclosures" ("HKFRS 7") arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency, differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(a) Market risk (continued)

(ii) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. Cash flow interest rate risk is the risk that changes in market interest rates will impact cash flows arising from variable rate financial instruments. The Group's interest bearing assets on a floating rate basis mainly include deposits at bank and amounts due from joint ventures and associated companies. The Group's floating rate borrowings will be affected by fluctuation of prevailing market interest rates and will expose the Group to cash flow interest rate risk. The Group's borrowings issued at fixed rates exposed the Group to fair value interest rate risk.

The Group is also exposed to fair value interest risk mainly in relation to the financial assets at FVOCI (debt instruments) and derivative financial instruments. Fair value interest rate risk is the risk that the fair value of the future cash flows of the financial instruments will fluctuate because of changes in market interest rates.

To mitigate the risk, the Group has maintained an appropriate mix of fixed and floating rate interests. To match with underlying risk faced by the Group, the level of fixed rate instrument for the Group is decided after taking into consideration the potential impact of higher interest rates on the consolidated income statement, interest cover and the cash flow cycles of the Group's businesses and investments. Variance interest bearing financial assets and liabilities are mainly subject to an interest repricing risk of one year or below.

If interest rates had been 100 basis points (2025: 100 basis points) higher/lower with all other variables held constant, the Group's loss before taxation would have been HK\$144.0 million (2025: HK\$244.1 million) higher/lower. The sensitivity analysis has been determined assuming that the change in rates had occurred throughout the year and had been applied to the exposure to interest rate risk for financial instruments in existence at the end of the reporting period. The 100 basis points (2025: 100 basis points) increase or decrease represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group over the period until the end of next reporting period. Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments. As a consequence, they are included in the calculation of profit before taxation sensitivities.

(iii) Price risk

The Group is exposed to securities price risk arising from the listed and unlisted investments held by the Group. Gains or losses arising from changes in the fair value of financial assets at FVOCI and financial assets at FVPL are dealt with in equity and the consolidated income statement respectively. The performance of the Group's listed and unlisted investments are monitored regularly, together with an assessment of their relevance to the Group's strategic plans. The Group is also exposed to other price risk arising from fair value of certain interest rate swaps which is determined based on the in-house indexes of banks. Changes in fair value of these interest rate swaps are dealt with in the consolidated income statement. The Group is not exposed to commodity price risk.

At 30 June 2026, if the price of listed and unlisted investments in financial assets at FVOCI had been 25% (2025: 25%) higher/lower with all other variables held constant, the Group's financial assets at FVOCI reserve would have been HK\$122.2 million (2025: HK\$582.8 million) higher/lower. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

At 30 June 2026, if the price of listed and unlisted investments in financial assets at FVPL had been 25% (2025: 25%) higher/lower with all other variables held constant, the Group's loss before taxation would have been HK\$1,099.9 million (2025: HK\$1,239.3 million) lower/higher. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months and assumed no impact from overlay approach adjustments.

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(b) Credit risk

The credit risk of the Group mainly arises from trade and other receivables, contract assets, other non-current assets, balances receivable from investee companies, joint ventures and associated companies, deposits with banks, and debt instruments at FVOCI.

The Group considers the probability of default from initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis by close monitoring against established credit policies in each of its core business. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the assets, generally on individual basis, as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. The following indicators are generally incorporated:

- external credit rating (if any);
- average default rate by independent external parties;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparties' ability to meet their obligations; and
- significant actual and expected changes in the performance and behaviour of the counterparties, including changes in the payment status of counterparties in the Group and changes in the operating results of the counterparties.

A default on a financial asset is when the counterparty fails to make contractual payments when they fall due. Financial assets are considered to be credit-impaired and written off when there is no reasonable expectation of recovery.

For trade debtors, retention receivables and contract assets in relation to provision of services, expected credit loss allowance has been provided under lifetime expected credit loss assessment with reference to the historical credit loss experience with counterparties and ageing analysis, adjusted for forward-looking factors specific to the counterparties and the economic environment.

For trade debtors in relation to property sales, the Group normally receives deposits or progress payments from individual customers and possesses the control of the property unit prior to the completion of sales transaction. Taking into account the historical settlement of contractual payment and forward-looking factors, management considered the lifetime expected credit loss surrounding property sales receivables is immaterial.

For trade debtors in relation to rental income, the Group carries out regular review on these balances and follow-up action on any overdue amounts to minimise exposures to credit risk. The Group measures the lifetime expected credit losses based on the outstanding balances with debtors, offset with the deposit placed to the Group by the counterparties or the assets held by the counterparties expected to be frozen by the court for confiscation, and historical credit loss experience adjusted by the current and forecast economic conditions that may affect the ability of the counterparties to settle receivables.

There is no concentration of credit risk with respect to trade debtors and contract assets from third party customers as the customer bases are widely dispersed in different sectors and industries.

In assessing expected credit loss of contract assets, judgement has been applied in determining the level of provision for lifetime expected credit loss, taking into account the counter party risk and value of the underlying lease. While the loss allowance is considered appropriate, changes in estimation basis or in economic conditions could lead to a change in the level of loss allowance recorded and consequently on the charge of credit to profit or loss.

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(b) Credit risk (continued)

For mortgage loans receivables, similar to other financial institutions, credit assessments are part of the normal process before approving loans to applicants. Regular review is carried out and stringent monitoring procedures are in place to deal with overdue debts. At the end of each reporting period, the Group reviews the recoverable amount of each individual receivable, taking into account the historical settlement of contractual payments and forward-looking factors under general approval, to ensure that adequate provisions for impairment are made for irrecoverable amounts, if any.

Impairment on financial assistance provided to investee companies, joint ventures and associated companies, other debtors and other non-current assets such as loans receivables, is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition, through the management's critical assessment on the recoverable amounts based on underlying assets, historical repayment pattern, the actual and expected changes in business performance and general market default rate. If a significant increase in credit risk of a receivable has occurred since initial recognition, then loss allowance is measured as lifetime expected credit losses.

In addition, the Group monitors the exposure to credit risk in respect of the financial assistance provided to investee companies, associated companies and joint ventures through exercising joint control or influence over their financial and operating policy decisions and reviewing their financial positions on a regular basis. The Group determines the probability of default and recovery rate based on the underlying financial information, the actual and expected changes in business performance and general market default and recovery rate. The Group has also considered the forward-looking information by incorporating a set of different economic scenarios.

The Group monitors the exposure to credit risk in respect of the financial guarantees provided in relation to joint ventures through exercising joint control or influence over their financial and operating policy decisions and reviewing their financial positions on a regular basis. The Group determines the probability of default and recovery rate based on the underlying financial information, the actual and expected changes in business performance and general market default and recovery rate. The Group has also considered the forward-looking information by incorporating a set of different economic scenarios.

Deposits with banks mainly placed with high-credit-quality financial institutions and are considered to be of low credit risk. For debt securities, the Group maintain a balanced debt securities portfolio to meet both short-term and long-term financial objectives.

The Group provides guarantees to banks in connection with certain property purchasers' borrowing of mortgage loans to finance their purchase of the properties until the issuance of the official property title transfer certificates by the relevant authority in the Chinese Mainland. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the purchaser's deposit and sell the property to recover any amounts paid by the Group to the bank. Therefore the Group's credit risk is significantly reduced. Nevertheless, the net realisable values of the relevant properties are subject to the fluctuation of the property market in general, the Group assesses at the end of each reporting period the liabilities based on the current estimates of future cash flows. As at 30 June 2026 and 2025, no provision on the above guarantees to banks had been made in the consolidated financial statements.

The maximum exposure to credit risk is represented by the carrying amounts of financial assets in the consolidated statement of financial position after deducting any loss allowance.

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(c) Liquidity risk

Prudent liquidity risk management involves managing the profile of debt maturities and funding sources, maintaining sufficient cash and marketable securities, and ensuring the availability of funding from an adequate amount of committed credit facilities, renewal of loan facilities upon maturity and the ability to close out market positions so as to mitigate liquidity risk. It is the Group's policy to actively and continuously monitor current and expected liquidity requirements, ensuring adequate funding is available for operating, investing and financing activities by performing cash flow forecast at least for the next twelve months of the Group by considering different plans and measures as stated in note 2(c). The Group will consider different ways to strengthen our capital base and enhance liquidity.

The Group maintains adequate flexibility to respond to opportunities and events by ensuring that committed credit lines are available to meet future funding requirements. The Group also maintains adequate undrawn committed credit facilities to further reduce liquidity risk in meeting funding requirements (including financing for the Group's capital commitments as detailed in note 41(b)). In addition, CTFE is prepared to provide financial support to the Group, subject to suitable terms and compliance with applicable laws and regulations, as and when the Group may have funding needs during the forecast period. The Directors of the Company are of the view that the Group has sufficient resources to meet the Group's commitments and liabilities as and when they fall due.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table were the contractual undiscounted cash flows.

Non-derivative financial liabilities:

	Carrying amount HK\$m	Total contractual undiscounted cash flow HK\$m	Within 1 year or on demand HK\$m	Over 1 year but within 5 years HK\$m	After 5 years HK\$m
At 30 June 2026					
Creditors and accrued charges	30,738.3	30,738.3	27,339.6	1,864.1	1,534.6
Short-term borrowings	652.8	690.3	690.3	—	—
Long-term borrowings (including current portion)	147,934.4	168,929.1	30,297.0	124,011.3	14,620.8
Lease liabilities	2,120.3	2,451.0	584.6	1,085.6	780.8
At 30 June 2025					
Creditors and accrued charges	33,160.8	33,160.8	30,627.0	1,075.8	1,458.0
Short-term borrowings	474.0	533.8	533.8	—	—
Long-term borrowings (including current portion)	150,462.1	181,130.7	14,691.6	147,985.7	18,453.4
Lease liabilities	4,070.9	8,372.3	702.2	1,845.1	5,825.0

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)**(c) Liquidity risk (continued)**

Derivative financial liabilities:

	Total contractual undiscounted cash flow HK\$m	Within 1 year or on demand HK\$m	Over 1 year but within 5 years HK\$m	After 5 years HK\$m
At 30 June 2026				
Derivative financial instruments (net settled)	(238.5)	189.7	(428.2)	—
At 30 June 2025				
Derivative financial instruments (net settled)	(387.1)	0.1	(339.9)	(47.3)

(d) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group generally obtains long-term financing to on-lend or contribute as equity to its subsidiaries, joint ventures and associated companies to meet their funding needs in order to provide more cost efficient financing. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue or repurchase shares, raise new debt financing or sell assets to reduce debt.

The Group monitors capital on the basis of the Group's gearing ratio and makes adjustments to it in light of changes in economic conditions and business strategies. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total long-term and short-term borrowings (excluding loans from non-controlling shareholders) less cash and bank balances – restricted and unrestricted.

The gearing ratios were as follows:

	2026 HK\$m	2025 HK\$m
Consolidated total borrowings*	143,267.5	145,970.1
Less: cash and bank balances – restricted and unrestricted	(16,960.4)	(25,856.8)
Consolidated net debt	126,307.1	120,113.3
Total equity	184,816.4	206,736.9
Gearing ratio	68.3%	58.1%

* Excluding loans from non-controlling shareholders.

4 FINANCIAL MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(e) Fair value estimation

The Group's financial instruments that are measured at fair value are disclosed by levels of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Management determined the fair value of these financial assets within level 2 and level 3 as follows:

- The fair value of forward starting swap contracts and forward exchange contracts is determined by discounting the contractual future cash flows. The discount rate used is derived from the relevant swap curve as at the reporting date with potential adjustment made for various collateralisation agreement when appropriate;
- The fair value of cross currency swap contracts is determined by discounting the contractual future cash flows. The exchange rate and discount rate used are derived from the relevant foreign exchange forward rates and swap curve as at the reporting date, with potential adjustment made for various collateralization agreement when appropriate;
- For investments in unlisted investment funds, management discussed with the respective fund managers to understand the performance of the underlying investments and fair value measurement basis conducted by the respective fund managers in order to evaluate whether the fair values as stated in the fund statements at the end of reporting period is appropriate;
- For investments in unlisted equity and debt instruments with recent transactions, management determined the fair value at the end of reporting period with reference to recent transaction prices of these financial assets; investments in bonds are classified as level 3 financial instruments if there was no active market for such investments; and
- For investments in unlisted equity and debt instruments without recent transactions, management has established fair values of these investments by using appropriate valuation techniques such as discounted cash flow with the credit risk of the issuer taken into consideration for investments in bonds and the purchase price paid by the Group with consideration to the latest financial information, movement of market comparable/market indices and the latest business development of the investee companies, where applicable. Independent external valuer has been involved in determining the fair value, when appropriate.

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(e) Fair value estimation (continued)

The carrying amounts of the financial instruments of the Group are as follows. See note 16 for disclosure relating to the investment properties which are measured at fair value.

Listed investments are stated at market prices. The quoted market price used for financial assets held by the Group is the bid price at the end of the reporting period. They are included in level 1.

Unlisted investments are stated at fair values which are estimated using other prices observed in recent transactions or valuation techniques when the market price is not readily available.

The fair value of long-term financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The carrying values of bank balances, receivables, payables and short-term borrowings approximately their fair values due to the short-term maturities of these assets and liabilities.

The carrying amounts of mortgage loans receivables, which carry interest rates with reference to bank's lending rates, approximate their fair values that are determined based on the discounted cash flow projections with reference to the unobservable inputs, including lending rates from financial institutions, ranging from Hong Kong Prime rate minus 2.85% to Hong Kong Prime rate (2025: Hong Kong Prime rate minus 2.85% to Hong Kong Prime rate) per annum, and loan repayment pattern and dates over the terms not more than 30 years (2025: 30 years).

The following table presents the Group's financial instruments, including financial assets at FVOCI, financial assets at FVPL and derivative financial instruments, that are measured at fair value at 30 June 2026 and 2025:

As at 30 June 2026

	Level 1 HK\$m	Level 2 HK\$m	Level 3 HK\$m	Total HK\$m
Financial assets at FVOCI	306.2	2.3	180.3	488.8
Financial assets at FVPL	709.2	136.5	3,553.9	4,399.6
Derivative financial instruments				
Derivative financial assets	—	103.6	—	103.6
	1,015.4	242.4	3,734.2	4,992.0
Derivative financial instruments				
Derivative financial liabilities	—	(636.6)	—	(636.6)

As at 30 June 2025

	Level 1 HK\$m	Level 2 HK\$m	Level 3 HK\$m	Total HK\$m
Financial assets at FVOCI	263.4	2.3	2,065.8	2,331.5
Financial assets at FVPL	212.1	132.4	4,612.6	4,957.1
Derivative financial instruments				
Derivative financial assets	—	106.0	—	106.0
	475.5	240.7	6,678.4	7,394.6
Derivative financial instruments				
Derivative financial liabilities	—	(733.6)	—	(733.6)

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)**(e) Fair value estimation (continued)**

The following table presents the changes/transfers in level 3 financial instruments for the year ended 30 June 2026 and 2025:

	Financial assets at FVOCI HK\$m	Financial assets at FVPL HK\$m
At 1 July 2025	2,065.8	4,612.6
Additions	—	37.4
Transfer to level 1 instruments	(140.9)	(92.0)
Transfer (out)/in, net	(716.1)	129.5
Net loss recognised in the consolidated statement of comprehensive income/income statement	—	(520.9)
Disposals/derecognition	(1,028.5)	(612.7)
At 30 June 2026	180.3	3,553.9
	Financial assets at FVOCI HK\$m	Financial assets at FVPL HK\$m
At 1 July 2024	2,008.9	6,385.2
Additions	—	447.0
Transfer to level 1 instruments	—	(46.0)
Transfer in/(out), net	77.8	(36.0)
Net loss recognised in the consolidated statement of comprehensive income/income statement	(20.9)	(1,212.2)
Disposals/derecognition	—	(925.4)
At 30 June 2025	2,065.8	4,612.6

In determining the fair values of financial assets at FVOCI and financial assets at FVPL included in level 3:

- Majority of other level 3 financial instruments comprise investment funds, unlisted debt and equity instruments and derivative financial assets/(liabilities). Fair values of the investment funds are mainly determined based on the net asset value, representing the fair value of the funds reported by respective fund managers and relevant factors if deemed necessary. Fair value of unlisted debt and equity instruments is determined primarily based on the purchase price paid by the Group and taking into account of the analysis of the investees' financial position and results, risk profile, prospects, industry trend and other factors. Recent transaction prices, if any, are referenced or independent external valuer is involved, where appropriate, to determine the fair value.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Group and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance.

(a) Valuation of investment properties

The fair value of each completed investment property is individually determined at the end of each reporting period by independent valuers based on a market value assessment. The valuers have relied on the capitalisation of income approach as their primary methods, supported by the direct comparison method. Management also determines fair value based on active market prices and adjusted if necessary for any difference in nature, location or conditions of the specific asset, and uses alternative valuation methods such as recent prices on less active markets. These methodologies are based upon estimates of future results and a set of assumptions specific to each property to reflect its tenancy and cash flow profile. The fair value of each investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

The fair values of investment properties under development are determined by reference to independent valuations. For majority of the Group's investment properties under development, their fair value reflects the expectations of market participants of the value of the properties when they are completed, less deductions for the costs required to complete the projects and appropriate adjustments for profit and risk. The valuation and all key assumptions used in the valuation should reflect market conditions at the end of each reporting period. The key assumptions include value of completed properties, period of development, outstanding construction costs, finance costs, other professional costs, risk associated with completing the projects and generating income after completion and investors' return as a percentage of value or cost.

(b) Recoverability of properties for/under development and properties held for sale

The Group assesses the carrying amounts of properties for/under development and properties held for sale according to their estimated net realisable value based on the realisability of these properties, taking into account construction costs to complete based on the existing development plans and the estimation of sales prices of the properties of comparable locations and conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of significant estimates.

(c) Impairment of interests in joint ventures and associated companies

The Group determines whether interests in joint ventures and associated companies are impaired by regularly review whether there are any indicators of impairment of the investments.

For investments where impairment indicators exist, management estimated the recoverable amounts of the investments, being higher of fair value less costs of disposal and value in use. The value in use of the underlying businesses is determined based on the discounted cash flow projections. Significant judgements are required to determine the key assumptions used in the discounted cash flow models, such as revenue growth, unit price and discount rates. Independent external valuers were also involved in the fair value and value in use assessments, where appropriate. Based on the results of these impairment assessments, management concluded that the current level of impairment provision for the Group's interests in joint ventures and associated companies as at 30 June 2026 and 2025 was appropriate.

For the measurement of expected credit losses of the amounts receivable from joint ventures and associated companies, please refer to note 4(b).

(d) Impairment of assets

The Group tests annually whether goodwill has suffered any impairment according to their recoverable amounts determined by the CGUs based on either fair value less cost of disposal or value in use calculations whichever is higher. These calculations require the use of estimates which are subject to change of economic environment in future. Details are set out in note 19.

Property, plant and equipment and right-of-use assets are regularly reviewed for impairment whenever there are any indications of impairment and will recognise an impairment loss if the carrying amount of an asset is higher than its estimated recoverable amount. The recoverable amounts of property, plant and equipment have been determined based on the higher of their fair values less costs of disposal and value in use, taking into account the latest market information and past experience.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(d) Impairment of assets (continued)

In determining the value in use, management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining these future cash flows and the discount rate. Management estimates the future cash flows based on certain assumptions, such as market competition and development and the expected growth in business.

The Group assesses whether there is objective evidence as stated in note 3(m) that trade and other debtors, deposits, retention receivables for contract works, amounts due from associated companies, amounts due from joint ventures and amounts due from non-controlling shareholders, cash and bank balances, contract assets, and debt instruments at amortised cost are impaired.

(e) Fair value of financial assets at FVPL and financial assets at FVOCI

The fair value of financial assets at FVPL and financial assets at FVOCI that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and determine the fair values primarily based on the purchase price paid by the Group, net asset value and taking into account of the analysis of the investees' financial trends and results, risk profile, prospects, industry trends and other factors. Recent transaction prices, if any, are referenced and independent external valuer has been involved in determining fair value of certain unlisted investments. The key assumptions adopted on projected cash flow are based on management's best estimates.

(f) Judgement in preparation of cash flows projections

The preparation of the cash flow projections requires significant management judgement, including in determining the key assumptions that have the significant impact on the forecast of the business performance, timing, volume and amounts of sales or pre-sales of property projects and assets disposal, and the range of the reasonable outcomes of those assumptions.

(g) Distinction between property development projects, investment properties and owner-occupied properties

When the Group determines whether a property qualifies as an investment property, the Group considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process. Properties for/under development and properties held for sale are assets under development and held for sale in the ordinary course of business. The Group shall reclassify a property when, and only when, there is evidence of a change in use.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions can be sold or leased out separately, the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgement.

(h) Judgement in determining the lease term for lease contracts with renewal option

The Group applies judgement to determine the lease term for lease contracts in which it is a lessee that include renewal option. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

(i) Recoverability of contract assets and prepayments and provision for termination costs relating to the 11 SKIES project

Based on the Group's communication and interactions with Airport Authority Hong Kong ("AAHK") during the year ended 30 June 2026, management prepared an impairment assessment as at 30 June 2026 by scenarios of operation and termination by referencing to the forecast cash flows. Such assessment involved management judgements and estimates in the selection of appropriate assumptions, including rental income growth rate and discount rate, with the assistance of an independent external valuer. Based on management's assessment by reference to the estimated recoverable amounts of the related assets, a full impairment loss against the contract assets and prepayment of HK\$14,722.0 million has been recognised for the year.

Management also exercised significant judgements and estimates in determining the magnitude of provision for termination cost as at 30 June 2026 in respect of the expected termination of the 11 SKIES project, by reference to the terms of the original 11 SKIES contract. The provision for termination cost recognised as at 30 June 2026 included the expected payments and settlements which were subsequently agreed between the Group and AAHK.

Details of the impairment losses and provision relating to 11 SKIES project are set out in note 24(b).

6 REVENUES AND SEGMENT INFORMATION

Revenue recognised during the year are as follows:

	2026 HK\$m	2025 HK\$m
Revenues		
Property development	10,948.3	15,039.7
Property investment	5,339.4	5,055.3
Construction	213.2	3,506.9
Hotel operations	1,464.0	1,499.1
Others	2,027.3	2,579.5
Total	19,992.2	27,680.5

The Executive Committee of the Company, being the chief operating decision-maker, determines and reviews the Group's internal reporting in order to assess performance and allocate resources. The operating segments are determined based on the aforementioned internal reporting and are reviewed occasionally.

The Executive Committee considers the business from products and services perspectives, which comprises property development, property investment, construction, hotel operations and others (including facilities management, department store and other strategic businesses) segments.

The Executive Committee assesses the performance of the operating segments based on each segment's operating results. The measurement of segment results excludes the effects of unallocated items (including corporate expenses, corporate financing income and corporate financing costs). In addition, taxation is not allocated to segments.

Sales between segments are carried out in accordance with terms agreed by the parties involved.

6 REVENUES AND SEGMENT INFORMATION (CONTINUED)

	Property development HK\$m	Property investment HK\$m	Construction HK\$m	Hotel operations HK\$m	Others HK\$m	Consolidated HK\$m
For the year ended 30 June 2026						
Total revenues	10,948.3	5,455.8	270.7	1,464.0	2,245.9	20,384.7
Inter-segment	—	(116.4)	(57.5)	—	(218.6)	(392.5)
Revenues – external	10,948.3	5,339.4	213.2	1,464.0	2,027.3	19,992.2
Revenues from contracts with customers:						
– Recognised at a point in time	10,948.3	—	—	547.5	794.4	12,290.2
– Recognised over time	—	—	213.2	916.5	1,232.9	2,362.6
	10,948.3	—	213.2	1,464.0	2,027.3	14,652.8
Revenues from other source:						
– Rental income	—	5,339.4	—	—	—	5,339.4
	10,948.3	5,339.4	213.2	1,464.0	2,027.3	19,992.2
Segment results	3,982.6	3,409.9	(28.8)	(193.8)	(1,015.7)	6,154.2
Other losses, net (note a)	(6,732.2)	(350.6)	(46.0)	(170.9)	(877.9)	(8,177.6)
Changes in fair value of investment properties	—	(1,807.8)	—	—	—	(1,807.8)
	(2,749.6)	1,251.5	(74.8)	(364.7)	(1,893.6)	(3,831.2)
Unallocated items						
Net impairment losses and provisions relating to 11 SKIES project (note 24(b))						(18,321.5)
Corporate expenses						(829.1)
Financing income						498.3
Financing costs						(4,710.1)
						(27,193.6)
Share of results of						
Joint ventures (note b)	(181.1)	515.7	—	(136.4)	26.5	224.7
Associated companies (note b)	1,388.9	24.6	—	—	—	1,413.5
Loss before taxation						(25,555.4)
Taxation						(1,262.9)
Loss for the year						(26,818.3)
As at 30 June 2026						
Segment assets	92,006.6	213,169.8	49.4	10,309.7	16,247.7	331,783.2
Interests in joint ventures	20,164.8	5,949.7	—	2,373.7	1,707.0	30,195.2
Interests in associated companies	8,116.3	1,196.3	27.1	—	1,805.6	11,145.3
Unallocated assets						18,573.3
Total assets						391,697.0
Segment liabilities	26,720.4	6,591.8	3,530.3	770.8	5,360.5	42,973.8
Unallocated liabilities						163,906.8
Total liabilities						206,880.6
For the year ended 30 June 2026						
Additions to non-current assets (note c)	3.1	2,202.4	—	252.2	228.0	2,685.7
Depreciation and amortisation	38.9	129.1	—	398.7	680.9	1,247.6
Impairment losses and provisions						
By segment	6,825.5	10.2	—	172.0	1,151.2	8,158.9
11 SKIES project (note 24(b))						18,321.5
Total impairment losses and provisions						26,480.4

6 REVENUES AND SEGMENT INFORMATION (CONTINUED)

	Property development HK\$m	Property investment HK\$m	Construction HK\$m	Hotel operations HK\$m	Others HK\$m	Consolidated HK\$m
For the year ended 30 June 2025						
Total revenues	15,039.7	5,167.8	3,579.7	1,499.1	2,873.6	28,159.9
Inter-segment	—	(112.5)	(72.8)	—	(294.1)	(479.4)
Revenues – external	15,039.7	5,055.3	3,506.9	1,499.1	2,579.5	27,680.5
Revenues from contracts with customers:						
– Recognised at a point in time	15,039.7	—	—	494.0	1,254.1	16,787.8
– Recognised over time	—	—	3,506.9	1,005.1	1,325.4	5,837.4
	15,039.7	—	3,506.9	1,499.1	2,579.5	22,625.2
Revenues from other source:						
– Rental income	—	5,055.3	—	—	—	5,055.3
	15,039.7	5,055.3	3,506.9	1,499.1	2,579.5	27,680.5
Segment results	5,274.8	3,196.6	(180.2)	(203.7)	(1,207.1)	6,880.4
Other (losses)/gains, net (note a)	(7,955.7)	(355.2)	101.1	21.9	(2,186.3)	(10,374.2)
Changes in fair value of investment properties	—	(1,128.6)	—	—	—	(1,128.6)
	(2,680.9)	1,712.8	(79.1)	(181.8)	(3,393.4)	(4,622.4)
Unallocated items						
Net impairment losses and provisions relating to 11 SKIES project						(2,700.0)
Corporate expenses						(961.0)
Financing income						700.2
Financing costs						(5,420.5)
						(13,003.7)
Share of results						
Joint ventures (note (b))	(1,445.3)	777.0	—	(155.6)	(6.7)	(830.6)
Associated companies (note (b))	6.5	(7.8)	—	—	0.2	(1.1)
Loss before taxation						(13,835.4)
Taxation						(2,521.2)
Loss for the year						(16,356.6)
As at 30 June 2025						
Segment assets	98,997.5	210,009.1	14,490.1	9,018.9	18,686.5	351,202.1
Interests in joint ventures	21,500.4	6,163.8	—	2,683.8	1,838.1	32,186.1
Interests in associated companies	6,910.8	221.9	41.8	—	2,025.0	9,199.5
Unallocated assets						27,677.3
Total assets						420,265.0
Segment liabilities	31,368.4	5,195.6	189.4	1,176.0	6,407.2	44,336.6
Unallocated liabilities						169,191.5
Total liabilities						213,528.1
For the year ended 30 June 2025						
Additions to non-current assets (note (c))	59.0	4,635.0	685.8	34.1	346.4	5,760.3
Depreciation and amortisation	77.8	77.0	—	444.2	646.0	1,245.0
Impairment losses and provisions						
By segment	8,334.6	17.4	26.9	200.2	693.2	9,272.3
11 SKIES project						2,700.0
Total impairment losses and provisions						11,972.3



6 REVENUES AND SEGMENT INFORMATION (CONTINUED)

	Hong Kong HK\$m	Chinese Mainland HK\$m	Others HK\$m	Total HK\$m
For the year ended 30 June 2026				
Revenues				
Property development	5,122.3	5,826.0	—	10,948.3
Property investment	3,424.1	1,915.3	—	5,339.4
Construction	160.5	52.7	—	213.2
Hotel operations	401.2	859.7	203.1	1,464.0
Others	321.2	1,706.1	—	2,027.3
Consolidated total	9,429.3	10,359.8	203.1	19,992.2
As at 30 June 2026				
Non-current assets (note (c))	139,813.7	91,878.6	1,041.7	232,734.0
	Hong Kong HK\$m	Chinese Mainland HK\$m	Others HK\$m	Total HK\$m
For the year ended 30 June 2025				
Revenues				
Property development	2,696.1	12,343.6	—	15,039.7
Property investment	3,234.4	1,820.9	—	5,055.3
Construction	3,400.4	106.5	—	3,506.9
Hotel operations	391.9	719.2	388.0	1,499.1
Others	463.3	2,116.2	—	2,579.5
Consolidated total	10,186.1	17,106.4	388.0	27,680.5
As at 30 June 2025				
Non-current assets (note (c))	157,223.3	97,420.2	1,065.0	255,708.5

Notes:

- (a) For the year ended 30 June 2026, property development segment includes impairment loss on properties held for sale, properties under development, properties for development and joint controlled property development projects of HK\$6,667.3 million (2025: HK\$7,972.0 million) and other segment includes net loss on disposal of financial assets through profit or loss and mortgage loan receivables of HK\$60.8 million (2025: HK\$1,059.8 million).
- (b) For the year ended 30 June 2026, share of results of joint ventures includes share of impairment in properties held for sale and properties under development of HK\$681.5 million (2025: share of impairment in properties held for sale and properties under development of HK\$530.0 million and share of provision of receivables HK\$1,214.0 million) and share of fair value gain of investment properties of HK\$475.7 million (2025: HK\$750.9 million) and; share of results of associated companies includes share of impairment in properties held for sale of HK\$138.0 million net off with share of income from land resumption HK\$1,250.9 million (2025: No share of impairment or share of income from land resumption).
- (c) Non-current assets represent non-current assets other than financial instruments, interests in joint ventures, interests in associated companies, deferred tax assets and long-term loans and receivables and long-term prepayments and deposits within other non-current assets.

7 OTHER INCOME

	2026 HK\$m	2025 HK\$m
Dividend income from financial assets at FVOCI and financial assets at FVPL	24.1	32.1
Land resumption compensation income, net of cost	829.7	—
	853.8	32.1

8 OTHER LOSSES AND IMPAIRMENT LOSSES AND PROVISIONS RELATING TO 11 SKIES PROJECT, NET

	2026 HK\$m	2025 HK\$m
Other losses, net	(8,177.6)	(10,374.2)
Net impairment losses and provisions relating to 11 SKIES project	(18,321.5)	(2,700.0)
	(26,499.1)	(13,074.2)

	2026 HK\$m	2025 HK\$m
Net loss on fair value of financial assets at FVPL	(4.9)	(87.6)
Gain on redemption of fixed rate bonds and medium term notes	360.3	14.3
Net (loss)/gain on fair value of derivative financial instruments	(112.2)	440.4
Provision for other payables	(435.0)	(230.0)
Write back of loss allowance/impairment on		
Advances to joint ventures	239.0	—
Loans and other receivables	—	112.7
Inventories	22.6	26.9
Property, plant and equipment	—	4.6
Net (loss)/gain on disposal of		
Financial assets at FVPL	(60.8)	(926.3)
Investment properties, property, plant and equipment, right-of-use assets and intangible assets	(106.1)	158.9
Long-term loans receivables	—	(133.5)
Subsidiaries	62.3	123.9
Joint ventures	—	(709.6)
Associated companies	(0.7)	114.8
Net impairment losses and provisions relating to 11 SKIES project (note 24(b))	(18,321.5)	(2,700.0)
Impairment loss/loss allowance/provision on		
Loans, debtors and other receivables	(287.3)	(486.0)
Interests in associated companies	(87.7)	(274.8)
Interests in joint ventures and related receivables	(150.0)	(3,017.7)
Goodwill	(390.5)	(338.3)
Properties held for sale	(2,931.3)	(1,126.9)
Properties under development	(2,400.0)	(3,979.1)
Properties for development	(1,336.0)	—
Property, plant and equipment	(537.7)	(17.7)
Right-of-use assets	(38.4)	(31.8)
Rent concession, government grants and subsidies	6.7	6.4
Net exchange gains/(losses)	10.1	(17.8)
	(26,499.1)	(13,074.2)

9 OPERATING LOSS

Operating loss of the Group is arrived at after crediting/(charging) the following:

	2026 HK\$m	2025 HK\$m
Gross rental income from investment properties	5,339.4	5,055.3
Outgoings	(1,479.6)	(1,299.0)
	3,859.8	3,756.3
Cost of inventories sold (note)	(7,692.6)	(9,607.1)
Cost of services rendered	(1,394.4)	(5,148.6)
Depreciation		
Property, plant and equipment	(825.8)	(793.7)
Right-of-use assets	(380.4)	(397.7)
Amortisation of intangible assets	(41.4)	(53.6)
Other lease expenses		
Short-term lease expense	(99.1)	(103.0)
Variable lease expenses not included in lease liabilities	(33.8)	(46.7)
Staff costs (note 14(a))	(2,880.7)	(3,393.2)
Auditors' remuneration		
Audit services	(43.5)	(46.1)
Non-audit services	(13.9)	(16.5)

Note:

Not including impairments made for properties held for sale, properties under development and properties for development as disclosed in note 8.

10 FINANCING COSTS

	2026 HK\$m	2025 HK\$m
Interest on bank loans and overdrafts	4,729.4	5,791.9
Interest on fixed rate bonds and notes payable	1,292.6	1,322.4
Interest on loans from non-controlling shareholders	49.5	74.4
Interest on lease liabilities	210.6	237.6
	6,282.1	7,426.3
Capitalised as (note):		
Cost of properties under development	(1,005.1)	(1,422.1)
Cost of assets under construction and investment properties under development	(566.9)	(583.7)
	4,710.1	5,420.5

Note:

To the extent funds are borrowed generally and used for the purpose of financing certain properties under development, assets under construction and investment properties under development, the capitalisation rate used to determine the amounts of borrowing costs eligible for the capitalisation is 4.3% per annum (2025: 5.0% per annum).

11 TAXATION

	2026 HK\$m	2025 HK\$m
Current taxation		
Hong Kong profits tax	(99.7)	286.1
Chinese Mainland and overseas taxation	482.8	404.9
Chinese Mainland land appreciation tax	1,605.0	1,119.9
Deferred taxation (note 23)		
Valuation of investment properties	(395.0)	(14.5)
Other temporary differences	(537.4)	(249.3)
Chinese Mainland land appreciation tax	207.2	974.1
	1,262.9	2,521.2

Hong Kong profits tax has been provided at the rate of 16.5% (2025: 16.5%) on the estimated assessable profit for the year.

Taxation on the Chinese Mainland and overseas profits has been calculated on the estimated taxable profit for the year at the rates of taxation prevailing in the countries in which the Group operates. These rates range from 12% to 25% (2025: 12% to 25%).

Withholding tax on dividends is mainly provided at the rate of 5% or 10% (2025: 5% or 10%).

The Chinese Mainland land appreciation tax is provided at progressive rates ranging from 30% to 60% (2025: 30% to 60%) on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including costs of land use rights and property development expenditures.

Pillar Two legislation was enacted in Hong Kong and became effective on 1 January 2025. Pursuant to the provisions of the legislation, it was considered that no tax under the legislation would be required to be paid for the year ended in respect of the jurisdictions where the Group had operation for the year ended 30 June 2026.

The taxation on the Group's loss before taxation differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2026 HK\$m	2025 HK\$m
Loss before taxation and share of results of joint ventures and associated companies	(27,193.6)	(13,003.7)
Calculated at a taxation rate of 16.5% (2025: 16.5%)	(4,486.9)	(2,145.6)
Effect of different taxation rates in other countries	31.7	117.6
Income not subject to taxation	(770.2)	(532.7)
Expenses and losses not deductible for taxation purposes	4,974.2	1,942.7
Tax losses not recognised	1,158.4	826.2
Temporary differences not recognised	(187.5)	419.5
Utilisation of previously unrecognised tax losses	(172.5)	(52.9)
Deferred taxation on undistributed profits	2.2	16.8
Recognition of previously unrecognised temporary differences	(180.8)	76.3
(Over)/under provision in prior years	(516.6)	39.3
Land appreciation tax deductible for calculation of income tax purpose	(401.3)	(280.0)
	(549.3)	427.2
Chinese Mainland land appreciation tax	1,812.2	2,094.0
Taxation charge	1,262.9	2,521.2

12 BASIC AND DILUTED LOSSES PER SHARE

The calculation of basic and diluted losses per share for the year is based on the following:

	2026 HK\$m	2025 HK\$m
Loss attributable to shareholders of the Company for calculating basic and diluted earnings per share	(28,148.8)	(16,301.5)
Adjust for accrual of distribution to perpetual capital securities holders	—	(871.4)
Adjust for gain from redemption of perpetual capital securities	8,715.8	—
	(19,433.0)	(17,172.9)
	Number of shares (million)	
	2026	2025
Weighted average number of shares for calculating basic and diluted losses per share	2,516.6	2,516.6

13 DIVIDENDS

No dividend was recognised as distribution during both years. The directors of the Company have resolved not to recommend a final dividend for the year ended 30 June 2026 (2025: Nil).

14 STAFF COSTS

(a) Staff costs

	2026 HK\$m	2025 HK\$m
Wages, salaries and other benefits	2,789.6	3,444.6
Pension costs – defined contribution plans	112.1	131.0
	2,901.7	3,575.6
Less: Amounts capitalised as costs of investment properties under development and properties for/under development	(21.0)	(182.4)
	2,880.7	3,393.2

Staff costs include directors' remuneration.

There were no forfeited contributions utilised during the year ended 30 June 2026 (2025: Nil). As at 30 June 2026, there were no forfeited contributions that could be utilised to reduce the Group's contribution (2025: Nil).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include 5 directors (2025: 5 directors) whose emoluments are reflected in the analysis shown in note 15(a).

15 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

Name of Directors	As Director (note (i))		As management (note (iii))		Total HK\$m
	Fees HK\$m	Allowances and other benefits (note (iii)) HK\$m	Basic salaries, allowances and other benefits HK\$m	Employer's contribution to a retirement benefit scheme HK\$m	
For the year ended 30 June 2026					
Dr. Cheng Kar-Shun, Henry	1.0	—	26.2	0.8	28.0
Paid by the Company and its unlisted subsidiaries	0.9	—	26.2	0.8	27.9
Paid by NWDS	0.1	—	—	—	0.1
Mr. Doo Wai-Hoi, William	0.4	—	—	—	0.4
Mr. Cheng Kar-Shing, Peter	0.4	—	6.5	0.7	7.6
Mr. Lee Luen-Wai, John	1.0	—	—	—	1.0
Mr. Ip Yuk-Keung, Albert	0.8	—	—	—	0.8
Mr. Cheng Chi-Heng	0.4	—	1.3	0.1	1.8
Ms. Cheng Chi-Man, Sonia	0.5	—	11.9	1.2	13.6
Mr. Sitt Nam-Hoi	0.6	—	15.3	1.3	17.2
Ms. Huang Shaomei, Echo	0.6	—	39.4	1.2	41.2
Paid by the Company and its unlisted subsidiaries	0.5	—	39.4	1.2	41.1
Paid by NWDS	0.1	—	—	0.0	0.1
Ms. Chiu Wai-Han, Jenny	0.6	—	6.7	0.6	7.9
Paid by the Company and its unlisted subsidiaries	0.5	—	6.7	0.6	7.8
Paid by NWDS	0.1	—	—	0.0	0.1
Mr. Chan Johnson Ow	0.8	—	—	—	0.8
Mr. Cheng Chi-Ming, Brian	0.4	—	—	—	0.4
Mrs. Law Fan Chiu-Fun, Fanny	0.7	—	—	—	0.7
Ms. Lo Wing-Sze, Anthea	0.7	—	—	—	0.7
Ms. Wong Yeung-Fong, Fonia	0.6	—	—	—	0.6
Mr. Ho Gilbert Chi-Hang	0.5	—	4.2	0.0	4.7
Mr. Lau Fu-Keung	0.6	—	14.3	0.6	15.5
Paid by the Company and its unlisted subsidiaries	0.5	—	14.3	0.6	15.4
Paid by NWDS	0.1	—	—	0.0	0.1
Mr. Chan Yiu-Ho**	0.4	—	8.4	0.5	9.3
Paid by the Company and its unlisted subsidiaries	0.3	—	8.4	0.5	9.2
Paid by NWDS	0.1	—	—	0.0	0.1
Total	11.0	—	134.2	7.0	152.2

** appointed during the year.

15 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' emoluments (continued)

Name of Directors	As Director (note (i))		As management (note (ii))		Total HK\$m
	Fees HK\$m	Allowances and other benefits (note (iii)) HK\$m	Basic salaries, allowances and other benefits HK\$m	Employer's contribution to a retirement benefit scheme HK\$m	
For the year ended 30 June 2025					
Dr. Cheng Kar-Shun, Henry	1.0	—	28.6	0.9	30.5
Mr. Doo Wai-Hoi, William	0.4	—	—	—	0.4
Dr. Cheng Chi-Kong, Adrian*	0.4	—	19.2	0.5	20.1
Paid by the Company and its unlisted subsidiaries	0.4	—	19.2	0.5	20.1
Paid by NWDS	0.0	—	—	—	0.0
Mr. Ma Siu-Cheung*	0.2	—	35.6	0.6	36.4
Paid by the Company and its unlisted subsidiaries	0.2	—	35.6	0.6	36.4
Paid by NWDS	0.0	—	—	—	0.0
Mr. Cheng Kar-Shing, Peter	0.4	—	7.1	0.7	8.2
Mr. Lee Luen-Wai, John	1.0	—	—	—	1.0
Mr. Ip Yuk-Keung, Albert	0.8	—	—	—	0.8
Mr. Cheng Chi-Heng	0.4	—	1.5	0.1	2.0
Ms. Cheng Chi-Man, Sonia	0.4	—	12.7	1.3	14.4
Mr. Sitt Nam-Hoi	0.6	—	15.2	1.3	17.1
Ms. Huang Shaomei, Echo	0.4	—	16.8	0.9	18.1
Ms. Chiu Wai-Han, Jenny	0.6	—	5.9	0.5	7.0
Paid by the Company and its unlisted subsidiaries	0.5	—	5.9	0.5	6.9
Paid by NWDS	0.1	—	—	—	0.1
Mr. Chan Johnson Ow	0.9	—	—	—	0.9
Mr. Cheng Chi-Ming, Brian	0.4	—	—	—	0.4
Mrs. Law Fan Chiu-Fun, Fanny	0.7	—	—	—	0.7
Ms. Lo Wing-Sze, Anthea	0.7	—	—	—	0.7
Ms. Wong Yeung-Fong, Fonia	0.6	—	—	—	0.6
Mr. Ho Gilbert Chi-Hang**	0.3	—	—	0.0	0.3
Mr. Lau Fu-Keung**	0.3	—	9.4	0.4	10.1
Paid by the Company and its unlisted subsidiaries	0.3	—	9.4	0.4	10.1
Paid by NWDS	0.0	—	—	—	0.0
Total	10.5	—	152.0	7.2	169.7

* resigned during FY2025

** appointed during FY2025

Notes:

- (i) The amounts represented emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary.
- (ii) The amounts represented emoluments paid or receivable in respect of a person's other services in connection with the management of the affairs of the Company or its subsidiary and included salaries, discretionary bonuses, employer's contributions to retirement benefit schemes and housing allowance.
- (iii) Other benefits represented share options. The value of the share options granted to the directors of the Company under the share option schemes of the Company and its subsidiaries represents the fair value of these options charged to the consolidated income statement for the year in accordance with HKFRS 2 "Share-based Payment".
- (iv) No director waived or agreed to waive any emoluments during the year.

15 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(b) Directors' material interests in transactions, arrangements or contracts

On 28 April 2023, a master services agreement (the "Mr. Doo MSA") was entered into between the Company and Mr. Doo Wai-Hoi, William, Non-executive Vice-chairman ("Mr. Doo") for a term of three years commencing from 1 July 2023 up to and including 30 June 2026 in respect of the provision of the contracting services, cleaning and landscaping services, facility management services, insurance, medical and health care services, property management services, security, guarding and event servicing services, rental and procurement services by companies owned by Mr. Doo to the Group, and vice versa. Subject to compliance with the relevant requirements under the Listing Rules, upon expiration of the initial term or subsequent renewal term, the Mr. Doo MSA will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules). The Mr. Doo MSA and the annual caps set for each of the three financial years ended 30 June 2026 were approved by the independent shareholders of the Company on 27 June 2023. For the year ended 30 June 2026, the aggregate amount of the transactions amounted to approximately HK\$340.0 million (2025: HK\$475.1 million).

On 24 April 2026, the Company and Mr. Doo entered into a new master services agreement (the "New Mr. Doo MSA") for a term of three years commencing from 1 July 2026 up to and including 30 June 2029 in respect of, inter alia, the provision of the Services Group Services between members of the Group and members of the Services Group and agreed to terminate the Mr. Doo MSA on the commencement date of the New Mr. Doo MSA. Subject to compliance with the relevant requirements under the Listing Rules, upon expiration of the initial term or subsequent renewal term, the New Mr. Doo MSA will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules), unless terminated earlier in accordance with the New Mr. Doo MSA. The New Mr. Doo MSA and the annual caps set for each of the three financial years ending 30 June 2029 were disclosed in the announcement of the Company dated 24 April 2026.

On 26 September 2024, an agreement (the "SPAs") was entered into between the Company, K11 Group Limited ("Vendor A") and K11 Professional Company Limited ("Vendor B", together with Vendor A, the "Vendors", both wholly owned subsidiaries of the Company) as vendors and AC Group Limited (the "Purchaser", wholly owned by Dr. Cheng Chi-Kong, Adrian, a former director of the Company who resigned on 1 July 2025) together with its affiliates (the "Purchaser Group") as purchaser, in respect of the sale of all the issued shares in, and the assignment of shareholders loans (if any) of K11 Commercial Management Group Company Limited, K11 Gentry Club Limited, Share of Good Company Limited, K11 Loyalty Program Limited and Globo Travel Agency Limited (collectively the "Target Companies") at the consideration of HK\$26.3 million, HK\$27.2 million, HK\$0.5 million, HK\$4.0 million and HK\$1.0 million respectively.

Also, on 26 September 2024, an agreement (the "Rights Agreement") was entered into between the Company and the Purchaser pursuant to which the Company agreed to grant or procure to grant to the Purchaser Group the exclusive right (the "Rights") to enter into definitive agreements in respect of the provision of project management and consultancy services for certain property projects as set out in the Rights Agreement at a consideration of HK\$150.0 million.

In light of the aforesaid disposal of the Target Companies and the grant of Rights, on 26 September 2024, a master services agreement (the "ACG MSA") was entered into between the Company and the Purchaser for a term of three years commencing from 1 October 2024 up to and including 30 September 2027 in respect of the provision of the administrative services, general and rental services, general management and advisory services, project management and consultancy services, and such other types of services by the Purchaser Group to the Group, and vice versa. Subject to compliance with the relevant requirements under the Listing Rules, upon expiration of the initial term or subsequent renewal term, the ACG MSA will be renewed for successive period of three years thereafter (or such other period permitted under the Listing Rules). Details of the ACG MSA and the annual caps set for the 9 months ended 30 June 2025, two financial years ended 30 June 2026 and ending 2027 and 3 months ending 30 September 2027 were disclosed in the announcement of the Company dated 26 September 2024. For the year ended 30 June 2026, the aggregate amount of the transactions amounted to approximately HK\$220.3 million (2025: HK\$180.3 million).

Same as mentioned above, no other significant transactions, arrangements or contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

16 INVESTMENT PROPERTIES

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Completed investment properties	192,694.3	193,310.2
Investment properties under development	6,196.9	11,574.8
	198,891.2	204,885.0

	Completed investment properties HK\$m	Investment properties under development HK\$m	Total HK\$m
At 1 July 2025	193,310.2	11,574.8	204,885.0
Translation differences	3,479.3	265.4	3,744.7
Disposal of subsidiaries	(264.0)	—	(264.0)
Additions	1,421.2	727.9	2,149.1
Reclassification to finance lease receivables	3.1	—	3.1
Transfer to assets of disposal groups held for sale (note 32)	(9,102.2)	—	(9,102.2)
Transfer from property, plant and equipment and right of use assets	147.2	—	147.2
Disposals	(863.9)	—	(863.9)
Changes in fair value	(1,794.8)	(13.0)	(1,807.8)
Transfer upon completion	6,358.2	(6,358.2)	—
At 30 June 2026	192,694.3	6,196.9	198,891.2

	Completed investment properties HK\$m	Investment properties under development HK\$m	Total HK\$m
At 1 July 2024	177,725.2	29,986.6	207,711.8
Translation differences	821.9	329.0	1,150.9
Disposal of subsidiaries	(496.6)	—	(496.6)
Additions	1,007.6	3,571.7	4,579.3
Transfer between investment properties, property, plant and equipment and right-of-use assets	(3,710.4)	—	(3,710.4)
Reclassification to finance lease receivables	(8.2)	—	(8.2)
Transfer to assets of disposal groups held for sale (note 32)	(1,554.9)	—	(1,554.9)
Disposals	(1,658.3)	—	(1,658.3)
Changes in fair value	(1,520.0)	391.4	(1,128.6)
Transfer upon completion	22,703.9	(22,703.9)	—
At 30 June 2025	193,310.2	11,574.8	204,885.0

16 INVESTMENT PROPERTIES (CONTINUED)

Valuation processes of the Group

The Group measures its investment properties at fair value. The investment properties were revalued by Savills Valuation and Professional Services Limited, Knight Frank Petty Limited and Vincorn Consulting and Appraisal Limited, independent qualified valuers, who hold recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued, at 30 June 2026 on an open market value basis. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that review the valuation performed by the independent valuers for financial reporting purposes. This team reports directly to the senior management and the Audit Committee. Discussions of valuation processes and results are held between the management and valuers at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial period end, the finance department verifies all major inputs to the independent valuation reports; assesses property valuation movements when compared to the prior year valuation reports; and holds discussions with the independent valuers.

Valuation techniques

Fair value of completed investment properties in Hong Kong and the Chinese Mainland is generally derived by income capitalisation method, direct comparison method and discounted cash flow method. Income capitalisation method is based on capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties. Direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration. The discounted cash flow analysis requires periodic net cash flows to be forecasted over the life of the investment property and discounted at a risk-adjusted opportunity cost of capital to arrive at a present value. The discounted cash flow analysis takes into consideration the yearly net cash flows after deductions for expenditure, and having regard to the assumptions made relating to rental growth rate and occupancy rate. The discounted cash flow analysis incorporates reversionary value discounted by an appropriate discount rate to derive at a net present value. The valuation techniques of certain completed investment properties are changed due to the change in the construction status from construction-in-progress to completed investment properties as at 30 June 2026.

Fair value of investment properties under development is generally derived using the residual method and wherever appropriate, by direct comparison method. Residual method is essentially a means of valuing the completed properties by reference to its development potential by deducting development costs together with developer's profit and risk margin from the estimated capital value of the proposed development assuming completed as at the date of valuation.

At 30 June 2026 and 2025, all investment properties were included in level 3 in the fair value hierarchy. There were no transfers among the fair value hierarchy during the year.

16 INVESTMENT PROPERTIES (CONTINUED)

Valuation techniques (continued)

Information about fair value measurements using significant unobservable inputs:

	As at 30 June 2026 Fair value HK\$m	Valuation techniques	Range of significant unobservable inputs			
			Prevailing market rent per month	Unit price	Discount rate	Capitalisation rate
Completed investment properties						
Hong Kong						
Commercial	83,671.6	Income capitalisation	HK\$5-HK\$320 per square feet	N/A	N/A	2.5%-6.0%
	25,542.9	Discounted cash flows	HK\$30 per square feet or HK\$3,700-HK\$6,500 per room per night	N/A	6.0%-7.0%	N/A
	15,167.4	Direct comparison	N/A	HK\$471-HK\$19,200 per square feet	N/A	N/A
Carparks	2,430.0	Direct comparison	N/A	HK\$1,830,000- HK\$3,700,000 per carpark space	N/A	N/A
	270.0	Income capitalisation	HK\$7,500 per carpark space	N/A	N/A	3.8%
Chinese Mainland and others						
Commercial	48,244.0	Income capitalisation	HK\$10-HK\$1,145 per square metre	N/A	N/A	3.0%-6.9%
	16,804.0	Direct comparison	N/A	HK\$4,094-HK\$93,577 per square metre	N/A	N/A
Serviced apartment	3,134.1	Direct comparison	N/A	HK\$17,909-HK\$121,945 per square metre	N/A	N/A
Carparks	5,621.5	Direct comparison	N/A	HK\$127,168-HK\$1,050,972 per carpark space	N/A	N/A
	1,539.9	Income capitalisation	HK\$345-HK\$1,272 per carpark space	N/A	N/A	4.0%-4.8%
Total (note)	202,425.4					

	As at 30 June 2026 Fair value HK\$m	Valuation techniques	Range of significant unobservable inputs		
			Prevailing market rent per month	Unit price	Estimated developer's profit and risk margins
Investment properties under development					
Commercial and serviced apartment	5,815.4	Residual	HK\$163-HK\$898 per square metre	HK\$36,390-HK\$56,502 per square metre	1.0%-13.0%
Carparks	381.5	Residual	N/A	HK\$163,665 per carpark space	N/A
Total (note)	6,196.9				

Note:

The range of significant unobservable inputs includes assumption for those investment properties classified as assets of disposal group held for sale. As at 30 June 2026, the Group held completed investment properties and investment properties under development of HK\$198,891.2 million as disclosed in this note and investment properties classified as assets of disposal groups held for sale of HK\$9,731.1 million (note 32).

16 INVESTMENT PROPERTIES (CONTINUED)

Valuation techniques (continued)

Information about fair value measurements using significant unobservable inputs: (continued)

			Range of significant unobservable inputs			
	As at 30 June 2025 Fair value HK\$m	Valuation techniques	Prevailing market rent per month	Unit price	Discount rate	Capitalisation rate
Completed investment properties						
Hong Kong						
Commercial	81,142.8	Income capitalisation	HK\$5-HK\$320 per square feet	N/A	N/A	2.5%-6.7%
	26,000.0	Discounted cash flows	HK\$20-HK\$30 per square feet or HK\$4,000-HK\$6,900 per room per night	N/A	6.5%	N/A
	17,001.1	Direct comparison	N/A	HK\$300-HK\$19,200 per square feet	N/A	N/A
Carparks	2,430.0	Direct comparison	N/A	HK\$1,914,000- HK\$4,500,000 per carpark space	N/A	N/A
	270.0	Income capitalisation	HK\$7,500 per carpark space	N/A	N/A	3.8%
Chinese Mainland and others						
Commercial	36,693.4	Income capitalisation	HK\$11-HK\$1,023 per square metre	N/A	N/A	3.0%-6.8%
	19,144.6	Direct comparison	N/A	HK\$3,726-HK\$84,151 per square metre	N/A	N/A
Serviced apartment	3,235.2	Direct comparison	N/A	HK\$18,877-HK\$115,874 per square metre	N/A	N/A
Carparks	7,393.1	Direct comparison	N/A	HK\$132,000- HK\$999,000 per carpark space	N/A	N/A
Total	193,310.2					

	As at 30 June 2025 Fair value HK\$m	Valuation techniques	Range of significant unobservable inputs		
			Prevailing market rent per month	Unit price	Estimated developer's profit and risk margins
Investment properties under development					
Commercial and serviced apartment	11,245.1	Residual	HK\$313-HK\$1,367 per square metre	HK\$21,215-HK\$53,708 per square metre	1.0%-13.0%
Carparks	329.7	Residual	N/A	HK\$129,670 per carpark space	N/A
Total	11,574.8				

Prevailing market rents are estimated based on independent valuers' view of recent lettings, within the subject properties and other comparable properties. The higher the rents, the higher the fair value.

Capitalisation rates and developer's profit and risk margins are estimated by independent valuers based on the risk profile of the properties being valued and the market conditions. The lower the rates and the margins, the higher the fair value.

16 INVESTMENT PROPERTIES (CONTINUED)

Valuation techniques (continued)

Discount rates are estimated by independent valuers based on the risk-adjusted opportunity cost of capital. The lower the rates, the higher the fair value.

The valuations of investment properties were based on the economic, market and other conditions as they exist on, and with information available to management as of 30 June 2026.

The sensitivity of the fair value change in commercial and carpark investment properties based on significant unobservable inputs are as below.

At 30 June 2026, if prevailing rent per month had increased/decreased by 1% with all other variables unchanged, the valuation of commercial and carpark investment properties in Hong Kong would have been HK\$883.2 million higher or HK\$992.4 million lower respectively. If prevailing rent per month had increased/decreased by 2.5% with all other variables unchanged, the valuation of commercial and carpark investment properties in the Chinese Mainland would have been HK\$1,167.3 million higher or HK\$1,143.9 million lower respectively. If capitalisation rate had increased/decreased by 0.1% with all other variables unchanged, the valuation of commercial and carpark investment properties in Hong Kong and the Chinese Mainland would have been HK\$4,276.2 million lower or HK\$3,982.3 million higher respectively.

The impact of possible change in the assumptions for other investment properties would not be material.

At 30 June 2026, the aggregate fair value of completed investment properties and investment properties under development pledged as securities for the Group's borrowings amounted to HK\$175,637.0 million (2025: HK\$111,690.0 million) and HK\$6,090.2 million (2025: HK\$5,109.9 million) respectively.

17 PROPERTY, PLANT AND EQUIPMENT

	Freehold land HK\$m	Buildings HK\$m	Others (note (a)) HK\$m	Assets under construction HK\$m	Total HK\$m
Cost					
At 1 July 2025	265.0	17,013.5	4,362.1	1,971.7	23,612.3
Translation differences	—	671.3	157.8	104.7	933.8
Additions	—	—	253.2	123.1	376.3
Transfer between property, plant and equipment, properties held for sale, right-of-use assets and investment properties	—	(104.0)	(57.5)	14.5	(147.0)
Transfer to assets of disposal groups held for sale (note 32)	—	—	(10.0)	—	(10.0)
Disposal of subsidiaries	—	—	(3.4)	—	(3.4)
Disposals	—	(300.4)	(293.0)	—	(593.4)
At 30 June 2026	265.0	17,280.4	4,409.2	2,214.0	24,168.6
Accumulated depreciation and impairment					
At 1 July 2025	—	4,493.0	2,815.6	269.4	7,578.0
Translation differences	—	263.2	107.7	13.1	384.0
Transfer between property, plant and equipment, properties held for sale, right-of-use assets and investment properties	—	(58.8)	(46.2)	—	(105.0)
Transfer to assets of disposal groups held for sale (note 32)	—	—	(9.0)	—	(9.0)
Depreciation	—	475.2	350.6	—	825.8
Impairment (note (c))	—	534.5	3.2	—	537.7
Disposal of subsidiaries	—	—	(3.0)	—	(3.0)
Disposals	—	(296.2)	(229.7)	—	(525.9)
At 30 June 2026	—	5,410.9	2,989.2	282.5	8,682.6
Net book value (note (b))					
At 30 June 2026	265.0	11,869.5	1,420.0	1,931.5	15,486.0

17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land HK\$m	Buildings HK\$m	Others (note (a)) HK\$m	Assets under construction HK\$m	Total HK\$m
Cost					
At 1 July 2024	288.3	13,848.7	4,828.6	1,961.9	20,927.5
Translation differences	—	292.4	65.1	37.0	394.5
Additions	31.1	30.7	148.6	5.0	215.4
Transfer between property, plant and equipment, right-of-use assets and investment properties	—	3,452.2	(14.6)	8.4	3,446.0
Disposal of subsidiaries	(54.4)	(94.0)	(267.4)	—	(415.8)
Disposals	—	(516.5)	(398.2)	(40.6)	(955.3)
At 30 June 2025	265.0	17,013.5	4,362.1	1,971.7	23,612.3
Accumulated depreciation and impairment					
At 1 July 2024	—	4,336.9	3,117.9	265.3	7,720.1
Translation differences	—	70.0	45.8	4.1	119.9
Transfer between property, plant and equipment, right-of-use assets and investment properties	—	2.2	(8.3)	—	(6.1)
Depreciation	—	517.0	276.7	—	793.7
Impairment (note (c))	—	—	17.7	—	17.7
Disposal of subsidiaries	—	(12.8)	(266.1)	—	(278.9)
Disposals	—	(420.3)	(368.1)	—	(788.4)
At 30 June 2025	—	4,493.0	2,815.6	269.4	7,578.0
Net book value (note (b))					
At 30 June 2025	265.0	12,520.5	1,546.5	1,702.3	16,034.3

Notes:

- (a) Others mainly represented leasehold improvements, plant and machinery, motor vehicles, furniture and fixtures, office equipment and computer.
- (b) At 30 June 2026, the aggregate net book value of property, plant and equipment pledged as securities for the Group's borrowings amounted to HK\$10,867.1 million (2025: HK\$11,273.4 million).
- (c) As at 30 June 2026, impairment loss of approximately HK\$537.7 million (2025: HK\$17.7 million) was recognised on certain hotel, properties, exhibition centre and other assets to reflect management's view on the operational performance of these cash generating units after considering the latest market environment and the business prospect in the foreseeable future.

18 RIGHT-OF-USE ASSETS

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Leasehold land	393.2	436.3
Land use rights	946.5	958.7
Buildings, plant and equipment	2,054.7	2,503.8
	3,394.4	3,898.8

Notes:

- (a) As at 30 June 2026, the aggregate net book value of right-of-use assets pledged as securities for the Group's borrowings amounted to HK\$1,854.2 million (2025: HK\$1,906.7 million).
- (b) For the year ended 30 June 2026, additions to the right-of-use assets were HK\$157.2 million (2025: HK\$310.9 million) and total cash outflows for leases was HK\$765.1 million (2025: HK\$784.6 million).
- (c) Depreciation of right-of-use assets

	2026 HK\$m	2025 HK\$m
Leasehold land	9.2	3.2
Land use rights	43.0	21.4
Buildings, plant and equipment	328.2	373.1
	380.4	397.7

Rental contracts are typically made for fixed periods range from 12 months to 30 years (2025: 12 months to 30 years) for buildings, plant and equipment and others, but may have extension options which majority of these options are exercisable only by the Group and not by the respective lessors. Lease term for leasehold land ranges from 3 years to 978 years (2025: 3 years to 979 years).

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Some property leases contain variable payment terms that are linked to revenue generated from leased assets, or the higher of a guaranteed rent or revenue rent throughout the lease terms. Revenue rent represents a percentage of gross revenue derived from the leased properties ranging from 3% to 5.4% (2025: ranging from 3% to 34%).

19 INTANGIBLE ASSETS

	Goodwill HK\$m	Trademarks HK\$m	Operating right and others HK\$m	Total HK\$m
Cost				
At 1 July 2025	2,955.0	82.8	290.9	3,328.7
Translation differences	94.5	—	0.2	94.7
Additions	—	—	3.1	3.1
Transfer to assets of disposal groups held for sale (note 32)	—	—	(5.5)	(5.5)
Disposal	(508.2)	—	(3.6)	(511.8)
At 30 June 2026	2,541.3	82.8	285.1	2,909.2
Accumulated amortisation and impairment				
At 1 July 2025	2,255.4	82.8	199.0	2,537.2
Translation differences	72.8	—	0.1	72.9
Transfer to assets of disposal groups held for sale (note 32)	—	—	(4.1)	(4.1)
Amortisation	—	—	41.4	41.4
Disposal	(508.2)	—	(3.6)	(511.8)
Impairment	390.5	—	—	390.5
At 30 June 2026	2,210.5	82.8	232.8	2,526.1
Net book value				
At 30 June 2026	330.8	—	52.3	383.1
	Goodwill HK\$m	Trademarks HK\$m	Operating right and others HK\$m	Total HK\$m
Cost				
At 1 July 2024	2,912.7	82.8	301.4	3,296.9
Translation differences	42.3	—	—	42.3
Additions	—	—	1.4	1.4
Disposal	—	—	(11.9)	(11.9)
At 30 June 2025	2,955.0	82.8	290.9	3,328.7
Accumulated amortisation and impairment				
At 1 July 2024	1,892.5	82.3	147.5	2,122.3
Translation differences	24.6	0.5	—	25.1
Amortisation	—	—	53.6	53.6
Disposal	—	—	(2.1)	(2.1)
Impairment	338.3	—	—	338.3
At 30 June 2025	2,255.4	82.8	199.0	2,537.2
Net book value				
At 30 June 2025	699.6	—	91.9	791.5



19 INTANGIBLE ASSETS (CONTINUED)

Impairment test for goodwill

A summary of the goodwill allocation is presented below:

	Hong Kong HK\$m	Chinese Mainland HK\$m	Total HK\$m
As at 30 June 2026			
Property development	2.5	—	2.5
Property investment	—	247.8	247.8
Others	1.3	79.2	80.5
	3.8	327.0	330.8
	Hong Kong HK\$m	Chinese Mainland HK\$m	Total HK\$m
As at 30 June 2025			
Property development	2.5	—	2.5
Property investment	—	236.2	236.2
Others	1.5	459.4	460.9
	4.0	695.6	699.6

Goodwill is allocated to the Group's cash generating units identified according to country of operation and business segment. For the purpose of impairment test for goodwill, the recoverable amount of the business unit is determined based on either fair value less costs of disposal or value in use calculations whichever is higher. The key assumptions adopted on growth rates and discount rates used in the value in use calculations are based on management best estimates and past experience.

For the segment of property development, the recoverable amount of the business unit is determined based on value-in-use calculations, which use cash flow projections based on financial budgets and a pre-tax discount rate.

Included in others segment is goodwill of HK\$79.2 million (2025: HK\$459.4 million) relating to department stores operation. During the year ended 30 June 2026, an impairment loss of approximately HK\$390.5 million (2025: HK\$110.1 million) was recognised in relation to the goodwill allocated to the department store business of two stores taking into consideration their performance and the realignment of management's business plan in light of the latest market development and management's assessment of the business prospect of these stores. The key assumptions used in the cash flow projections for the value-in-use calculations (where applicable), namely average annual gross revenue growth rate ranging from -79% to 5% for the year ended 30 June 2026 (2025: 3% to 15%); average gross margin ratios ranging from 10% to 16% (2025: from 7% to 15%), are determined by considering both internal and external factors relating to department stores operation of each CGU; the long term growth rate of 2% (2025: 3%) is consistent with the forecast of the businesses and the discount rate of 9.5% (2025: 13.5%) is post-tax and reflects specific risks relating to the relevant businesses. If the annual gross revenue had been 10% (2025: 20%) or gross margin ratios had been 1% (2025: 1%) lower than management's current estimates, the loss before taxation for the year would have been approximately HK\$5.3 million and HK\$9.2 million higher (2025: HK\$114.2 million and HK\$23.4 million higher) respectively. If the discount rate had been 0.5% (2025: 0.5%) higher than management's current estimates, the loss before taxation for the year would have been approximate HK\$4.0 million higher (2025: HK\$6.8 million higher).

20 INTERESTS IN JOINT VENTURES

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Group's share of net assets	7,382.8	7,809.2
Goodwill on acquisition	178.0	178.0
Amounts receivable less provision (note (a))	22,634.4	24,198.9
	30,195.2	32,186.1

Notes:

- (a) Amounts receivable less provisions are analysed as follows:

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Interest bearing		
Fixed rates (note (i))	3,721.4	3,813.6
Floating rates (note (ii))	9,040.2	9,652.3
Non-interest bearing	9,872.8	10,733.0
	22,634.4	24,198.9

note (i) Carry interest rates ranging from 3.45% to 10.0% (2025: 3.45% to 10.0%) per annum.

note (ii) Carry interest rates ranging from 1.5% below Hong Kong Prime rate to 0.725% over HIBOR (2025: 1.5% below Hong Kong Prime rate to 0.725% over HIBOR) per annum.

As at 30 June 2026, the net carrying value of amounts receivable included provision of HK\$2,330.7 million (2025: HK\$3,881.6 million).

The amounts were unsecured and have no fixed terms of repayment from the end of the reporting period. As at 30 June 2026, the carrying amounts are not materially different from their fair values.

The amounts receivable form part of the Group's net interests in joint ventures.

- (b) The directors of the Company were of the view that as at 30 June 2026, there is no individual joint venture that was material to the Group. The Group's share of results of the joint ventures are summarised below:

	2026 HK\$m	2025 HK\$m
For the year ended 30 June		
Profit/(loss) for the year	224.7	(830.6)
Other comprehensive income for the year	115.4	37.0
Total comprehensive income/(loss) for the year	340.1	(793.6)

- (c) Management regularly reviews whether there are any indications of impairments of the Group's interests in joint ventures based on value in use calculations, as detailed in note 5(c).
- (d) Details of principal joint ventures are stated in note 48.
- (e) As at 30 June 2026, impairment loss of approximately HK\$150.0 million (2025: HK\$3,017.7 million) was recognised on certain joint ventures to reflect management's view on the operational performance of these cash generating units after considering the latest market environment and the business prospect in the foreseeable future.



21 INTERESTS IN ASSOCIATED COMPANIES

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Group's share of net assets		
Unlisted shares	9,348.9	7,329.6
Amounts receivable less provision (note (a))	1,796.4	1,869.9
	11,145.3	9,199.5

Notes:

- (a) As at 30 June 2026, the net carrying value of amounts receivable included provision of HK\$30.1 million (2025: HK\$32.7 million).

The amounts were interest free, unsecured and not repayable within 12 months from the end of the reporting period. As at 30 June 2026, the carrying amounts were not materially different from their fair values.

The amounts receivable form part of the Group's net interests in associated companies.

- (b) Management regularly reviews whether there are any relevant indications of impairments of the Group's interests in associated companies based on value in use calculations, as detailed in note 5(c).
- (c) The directors of the Company were of the view that as at 30 June 2026, there is no individual associated company that was material to the Group. The Group's share of results of the associated companies are summarised below:

	2026 HK\$m	2025 HK\$m
For the year ended 30 June		
Profit/(loss) for the year	1,413.5	(1.1)
Other comprehensive income for the year	48.0	0.6
Total comprehensive income/(loss) for the year	1,461.5	(0.5)

- (d) Details of principal associated companies are stated in note 49.
- (e) As at 30 June 2026, impairment loss of approximately HK\$87.7 million (2025: HK\$274.8 million) was recognised on certain associated companies to reflect management's view on the operational performance of these cash generating units after considering the latest market environment and the business prospect in the foreseeable future.

22 DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Non-current assets		
Foreign currency and interest rate swaps		
– cash flow hedges (note)	103.6	—
Current assets		
Foreign currency forward contracts, foreign currency, interest rate swaps		
– cash flow hedges (note)	—	106.0
	103.6	106.0
Non-current liabilities		
Interest rate swaps		
– cash flow hedges (note)	(123.7)	(568.5)
– others	(157.8)	(97.6)
	(281.5)	(666.1)
Current liabilities		
Foreign currency swaps		
– cash flow hedges (note)	(355.1)	(67.5)
	(636.6)	(733.6)

The total notional principal amounts of the outstanding derivative financial instruments as at 30 June 2026 was HK\$40,469.8 million (2025: HK\$36,214.1 million).

Note:

The total notional principal amount of the outstanding financial instruments designated as cash flow hedges as at 30 June 2026 was US\$1,727.8 million (2025: US\$1,994.8 million), HK\$17,700.0 million (2025: HK\$19,000.0 million) and RMB3,780.0 million (2025: RMB9,030.0 million).

The Group enters into the hedging instruments that have similar critical terms as the hedged item.

The Group does not hedge all of its loans, therefore the hedged item is identified as a proportion of the outstanding hedged items up to the notional amount of the hedging instruments with one-to-one hedge ratio. As all critical terms matched substantially, the economic relationship exists, and the cash flow hedges was assessed to be highly effective during the year.

During the years ended 30 June 2026 and 2025, there were insignificant ineffectiveness in relation to these hedging instruments.

23 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when taxes relate to the same taxation authority and where offsetting is legally enforceable. The following amounts, determined after appropriate offsetting, are shown separately on the consolidated statement of financial position.

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Deferred tax assets	1,509.3	1,714.5
Deferred tax liabilities	(5,368.9)	(7,766.9)
	(3,859.6)	(6,052.4)
	2026 HK\$m	2025 HK\$m
At beginning of the year	(6,052.4)	(5,557.3)
Translation differences	(206.6)	220.9
Credited/(charged) to		
– consolidated income statement	725.2	(710.3)
– reserves	(13.0)	(5.7)
Transfer to liabilities of disposal groups held for sale	1,687.2	—
At end of the year	(3,859.6)	(6,052.4)

The movement in deferred tax assets and liabilities (prior to offsetting balances within the same taxation jurisdiction) during the year was as follows:

Deferred tax assets

	Provisions		Accelerated accounting depreciation		Tax losses		Unrealised intra-group profit		Lease liabilities		Other items		Total	
	2026 HK\$m	2025 HK\$m	2026 HK\$m	2025 HK\$m	2026 HK\$m	2025 HK\$m	2026 HK\$m	2025 HK\$m	2026 HK\$m	2025 HK\$m	2026 HK\$m	2025 HK\$m	2026 HK\$m	2025 HK\$m
At beginning of the year	1,953.4	2,831.2	87.7	87.7	985.7	998.0	125.1	125.1	417.3	480.1	69.9	6.0	3,639.1	4,528.1
Translation differences	103.0	59.7	1.8	—	4.0	0.6	—	—	23.3	11.9	(1.0)	—	131.1	72.2
(Charged)/credited to consolidated income statement	(186.0)	(937.5)	0.7	—	94.8	(12.9)	(125.1)	—	(103.0)	(74.7)	262.1	63.9	(56.5)	(961.2)
At end of the year	1,870.4	1,953.4	90.2	87.7	1,084.5	985.7	—	125.1	337.6	417.3	331.0	69.9	3,713.7	3,639.1

23 DEFERRED TAXATION (CONTINUED)

Deferred tax liabilities

	Accelerated tax depreciation		Valuation of properties		Fair value adjustments of properties on acquisitions		Undistributed profits of subsidiaries, joint ventures and associated companies		Right-of-use assets		Other items		Total	
	2026 HK\$m	2025 HK\$m	2026 HK\$m	2025 HK\$m	2026 HK\$m	2025 HK\$m	2026 HK\$m	2025 HK\$m	2026 HK\$m	2025 HK\$m	2026 HK\$m	2025 HK\$m	2026 HK\$m	2025 HK\$m
At beginning of the year	(2,582.9)	(2,384.5)	(4,645.2)	(4,657.2)	(1,215.4)	(1,758.5)	(670.6)	(643.8)	(414.9)	(480.2)	(162.5)	(161.2)	(9,691.5)	(10,085.4)
Translation differences	(15.9)	42.9	(200.7)	3.2	(52.3)	120.0	(35.4)	(7.2)	(17.8)	(9.7)	(15.6)	(0.5)	(337.7)	148.7
Transfer to liabilities classified as held for sale	—	—	1,687.2	—	—	—	—	—	—	—	—	—	1,687.2	—
Credited/(charged) to – consolidated income statement	(271.3)	(241.3)	395.0	14.5	380.2	423.1	22.5	(19.6)	108.4	75.0	146.9	(0.8)	781.7	250.9
– reserves	—	—	(13.0)	(5.7)	—	—	—	—	—	—	—	—	(13.0)	(5.7)
At end of the year	(2,870.1)	(2,582.9)	(2,776.7)	(4,645.2)	(887.5)	(1,215.4)	(683.5)	(670.6)	(324.3)	(414.9)	(31.2)	(162.5)	(7,573.3)	(9,691.5)

Deferred tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK\$27,075.6 million (2025: HK\$20,800.6 million) to carry forward for offsetting against future taxable income. These tax losses have no expiry dates except for the tax losses of HK\$7,718.3 million (2025: HK\$7,892.4 million) which will expire at various dates up to and including 2031 (2025: 2030).

For the investment properties that are located outside Hong Kong, they are held by certain subsidiaries with a business model to consume substantially all the economic benefits embodied in the investment properties over time, rather than through sale, the presumption is rebutted and related deferred tax continues to be determined based on recovery of use. For the remaining investment properties, the tax consequence is on the presumption that they are recovered entirely by sale.

As at 30 June 2026, the aggregate amount of temporary differences associated with investments in subsidiaries and joint ventures for which deferred tax liabilities have not been recognised totalled approximately HK\$8.6 billion, as the directors of the Company consider that the timing of reversal of the related temporary differences can be controlled and the temporary differences will not be reversed in the foreseeable future.

24 OTHER NON-CURRENT ASSETS

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Long-term loans and receivables (note (a))	6,421.4	5,923.2
Long-term prepayments and deposits	1,610.6	2,093.2
Deposits and other prepayments for development projects (note (b))	—	1,904.6
Contract assets related to construction services (notes (b) and 27(d))	—	12,816.8
	8,032.0	22,737.8



24 OTHER NON-CURRENT ASSETS (CONTINUED)

Notes:

(a) Long-term loans and receivables

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Mortgage loans receivables (i)	1,157.0	1,223.2
Mortgage loans receivables within one year included in debtors, prepayments and contract assets	(63.0)	(47.5)
Other receivables	5,327.4	4,747.5
	6,421.4	5,923.2

- (i) Mortgage loans receivables are advances to purchasers of development projects of the Group in Hong Kong and are secured by first or second mortgages on the related properties. The balance included first mortgage loans of HK\$1,023 million (2025: HK\$1,028.9 million).

The mortgage loans receivables were repayable by monthly with various tenors not more than 28 years (2025: not more than 29 years) at the year end date and carrying interest at floating rates.

During the year ended 30 June 2026, the cash inflow in relation to the repayment and disposal of mortgage loans receivables amounted to HK\$65.8 million (2025: HK\$865.1 million) and there was no addition to mortgage loans receivables for both 2026 and 2025.

Management assessed the expected credit loss allowance of mortgage loans receivables, with reference to both historical loss experience and forward-looking information. The Group had not provided any loss allowance for its mortgage loans receivables during the year (2025: Nil).

- (b) In May 2018, the Group was awarded by Airport Authority Hong Kong ("AAHK") the contract for the design, construction, financing and management of 11 SKIES project located in SkyCity of the Hong Kong International Airport (the "11 SKIES Contract"). Following the completion of the whole development of 11 SKIES, the Group is to be granted a long lease ("Long Lease") for the 11 SKIES project for a term up to September 2066. Under the term of the Long Lease, the Group will pay the higher of a guarantee rent or revenue rent which represents 20% of the gross revenue derived from the 11 SKIES project (subject to subsequent adjustment to 30%) throughout the lease term from June 2027 to September 2066 pursuant to the terms and conditions of the Long Lease, and performance bonds have been issued by licensed banks in Hong Kong to the AAHK.

During the year ended 30 June 2026, the Group has been in discussion with the AAHK to revisit and explore possibility for changes in the contractual arrangements of the 11 SKIES Contract. In light of these developments together with the facts and circumstances that existed as at year-end date, management has performed an impairment assessment on the contract assets and prepayment relating to the 11 SKIES Contract by estimating its recoverable amounts as at 30 June 2026. Management has also assessed the Group's potential exposure to the termination costs relating to an expected early termination as at 30 June 2026 and assessed the need to make a provision as at 30 June 2026.

On 30 September 2026, The Group and the AAHK entered into the termination deed ("Agreement"), pursuant to which the parties have agreed to bring the 11 SKIES Contract to an early termination. In connection with the termination, the Group has agreed to surrender the 11 SKIES project to the AAHK on 1 April 2027 ("termination date"). The AAHK has agreed to irrevocably and unconditionally, with effect from the termination date, release the Group from any and all claims and liabilities, arising out of, the 11 SKIES Contract. The AAHK has further agreed to release all performance bonds placed by the Group with the AAHK under the 11 SKIES Contract on the termination date.

The Group shall pay an early termination fee in the amount of HK\$2,300.0 million to the AAHK on the termination date and the Group shall provide certain works and services in relation to the 11 SKIES-related properties within the agreed scope at no cost to the AAHK, provided that the aggregate amount of the costs of such works and services shall not exceed HK\$1,049.5 million. The Group shall provide such works and services until the earlier of (a) the date falling two years after the termination date; and (b) the date on which the aggregate costs of such works and services have reached the cap. If requested by the AAHK, the Group shall provide property management services as may be agreed between the Group and the AAHK for any period ending no later than five years after the termination date at a fee payable by the AAHK equal to the cost of such services. In addition, the Group has agreed to, following the termination, operate two entertainment facilities in the 11 SKIES project on such terms as may be agreed between the Group and the AAHK.

The Company has been informed by CTFE that, concurrent with the termination, CTFE has entered into the Option Deed with the AAHK on 30 September 2026 (after trading hours), pursuant to which CTFE has granted the AAHK an option (the "Option") to acquire certain ordinary shares of the Company ("the Option Shares"). The consideration for the grant of the Option is HK\$1. The Option is exercisable once only, in respect of all (but not part) of the Option Shares, within three years from the date the Option becomes exercisable. The Option shall only become exercisable, among others, when transfer of the Option Shares would not breach any bank covenants and it can only be exercised when the transfer will not result in the AAHK becoming the single largest shareholder of the Company. If the Option is exercised by the AAHK, the Option Shares so transferred will be subject to a lock-up until 30 September 2032. CTFE has indicated to the Company that it intends to remain the single largest shareholder of the Company and would welcome any investment in the Company by the AAHK.

24 OTHER NON-CURRENT ASSETS (CONTINUED)

Notes: (continued)

(b) (continued)

The Group has recognised a net loss of HK\$18,321.5 million, comprising:

- (i) impairment losses against the contract assets and prepayment of HK\$14,722.0 million;
- (ii) early termination cost of HK\$2,300.0 million, payable on the termination date;
- (iii) provision for pre-handover and post-handover works of HK\$1,049.5 million, being the maximum amount borne by the Group; and
- (iv) a loss of HK\$250.0 million, which represents the fair value of the Option issued by CTFE to the AAHK. The fair value is derived using the Black Scholes model, with the assistance of an independent external valuer.

25 PROPERTIES FOR/UNDER DEVELOPMENT/PROPERTIES HELD FOR SALE

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Properties for development	14,579.3	15,377.5
Properties under development		
Expected to be completed after 12 months	11,130.4	18,568.1
Expected to be completed within 12 months	21,401.7	18,760.3
	32,532.1	37,328.4
Properties held for sale	30,555.0	28,773.9

At 30 June 2026, the aggregate carrying value of properties projects pledged as securities for the Group's borrowings amounted to HK\$28,948.1 million (2025: HK\$29,785.2 million).

26 INVENTORIES

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Raw materials	13.1	16.3
Finished goods	110.2	137.0
	123.3	153.3

27 DEBTORS, PREPAYMENTS AND CONTRACT ASSETS

	Note	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Trade debtors	(a)	837.5	985.6
Retention receivables for contract works		4.4	0.2
Contract assets – current portion	(d)	732.7	698.1
Prepayment for purchase of land and land preparatory costs		871.3	828.2
Deposits, prepayments and other debtors		8,949.0	8,433.9
Amounts due from joint ventures		299.2	299.2
Amounts due from non-controlling shareholders	(f)	1,284.5	1,021.0
	(b), (c), (e)	12,978.6	12,266.2

Notes:

- (a) The Group has various credit policies for different business operations depending on the requirements of the markets and businesses in which the subsidiaries operate. Retention receivables for contract works are settled in accordance with the terms of respective contracts.

Aging analysis of trade debtors based on invoice date was as follows:

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Less than 30 days	375.1	230.2
31 to 60 days	30.6	15.4
Over 60 days	431.8	740.0
	837.5	985.6

There is no concentration of credit risk with respect to trade debtors as the customer bases are widely dispersed in different sectors and industries.

- (b) The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected credit loss allowance for trade debtors, retention receivables for contract works and contract assets. In relation to deposits, other debtors and amounts due from joint ventures, the expected credit loss allowances are measured as either 12 month or lifetime expected credit loss. The carrying value was net of loss allowance HK\$2,542.9 million (2025: HK\$2,240.8 million). The movement of loss allowance was as follows:

2026	Note	Trade debtors HK\$m	Deposits and other debtors HK\$m	Total HK\$m
As at 1 July 2025		249.2	1,991.6	2,240.8
Translation differences		0.4	14.4	14.8
Increase in loss allowance recognised in consolidated income statement	8	60.0	227.3	287.3
As at 30 June 2026		309.6	2,233.3	2,542.9
2025	Note	Trade debtors HK\$m	Deposits and other debtors HK\$m	Total HK\$m
As at 1 July 2024		209.9	1,656.3	1,866.2
Translation differences		0.1	2.9	3.0
Increase in loss allowance recognised in consolidated income statement	8	44.1	441.9	486.0
Amounts recovered	8	(3.2)	(109.5)	(112.7)
Amounts written off		(1.7)	—	(1.7)
As at 30 June 2025		249.2	1,991.6	2,240.8

During the current year, management had assessed the expected credit loss on performing financial assets based on methodology set out in note 4(b) and HK\$46.5 million (2025: HK\$13.3 million) expected credit loss provision had been made. For non-performing assets including trade debtors, retention receivables for contract works, deposits and other debtors, management has assessed the expected credit loss based on lifetime expected credit loss approach with reference to the creditability of the specific counterparties and HK\$240.8 million (2025: HK\$472.7 million) expected credit loss provision had been made.

27 DEBTORS, PREPAYMENTS AND CONTRACT ASSETS (CONTINUED)

Notes: (continued)

- (c) The carrying amounts of the debtors, prepayments and contract assets, which approximate their fair values, were denominated in the following currencies:

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Renminbi	6,792.1	6,769.5
Hong Kong dollar	6,111.5	5,409.4
United States dollar	38.7	55.4
Others	36.3	31.9
	12,978.6	12,266.2

- (d) The Group had recognised the following revenue-related contract assets:

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Current portion:		
Contract acquisition cost related to property sales (note (i))	630.3	522.7
Contract assets related to construction services (note (ii))	102.4	175.4
	732.7	698.1
Non-current portion:		
Contract assets related to construction services (note 24(b))	—	12,816.8
	732.7	13,514.9

note (i) Contract acquisition cost related to property sales consists of sales commissions incurred directly attributable to obtaining contract.

note (ii) Contract assets related to construction services consisted of unbilled amount resulting from construction when the cost-to-cost method of revenue recognised exceeds the amount billed to the customer.

- (e) Except for certain collaterals held as securities for other debtors, the Group did not hold other collateral as securities for the debtors and prepayments. The maximum exposure to credit risk at the end of the reporting period was the carrying value mentioned above.

- (f) The balances were interest-free, unsecured and repayable on demand.

28 FINANCIAL ASSETS AT AMORTISED COST

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Debt securities		
Unlisted	—	111.9

The carrying amounts of financial assets at amortised cost was denominated in United States dollar.

29 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Equity instruments		
Unlisted (note (a))	609.2	550.5
Listed		
Hong Kong	640.7	31.3
Overseas	56.3	137.6
	1,306.2	719.4
Debt instruments		
Unlisted (note (a))	954.2	1,250.4
Listed		
Hong Kong	12.1	39.9
Overseas	—	3.3
	966.3	1,293.6
Investment funds		
Unlisted (note (a))	2,127.1	2,944.1
Total	4,399.6	4,957.1
Representing:		
Expected to recover after 12 months	3,946.0	4,420.4
Expected to recover within 12 months	453.6	536.7
	4,399.6	4,957.1

Notes:

- (a) Unlisted investments were stated at fair values which were estimated using a variety of valuation methods or assessed the reasonableness with reference to market comparables, with the assistance of independent external valuers, when necessary.
- (b) The carrying amounts of financial assets at FVPL were denominated in the following currencies:

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
United States dollar	2,706.9	2,765.0
Hong Kong dollar	1,181.9	1,351.4
Renminbi	340.6	659.1
Others	170.2	181.6
	4,399.6	4,957.1

30 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Equity instruments		
Unlisted (note)	182.6	2,068.2
Listed		
Hong Kong	306.2	263.3
	488.8	2,331.5
Expected to recover after 12 months	488.8	2,331.5

Note: Unlisted investments were stated at fair values which are determined by the recent transaction price or estimated using a variety of valuation methods or assessed the reasonableness with reference to market comparables, with the assistance of independent external valuer when necessary.

The carrying amounts of financial assets at FVOCI were denominated in the following currencies:

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Hong Kong dollar	479.9	1,987.1
United States dollar	8.9	278.4
Others	—	66.0
	488.8	2,331.5

31 CASH AND BANK BALANCES – RESTRICTED AND UNRESTRICTED

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Cash at banks and on hand	11,496.7	18,137.5
Bank deposits	5,463.7	7,719.3
	16,960.4	25,856.8
Representing:		
Cash and cash equivalents, including cash at banks and on hand and bank deposits maturing within three months	12,734.6	18,510.5
Bank deposits placed in designated bank accounts in the Chinese Mainland (note (a))	1,559.3	1,279.9
Balances held by stakeholders in Hong Kong – restricted (note (b))	2,037.1	4,812.3
Bank deposits maturing after more than three months and other restricted bank balances	629.4	1,254.1
	16,960.4	25,856.8

Notes:

- (a) It represented the Group's bank deposits in the Chinese Mainland placed in designed bank accounts from pre-sale properties, which will be released upon completion of the construction and registration of property ownership certificate.
- (b) It represented balances held by stakeholders in Hong Kong, which are restricted for payments related to property development projects or will be released by stakeholders after completion of the relevant assignments of the property units sold by the Group.

Bank balances with aggregate carrying value of HK\$23.4 million (2025: HK\$22.0 million) were pledged as securities for the Group's long-term borrowings.

The effective interest rates on bank deposits range from 0.35% to 4.5% (2025: 0.35% to 6.03%) per annum and these deposits have maturities ranging from 7 to 365 days (2025: 7 to 365 days).

As at 30 June 2026, the Group presented cash and bank balances and restricted bank balances together within "cash and bank balances – restricted and unrestricted", and comparative information is related to align with current year presentation.

31 CASH AND BANK BALANCES – RESTRICTED AND UNRESTRICTED (CONTINUED)

The carrying amounts of cash and bank balances – restricted and unrestricted were denominated in the following currencies:

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Renminbi	10,962.2	12,221.3
Hong Kong dollar	5,514.5	13,136.0
United States dollar	355.6	343.7
Others	128.1	155.8
	16,960.4	25,856.8

The conversion of Renminbi denominated balances into foreign currencies and the remittance of foreign currencies denominated bank balances and cash out of the Chinese Mainland are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

32 DISPOSAL GROUPS HELD FOR SALE

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Assets of disposal groups held for sale		
Investment properties	9,731.1	1,554.9
Property, plant and equipment	1.0	—
Intangible assets	1.4	—
Inventories	0.3	—
Debtors, prepayments and contract assets	97.9	—
Cash and bank balances	108.1	—
	9,939.8	1,554.9

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Liabilities of disposal groups held for sale		
Lease liabilities	1,501.0	—
Deferred tax liabilities	1,687.2	—
Creditors, accrued charges and contract liabilities	214.4	—
Current tax payable	9.1	—
	3,411.7	—

The assets and liabilities associated with the assets held for sale as at 30 June 2026, which were highly probable to be disposed of within one year as at year-end date, comprised of the following:

- During the year ended 30 June 2026, the Group was in process of preparing the spin-off and separate listing of a publicly offered commercial real estate investment trust fund ("REIT") on the Shanghai Stock Exchange (the "SSE") using Shanghai Hong Kong New World Tower as the underlying asset. The related assets and liabilities were classified as a disposal group held for sale as at 30 June 2026. The Group has subsequently announced the proposed spin-off and separate listing of the REIT on 17 September 2026.
- During the year ended 30 June 2026, the Group has been in discussion with the AAHK to revisit and explore possibility for changes in the contractual arrangements of the 11 SKIES Contract. The investment properties and lease liabilities of the office portion of 11 SKIES project were classified as held for sale as at 30 June 2026. The Group has subsequently announced the entering of the Agreement with the AAHK on 30 September 2026 (note 24(b)).

The fair value of investment properties within the assets of disposal groups held for sale were determined using the income capitalisation method as described in note 16. There are a level 3 measurement under the fair value hierarchy, and the significant unobservable inputs are set out in note 16.

At 30 June 2026, the aggregate net book value of disposal groups held for sale pledged as securities for the Group's borrowings amounted to HK\$7,659.2 million (2025: Nil).

33 SHARE CAPITAL

	2026		2025	
	Number of shares (million)	HK\$m	Number of shares (million)	HK\$m
Issued and fully paid (note):				
At beginning and end of the year	2,516.6	78,382.1	2,516.6	78,382.1

Note: The shares have no par value.

34 PERPETUAL CAPITAL SECURITIES

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Issued by wholly owned subsidiaries of the Company (the “NWD Issuers”)		
US\$1,300.0 million 6.25% guaranteed senior perpetual securities issued in 2019	5,065.1	10,223.4
US\$1,000.0 million 5.25% guaranteed senior perpetual securities issued in 2020	6,277.2	7,868.5
US\$700.0 million 4.80% guaranteed senior perpetual securities issued in 2020	1,341.5	5,461.5
US\$1,200.0 million 4.125% guaranteed senior perpetual securities issued in 2021	3,005.0	8,929.7
US\$500.0 million 6.15% guaranteed senior perpetual securities issued in 2022	2,942.8	2,694.9
US\$1,175.5 million 9.000% senior perpetual securities issued in 2025	9,226.6	—
	27,858.2	35,178.0

The balances as at 30 June 2025 comprised of the following:

- In March 2019, the NWD Issuers issued US\$500.0 million 6.25% guaranteed senior perpetual capital securities with the aggregate net proceeds, after transaction cost, of HK\$3,857.5 million. In July and November 2019, the NWD Issuer further issued US\$400.0 million and US\$400.0 million 6.25% guaranteed senior perpetual capital securities respectively, with the aggregate net proceeds, after transaction cost, of HK\$6,271.2 million, which were consolidated and formed a single series with the original issue in March 2019.
- In June 2020, the NWD Issuers issued US\$850.0 million 5.25% guaranteed senior perpetual capital securities with the aggregate net proceeds, after transaction cost, of HK\$6,597.2 million. In September 2021, the NWD Issuers further issued US\$150.0 million 5.25% guaranteed senior perpetual capital securities at 106.06% with the aggregate net proceeds, after transaction cost, of HK\$1,237.9 million, which was consolidated and formed a single series with the original issue in June 2020. The interest rate increased to 12.089% since June 2026.
- In December 2020, the NWD Issuers issued US\$700.0 million 4.80% guaranteed senior perpetual capital securities with the aggregate net proceeds, after transaction cost, of HK\$5,418.7 million.
- In June 2021, the NWD Issuers issued US\$1,200.0 million 4.125% guaranteed senior perpetual capital securities with the aggregate net proceeds, after transaction cost, of HK\$9,295.5 million. The interest rate will amount to the aggregate of (i) the applicable U.S. Treasury Benchmark Rate, (ii) the interest spread of 2.858%, and (iii) the step-up margin of 3.0% if the principal is not paid by June 2028.
- In June 2022, the NWD Issuers issued US\$500.0 million 6.15% guaranteed senior perpetual capital securities with the aggregate net proceeds after transaction cost of HK\$3,876.6 million. The interest rate increased to 10.141% since June 2025.

The NWD Issuers had announced to defer distributions for the US\$1,300.0 million 6.25% guaranteed senior perpetual securities issued in 2019, US\$1,000.0 million 5.25% guaranteed senior perpetual securities issued in 2020 and 2021, US\$700.0 million 4.80% guaranteed senior perpetual securities issued in 2020, US\$1,200.0 million 4.125% guaranteed senior perpetual securities issued in 2021, US\$500.0 million 6.15% guaranteed senior perpetual securities issued in 2022 with relevant distribution payment date scheduled to be paid since June 2025.

34 PERPETUAL CAPITAL SECURITIES (CONTINUED)

Movements during the year ended 30 June 2026 included:

- In November 2025, CS Treasury Management Services (P) Limited ("PerpCo"), a wholly-owned subsidiary of the Group, offered to exchange the existing perpetual securities (the "Existing Perpetual Securities") validly tendered for the relevant exchange consideration.

Upon completion of the exchange offers and following final settlement on in December 2025, US\$2,293.0 million (equivalent to approximately HK\$17,885.0 million) in aggregate principal amount of Existing Perpetual Securities was exchanged and cancelled pursuant to the exchange offers.

PerpCo issued US\$1,175.5 million (equivalent to approximately HK\$9,169.3 million) in aggregate principal amount of new 9.000% senior perpetual capital securities denominated in US dollar (the "New Perpetual Securities") pursuant to the exchange offers. The interest rate of the new perpetual securities would be increased to 12.0% if the principal is not repaid by November 2031.

As a result of the exchanges, a gain of HK\$8,802.0 million, before any transaction cost, was recognised in the shareholders' funds.

The perpetual capital securities issued by the NWD Issuers are listed on the Stock Exchange and guaranteed by the Company. There is no maturity of the securities and the payments of distribution can be deferred at the discretion of the Issuers, and there is no limit as to the number of times of deferral of distribution. The perpetual capital securities are callable. When the Company elects to declare dividends to their respective ordinary shareholders, the NWD Issuers shall make distribution to the holders of perpetual capital securities at the distribution rate as defined in the subscription agreements.

Distributions to perpetual capital securities holders are recognised directly in equity in accordance with HKAS 32. A liability is assumed when the NWD Issuers formally acts to make a distribution. The NWD Issuers has the sole discretion to indefinitely defer the schedule distributions. Up to the date of the consolidated financial statements, the Group has elected to defer distributions for certain of its perpetual securities except for the new perpetual securities issued in 2025. The Group will continue to manage the timing for declaration of dividends and distribution on its perpetual securities so as to manage its liquidity.

35 RESERVES

	Property revaluation reserve HK\$m	Financial assets at FVOCI reserve (non-recycling) HK\$m	General reserve HK\$m	Exchange reserve HK\$m	Retained profits HK\$m	Total HK\$m
At 1 July 2025	12,552.2	(371.0)	(1,140.8)	(4,730.9)	79,024.2	85,333.7
Loss attributable to shareholders	—	—	—	—	(28,148.8)	(28,148.8)
Net fair value changes on equity instruments as financial assets at FVOCI	—	(98.1)	—	—	—	(98.1)
Disposal of financial assets at FVOCI	—	604.6	—	—	(604.6)	—
Acquisition of additional interest in a subsidiary	—	—	(5.7)	—	—	(5.7)
Deregistration of a subsidiary	—	—	7.9	—	—	7.9
Release and reclassification of reserves upon disposal of subsidiaries	—	—	49.2	(267.9)	—	(218.7)
Share of other comprehensive income of joint ventures and associated companies	—	—	—	163.4	—	163.4
Gain on cash flow hedges	—	—	366.9	—	—	366.9
Transfer of reserves	—	—	(13.4)	—	13.4	—
Revaluation of investment properties upon reclassification from property, plant and equipment and right-of-use assets, net of taxation	38.9	—	—	—	—	38.9
Redemption of perpetual capital securities under an exchange offer, net of transaction costs	—	—	—	—	8,565.7	8,565.7
Translation differences	—	—	—	5,350.4	—	5,350.4
At 30 June 2026	12,591.1	135.5	(735.9)	515.0	58,849.9	71,355.6

35 RESERVES (CONTINUED)

	Property revaluation reserve HK\$m	Financial assets at FVOCI reserve (non-recycling) HK\$m	General reserve HK\$m	Exchange reserve HK\$m	Retained profits HK\$m	Total HK\$m
At 1 July 2024	12,446.4	(321.1)	180.3	(6,183.2)	95,327.4	101,449.8
Loss attributable to shareholders	—	—	—	—	(16,301.5)	(16,301.5)
Net fair value changes on equity instruments as financial assets at FVOCI	—	(49.9)	—	—	—	(49.9)
Release of reserve and reclassification of reserve upon disposal of interests in joint ventures and associated companies	—	—	—	85.5	—	85.5
Acquisition of additional interests in subsidiaries	—	—	(139.4)	—	—	(139.4)
Deregistration of a subsidiary	—	—	—	6.2	—	6.2
Release of reserves and reclassification of reserves upon disposal of subsidiaries	—	—	(870.4)	14.3	—	(856.1)
Share of other comprehensive income of joint ventures and associated companies	—	—	—	37.6	—	37.6
Loss on cash flow hedge	—	—	(313.0)	—	—	(313.0)
Transfer of reserves	—	—	1.7	—	(1.7)	—
Revaluation of investment properties upon reclassification from property, plant and equipment and right-of-use assets, net of taxation	105.8	—	—	—	—	105.8
Translation differences	—	—	—	1,308.7	—	1,308.7
At 30 June 2025	12,552.2	(371.0)	(1,140.8)	(4,730.9)	79,024.2	85,333.7

36 BORROWINGS

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Long-term borrowings		
Secured bank loans	117,320.7	118,319.1
Unsecured bank loans	766.3	873.0
Fixed rate bonds and notes payable	25,072.4	26,694.8
Loans from non-controlling shareholders (note (b))	4,775.0	4,575.2
	147,934.4	150,462.1
Current portion of long-term borrowings	(23,856.0)	(6,520.0)
	124,078.4	143,942.1
Short-term borrowings		
Secured bank loans	103.0	—
Unsecured bank loans	—	78.1
Other unsecured loans	5.1	5.1
Loans from non-controlling shareholders (note (b))	544.7	390.8
	652.8	474.0
Current portion of long-term borrowings	23,856.0	6,520.0
	24,508.8	6,994.0
Total borrowings	148,587.2	150,936.1

In November 2025, CS Treasury Management Services (B) Limited ("BondCo"), a wholly-owned subsidiary of the Group, offered to exchange the certain existing notes (the "Existing Notes") validly tendered for the relevant exchange consideration.

Upon completion of the exchange offers and following final settlement on in December 2025, US\$236.0 million (equivalent to approximately HK\$1,840.6 million) in aggregate principal amount of Existing Notes in aggregate principal amount of Existing Notes was exchanged and cancelled pursuant to the exchange offers.

BondCo issued US\$186.6 million (equivalent to approximately HK\$1,455.2 million) in aggregate principal amount of new 7.000% senior secured notes due 2031 denominated in US dollar (the "New Notes") pursuant to the exchange offers.

As a result of the exchanges, a gain of HK\$360.3 million was recognised in other losses, net for the year ended 30 June 2026.

Notes:

(a) Bank loans, other loans and fixed rate bonds and notes payable were repayable as follows:

	Bank loans		Other loans		Fixed rate bonds and notes payable	
	2026 HK\$m	2025 HK\$m	2026 HK\$m	2025 HK\$m	2026 HK\$m	2025 HK\$m
Within 1 year	18,442.7	5,282.2	5.1	5.1	4,789.4	1,282.5
In the second year	38,328.0	17,587.7	—	—	3,423.4	4,860.1
In the third year	40,013.0	36,666.6	—	—	1,588.3	3,630.1
In the fourth year	14,719.0	40,512.4	—	—	7,887.3	1,572.6
In the fifth year	2,200.9	13,352.0	—	—	2,788.8	9,341.0
After the fifth year	4,486.4	5,869.3	—	—	4,595.2	6,008.5
	118,190.0	119,270.2	5.1	5.1	25,072.4	26,694.8

(b) Loans from non-controlling shareholders

Except for the loans of HK\$2,932.4 million (2025: HK\$2,642.9 million) that were interest bearing at 2.00% to 4.30% per annum (2025: 3.95% to 6.00% per annum), the remaining loans were interest free. All the loans from non-controlling shareholders were unsecured. An amount of HK\$2,862.2 million (2025: HK\$2,293.4 million) was not repayable within the next 12 months and the remaining balances had no specific repayment term.

36 BORROWINGS (CONTINUED)

Notes: (continued)

(c) Effective interest rates

	As at 30 June 2026				As at 30 June 2025			
	Hong Kong dollar	Renminbi	United States dollar	Others	Hong Kong dollar	Renminbi	United States dollar	Others
Bank loans	4.4%	3.0%	4.8%	2.7%	4.9%	3.4%	6.0%	2.9%
Fixed rate bonds and notes payable	4.1%	—	5.3%	—	4.2%	—	5.2%	—
Loans from non-controlling shareholders	—	3.8%	—	—	—	4.2%	—	—
Other unsecured loans	3.0%	—	—	—	3.0%	—	—	—

(d) Carrying amounts and fair values of the borrowings

The fair value of the fixed rate bonds and notes payable at the end of the reporting period was HK\$21,246.4 million (2025: HK\$17,274.2 million). The carrying amounts of other borrowings approximated their fair values.

(e) Currencies

The carrying amounts of the borrowings were denominated in the following currencies:

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Hong Kong dollar	105,788.0	108,878.7
United States dollar	20,410.0	20,740.0
Renminbi	20,416.2	19,346.1
Others	1,973.0	1,971.3
	148,587.2	150,936.1

(f) The agreements governing the bank loans of the Group contained conditions and events of default customary for such financings. Majority of the Group's borrowings of an aggregate amount of HK\$103,720.6 million also contained key financial covenants including net gearing ratio and other relevant requirements with respective applicable test dates on 31 December and 30 June of each year until maturity. In addition to those disclosed in note 2(c), the Group had complied with the covenants under the relevant facility agreements as at 30 June 2026 and 2025. The Group is in the view that it will comply the covenants when they will be tested on 31 December 2026 and 30 June 2027.

37 LEASE LIABILITIES

The maturity of lease liabilities was as follows:

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Current		
Within 1 year	555.2	655.8
Non-current		
In the second to fifth year	962.6	1,311.2
After the fifth year	602.5	2,103.9
	1,565.1	3,415.1
	2,120.3	4,070.9

As at 30 June 2026, the weighted average lessee's incremental borrowing rates applied was 5.5% (2025: 5.7%).

As at 30 June 2026, the balance included the lease liabilities payable to joint ventures and related companies of HK\$243.7 million (2025: HK\$248.7 million).

38 OTHER NON-CURRENT LIABILITIES

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Deferred income	0.3	0.3
Provision for long service payments	—	1.0
Long-term accounts payable	39.7	90.5
	40.0	91.8

39 CREDITORS, ACCRUED CHARGES AND CONTRACT LIABILITIES

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Trade creditors (note (a))	8,390.9	8,540.2
Contract liabilities (note (b))	6,663.5	7,013.1
Amounts due to joint ventures (note (e))	2,094.3	2,199.1
Amounts due to associated companies (note (e))	4,933.6	5,232.2
Other creditors and accrued charges (note (g))	15,319.5	17,189.3
	37,401.8	40,173.9

Notes:

(a) Aging analysis of trade creditors based on invoice date is as follows:

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Less than 30 days	2,137.5	2,387.3
31 to 60 days	73.3	70.5
Over 60 days	6,180.1	6,082.4
	8,390.9	8,540.2

(b) The Group has recognised the following revenue-related contract liabilities:

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Contract liabilities related to property sales (note)	6,239.2	6,837.7
Contract liabilities related to construction services (note)	7.7	5.6
Contract liabilities related to other operations	416.6	169.8
	6,663.5	7,013.1

Note:

The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from sales of properties and construction services.

39 CREDITORS, ACCRUED CHARGES AND CONTRACT LIABILITIES (CONTINUED)

Notes: (continued)

- (c) The following table showed the amount of the revenue recognised in the current reporting period relates to contract liabilities at the beginning of the year and the amount relates to performance obligations that were satisfied in prior year.

	2026 HK\$m	2025 HK\$m
Revenue recognised that was included in contract liabilities at the beginning of the year		
– Property sales	3,892.5	7,981.4
– Other operations	30.0	60.6
	3,922.5	8,042.0

- (d) The following table shows the amount of unsatisfied performance obligations resulted from property sales, construction services and other operations for contracts with an original expected duration of one year or more:

	2026 HK\$m	2025 HK\$m
Expected to be recognised within one year	12,838.4	11,101.9
Expected to be recognised after one year	4,796.9	316.6
	17,635.3	11,418.5

For all other contracts with an original expected duration of one year or less or are billed based on time incurred, as permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

- (e) The amounts payable are interest free, unsecured and have no fixed terms of repayment.
- (f) The carrying amounts of creditors, accrued charges and contract liabilities, which approximated their fair values, were denominated in the following currencies:

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Renminbi	18,310.2	21,007.0
Hong Kong dollar	18,876.5	18,991.4
United States dollar	94.5	62.8
Others	120.6	112.7
	37,401.8	40,173.9

- (g) Other creditors and accrued charges included the payables and provisions relating to 11 SKIES project of HK\$3,599.5 million (note 24(b)).

40 FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets and financial liabilities of the Group as shown in the consolidated statements of financial position are classified as follows:

- (a) Financial assets measured at fair value are disclosed in notes 22, 29 and 30;
- (b) Amounts receivable included in interests in joint ventures and interests in associated companies; other receivables and long-term deposits included in other non-current assets; trade and other debtors; deposits and amounts due from associated companies, joint ventures and non-controlling shareholders included in debtors; prepayments; restricted bank balances and cash and bank balances are categorised as financial assets at amortised cost and carried at amortised cost using the effective interest method;
- (c) Borrowings, lease liabilities, trade creditors and loan and other creditors are categorised as financial liabilities and carried at amortised cost using the effective interest method; and
- (d) Derivative financial instruments are carried at fair value.

41 COMMITMENTS

(a) Operating lease receivable

The future minimum rental receivable under non-cancellable operating leases are as follows:

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Within 1 year	2,979.6	3,099.1
Between 1 and 2 years	2,161.4	2,147.5
Between 2 and 3 years	1,477.9	1,611.5
Between 3 and 4 years	992.5	703.1
Between 4 and 5 years	633.4	449.9
Over 5 years	974.2	864.5
	9,219.0	8,875.6

The Group's operating leases are for terms ranging from 1 to 15 years (2025: 1 to 15 years).

41 COMMITMENTS (CONTINUED)**(b) Other commitments**

The outstanding commitments for capital expenditure are as follows:

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Contracted but not provided for		
Property, plant and equipment	41.5	40.3
Investment properties	2,616.5	3,578.6
Other investments	250.2	236.9
	2,908.2	3,855.8

The Group's share of capital commitments of the joint ventures not included above are as follows:

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Contracted but not provided for	—	90.1

42 FINANCIAL GUARANTEE

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Financial guarantee contracts:		
Mortgage facilities for certain purchasers of properties	1,223.0	2,490.1
Guarantees for credit facilities granted to joint ventures	721.5	5,482.1
	1,944.5	7,972.2

43 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of operating profit to net cash generated from operations

	Note	2026 HK\$m	2025 HK\$m
Operating loss		(22,981.8)	(8,283.4)
Depreciation		1,206.2	1,191.4
Amortisation		41.4	53.6
Changes in fair value of investment properties		1,807.8	1,128.6
Write back the loss allowance/impairment on			
Advance to joint ventures		(239.0)	—
Loans and other receivables		—	(112.7)
Inventories		(22.6)	(26.9)
Property, plant and equipment		—	(4.6)
Net loss/(gain) on fair value of financial assets at FVPL and derivative financial instruments		117.1	(352.8)
Net gain/(loss) on disposal of			
Financial assets at FVPL		60.8	926.3
Investment properties, property, plant and equipment, right-of-use assets and intangible assets		106.1	(158.9)
Long-term loan receivables		—	133.5
Subsidiaries, joint ventures and associated companies		(61.6)	470.9
Net impairment losses and provisions relating to 11 SKIES project		18,321.5	2,700.0
Impairment loss/loss allowance/provision on			
Loans, debtors and other receivables		287.3	486.0
Interests in associated companies		87.7	274.8
Interests in joint ventures and related receivables		150.0	3,017.7
Goodwill		390.5	338.3
Properties held for sale		2,931.3	1,126.9
Properties under development		2,400.0	3,979.1
Properties for development		1,336.0	—
Property, plant and equipment		537.7	17.7
Right-of-use assets		38.4	31.8
Dividend income from financial assets at FVOCI and financial assets at FVPL		(24.1)	(32.1)
Provision for other payables		435.0	230.0
Gain on redemption of fixed rate bonds and medium term notes		(360.3)	(14.3)
Net exchange (gain)/loss		(10.1)	17.8
Operating profit before working capital changes		6,555.3	7,138.7
Decrease/(increase) in inventories		52.6	(13.8)
(Increase)/decrease in properties for/under development and properties held for sale		(57.5)	4,395.3
(Increase)/decrease in debtors, prepayments and contract assets and other non-current assets		(544.8)	3,321.4
(Decrease)/increase in creditors, accrued charges and contract liabilities		(4,879.1)	884.0
Decrease/(increase) in restricted bank balances	43(g)	2,544.2	(1,594.5)
Net cash generated from operations		3,670.7	14,131.1

43 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities:

	Borrowings		Lease liabilities	Total
	Long-term borrowings	Short-term borrowings		
	HK\$m	HK\$m	HK\$m	HK\$m
At 1 July 2025	150,462.1	474.0	4,070.9	155,007.0
Changes from cash flows				
Proceeds from new borrowings	1,808.9	421.0	—	2,229.9
Repayment of borrowings	(5,204.9)	(252.3)	—	(5,457.2)
Principal elements of lease liabilities payments	—	—	(421.6)	(421.6)
Other changes				
Disposals of subsidiaries	—	—	(6.4)	(6.4)
New leases entered/lease modified	—	—	(128.6)	(128.6)
Interest expenses (note 10)	—	—	210.6	210.6
Interest element of lease liabilities payments	—	—	(210.6)	(210.6)
Principal amount exchanged and cancelled	(1,840.6)	—	—	(1,840.6)
New notes issued	1,455.2	—	—	1,455.2
Translation differences	878.7	10.1	107.0	995.8
Amortisation of front-end fee	361.5	—	—	361.5
Transfers to liabilities of disposal groups held for sale	—	—	(1,501.0)	(1,501.0)
Other non-cash movement	13.5	—	—	13.5
At 30 June 2026	147,934.4	652.8	2,120.3	150,707.5
At 1 July 2024	145,636.1	10,913.8	4,402.5	160,952.4
Changes from cash flows				
Proceeds from new borrowings	15,644.8	64.7	—	15,709.5
Repayment of borrowings	(16,969.7)	(4,531.2)	—	(21,500.9)
Principal elements of lease liabilities payments	—	—	(395.8)	(395.8)
Other changes				
Disposals of subsidiaries	(263.9)	—	(29.3)	(293.2)
Disposal	—	—	(93.8)	(93.8)
Interest elements of lease liabilities payments	—	—	(237.6)	(237.6)
New leases entered/lease modified	—	—	109.4	109.4
Interest expenses (note 10)	—	—	237.6	237.6
Gain on redemption on fixed rate bonds	(14.3)	—	—	(14.3)
Reclassification	5,947.5	(5,985.0)	—	(37.5)
Translation differences	322.4	6.6	77.9	406.9
Amortisation of front-end fee	210.0	5.1	—	215.1
Other non-cash movement	(50.8)	—	—	(50.8)
At 30 June 2025	150,462.1	474.0	4,070.9	155,007.0



43 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**(c) Reconciliation of perpetual securities arising from financing activities**

	2026 HK\$m	2025 HK\$m
At beginning of the year	35,178.0	36,280.5
Distribution to perpetual capital security holders	(447.0)	(1,244.0)
Redemption of perpetual capital securities, net of transaction costs	(18,029.1)	(846.8)
Issuance of perpetual capital securities	9,169.3	—
Profit attributable to the holders of perpetual capital securities	1,987.0	988.3
At end of the year	27,858.2	35,178.0

(d) Disposal of subsidiaries

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Net assets disposed		
Investment properties	264.0	496.6
Property, plant and equipment	0.4	136.9
Right-of-use assets	6.0	25.2
Inventories	—	26.4
Debtors, prepayments and contract assets	177.9	2,497.5
Financial assets at fair value through profit or loss	—	269.6
Financial assets at fair value through other comprehensive income	—	318.6
Amounts due to related companies	53.0	39.8
Cash and bank balances	7.5	199.9
Long-term borrowings	—	(263.9)
Creditors, accrued charges and contract liabilities	(116.1)	(1,600.5)
Current tax payable	—	(22.9)
Lease liabilities	(6.4)	(29.3)
	386.3	2,093.9
Release of reserves upon disposal of subsidiaries	(218.7)	(856.1)
Non-controlling interests	(111.1)	(131.0)
Net gain on disposal of subsidiaries	62.3	123.9
Consideration	118.8	1,230.7
Represented by		
Cash consideration	118.8	1,230.7

43 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(e) Analysis of net inflow of cash and cash equivalents in respect of disposal of subsidiaries

	2026 HK\$m	2025 HK\$m
Cash consideration	118.8	1,230.7
Consideration receivable	(0.2)	—
Cash and cash equivalents disposed	(7.5)	(199.9)
	111.1	1,030.8

(f) The comparative figures have been represented to confirm with the current year presentation, which is now presented on a gross basis for advances to/repayments from associates, joint ventures, and non-controlling shareholders.

(g) In prior years, (i) cash and bank balances held by stakeholders in Hong Kong which are restricted for payments related to property development projects or will be released by stakeholders after completion of the relevant assignments of the property units sold by the Group, and (ii) the Group's bank deposits placed in designated bank accounts in the Chinese Mainland for construction of pre-sale properties received from pre-sale of properties, with total amount of HK\$5,779.7 million were included under "cash and cash equivalents" in the consolidated statement of cash flows. In current year, the Group reassessed the classification of these balances and has excluded these amounts from "cash and cash equivalents". The comparative figures have been reclassified accordingly:

	As previously presented HK\$m	Reclassification adjustments HK\$m	As reclassified HK\$m
Consolidated statement of cash flows for the year ended 30 June 2025			
Net cash from operating activities	11,916.0	(1,594.5)	10,321.5
Cash and cash equivalents as at 1 July 2024	25,951.6	(4,185.2)	21,766.4
Cash and cash equivalents as at 30 June 2025	24,290.2	(5,779.7)	18,510.5

44 RELATED PARTY TRANSACTIONS

In addition to those disclosed in other sections of the consolidated financial statements, the following significant related party transactions have been entered into by the Group during the year:

	2026 HK\$m	2025 HK\$m
Joint ventures and associated companies [#]		
Interest income (note (a))	85.7	100.3
Interest expense on lease liabilities (note (a))	7.7	10.1
Rental expenses (note (b))	55.9	67.2
Additions to right-of-use assets (j)	—	61.8
Related companies [@]		
Rental income (note (b))	460.2	394.4
Rental expenses (note (b))	19.6	24.8
Management services fee expenses (note (c))	465.6	325.1
Project management fee income (note (c))	—	25.2
Concessionaires commissions (note (d))	19.1	22.2
Sales of goods, prepaid shopping cards and vouchers (note (e))	0.7	3.9
Engineering and mechanical services (note (f))	109.7	55.1
Security services expenses (note (f))	115.6	21.7
Cleaning and landscaping services (note (f))	81.0	47.7
Repair and maintenance expenses (note (f))	17.6	19.7
Insurance expenses (note (g))	36.2	47.8
Construction services (note (k))	1,808.0	1,158.9
General and other miscellaneous services (note (l))	321.5	211.6

Notes:

- (a) Interest income is charged at interest rates as specified in note 20(a) on the outstanding amounts. Interest expense on lease liabilities is charged at interest rates as specified in note 37.
- (b) Rental income and expenses are charged in accordance with respective tenancy agreements.
- (c) Management services fee income and expenses and project management fee income are charged in accordance with the terms of respective management service agreements and project management agreements.
- (d) The income is charged in accordance with concessionaire counter agreements with Chow Tai Fook Jewellery Group Limited ("CTFJ") and its subsidiaries (collectively "CTFJ Group"). The commission is mainly calculated by pre-determined percentages of gross sales value in accordance with respective agreements.
- (e) This represents the amounts received in respect of the sales of goods, prepaid shopping cards and vouchers to the Group as payment of purchase of goods and settlement of the relevant value from CTF and its subsidiaries (collectively "CTF Group"), CTFJ Group and companies owned by Mr. Doo.
- (f) Engineering and mechanical services, security services expenses, cleaning and landscaping expenses and repair and maintenance expenses are charged in accordance with relevant contracts.
- (g) Insurance expenses are charged in accordance with the terms of respective insurance agreements.
- (h) The balances with joint ventures and associated companies are disclosed in notes 20, 21, 27 and 39.
- (i) No significant transactions have been entered with the Directors of the Company (being the key management personnel) during the year other than the emoluments paid to them and the transactions entered with them as disclosed in note 15.
- (j) Additions to right-of-use assets were measured and recognised in accordance with respective lease agreements with the joint ventures.
- (k) Construction services are charged in accordance with the terms of respective service agreements.
- (l) General and other miscellaneous services are charged in accordance with the terms of respective service agreements.

[#] Transactions with joint ventures and associated companies do not constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

[@] Related companies refer to subsidiaries and joint ventures of CTF Group, CTFJ Group, companies owned by Mr. Doo and AC Group Limited ("AC Group"), a company wholly owned by Dr. Cheng Chi-Kong Adrian. Transactions with the subsidiaries of these parties constitute connected transactions and constitute continuing connected transactions, for those fulfilling the respective scope and terms, and for which the requirements under chapter 14A or the Listing Rules have been complied with.

45 COMPANY STATEMENT OF FINANCIAL POSITION

	2026 HK\$m	2025 HK\$m
Assets		
Non-current assets		
Intangible assets	70.6	108.3
Investment property	107.0	107.0
Property, plant and equipment	2.4	4.9
Right-of-use assets	7.0	6.3
Interests in subsidiaries	62,541.2	60,308.2
Interests in joint ventures	18.8	261.8
Interests in associated companies	8.4	8.4
Amounts receivable from associated companies and joint ventures	7,910.7	9,579.8
Financial assets at FVPL	80.1	87.0
Financial assets at FVOCI	2.1	4.3
	70,748.3	70,476.0
Current assets		
Properties held for sale	—	34.5
Debtors, prepayments and contract assets	174.8	266.5
Amounts receivable from subsidiaries	142,698.7	125,554.9
Financial assets at FVPL	6.4	31.6
Cash and bank balances – unrestricted	1,331.3	5,035.0
	144,211.2	130,922.5
Total assets	214,959.5	201,398.5
Equity		
Share capital	78,382.1	78,382.1
Reserves (note)	1,297.6	4,789.9
Total equity	79,679.7	83,172.0
Liabilities		
Current liabilities		
Creditors, accrued charges and contract liabilities	1,357.6	1,534.8
Amounts payable to subsidiaries	133,913.1	116,683.4
Lease liabilities	9.1	8.3
	135,279.8	118,226.5
Total liabilities	135,279.8	118,226.5
Total equity and liabilities	214,959.5	201,398.5

Dr. Cheng Kar-Shun, Henry
Director

Ms. Huang Shaomei, Echo
Director

45 COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)

Note:

Reserves

	Financial assets at FVOCI reserve (non-recycling) HK\$m	Retained profits HK\$m	Total HK\$m
At 1 July 2025	(8.9)	4,798.8	4,789.9
Loss for the year	—	(3,492.3)	(3,492.3)
At 30 June 2026	(8.9)	1,306.5	1,297.6

	Financial assets at FVOCI reserve (non-recycling) HK\$m	Retained profits HK\$m	Total HK\$m
At 1 July 2024	(8.9)	15,356.9	15,348.0
Loss for the year	—	(10,558.1)	(10,558.1)
At 30 June 2025	(8.9)	4,798.8	4,789.9

46 EVENTS AFTER REPORTING PERIOD

On 17 September 2026, the Group announced a proposed spin-off and separate listing of a publicly offered commercial real estate investment trust fund ("REIT") on the Shanghai Stock Exchange (the "SSE") using Shanghai Hong Kong New World Tower as the underlying asset. Following the submission of the relevant application materials to the regulatory authorities and the subsequent receipt of notice of acceptance for the proposed spin-off on 19 September 2026, the related assets and liabilities were classified as disposal groups held for sale as at 30 June 2026. Details of the assets and liabilities are disclosed in note 32 to the financial statements.

47 PRINCIPAL SUBSIDIARIES

As at 30 June 2026

	Share capital issued [#]		Attributable interest to the Group (%)	Principal activities
	Number of shares	Issued and paid up share capital HK\$		
<i>Incorporated and operate in Hong Kong</i>				
Addlight Investments Limited	9,998	9,998	63	Property development
	2 ¹	2	63	
All Speed Investment Limited	2	2	100	Property investment
Asia Rich Incorporation Limited	1	1	100	Property investment
Billion Huge (International) Limited	950,001	950,001	100	Investment holding
Billion Park Investment Limited	1,000,000	1,000,000	88	Investment holding
Birkenhead Properties and Investments Limited	1,200,000	1,200,000	64	Property investment
Bremont Investments Limited	1	1	100	Property investment
Bright Moon Company, Limited	260,000	2,600,000	75	Property investment
Broad Park Limited	1	1	75	Investment holding and provision of management services
Cheer Best Enterprises Limited	2	2	100	Property investment
Cheong Sing Company Limited	10,000	10,000	100	Property investment
Chi Lam Investment Company Limited	7,000	700,000	100	Investment holding
Come City Limited	2	2	100	Property investment
Daily Land Limited	1	1	100	Property investment
Diamond Vision Limited	1	1	100	Property development
Eminent Elite Limited	1	1	100	Investment holding
Fook Hong Enterprises Company, Limited	10,000	1,000,000	100	Property investment
Fortune Land Development Limited	1	1	62	Property development
Full Asset Enterprises Limited	1	1	100	Property investment
Full Sense Limited	1	1	100	Property development
Good Sense Development Limited	1	1	100	Property development
Guidetone Investments Limited	100,000	100,000	80	Property investment
Happy Champion Limited	2	2	100	Investment holding
Happy Growth Investment Limited	1	1	75	Investment holding and provision of management services
Hong Kong Golf & Tennis Academy Management Company Limited	1,000,000	1,000,000	100	Operator of golf and tennis academy
Hong Kong Island Development Limited	33,400,000	167,000,000	100	Property investment
Hong Kong Jing-Guang Development Limited	100,000	1,000,000	82	Investment holding
Honour Shares Limited	100	100	100	Investment holding
Housing Finance Limited	2	2	100	Financial services
Istaron Limited	4	4	100	Investment holding
Join Base Development Limited	1	1	100	Property investment
K11 Art Mall Properties Company Limited	1	1	100	Property investment
K11 (China) Limited	1	1	100	Investment holding
K11 Concepts Limited	1	1	100	Provision of property management consultancy services
K11 Sales & E-Commerce Company Limited	1	1	100	Retail and corporate sales
Kin Kiu Enterprises, Limited	10,000	10,000,000	100	Investment holding
Land Chain Limited	2	2	100	Property investment
Lingal Limited	1,800	1,800	100	Investment holding
	200 ¹	200	—	



47 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2026

	Share capital issued#		Attributable interest to the Group (%)	Principal activities
	Number of shares	Issued and paid up share capital HK\$		
Incorporated and operate in Hong Kong (continued)				
Legarleon Finance Limited	4,400,000	44,000,000	100	Financing
Lucrative Venture Limited	1,500,000	15,000,000	100	Property development
Million Noble Investments Limited	1	1	100	Investment holding
New World China Construction Limited	1	1	100	Investment holding
New World Corporate Services Limited	1	1	100	Provision of information technology service
New World Department Store (Investment) Limited	3	410,045,794	75	Provision of investment holding and management services
New World Department Stores Limited	2	2	75	Investment holding and provision of management services
New World Development (China) Limited	2	4	100	Investment holding
New World Finance Company Limited	200,000	20,000,000	100	Financial services
New World Hotels (Holdings) Limited	576,000,000	510,795,731	100	Investment holding
New World (Login) Company Limited	1	1	100	Supply chain management
New World Intelligent Centre Company Limited	2	2	100	Provision of accountancy and advisory services
New World Loyalty Programme Limited	1	1	100	Loyalty programme
New World Project Management (China) Limited	1	1	100	Project management
New World Property Management Company Limited	1	1	100	Property management
New World Real Estate Agency Limited	2	2	100	Estate agency
New World Strategic Partnerships Company Limited	200	200	100	Agency
New World Tower Company Limited	2	20	100	Property investment
NW Project Management (HK) Limited	1	1	100	Project management
NW Project Management Limited	2	2	100	Project management
Pacific Great Investment Limited	50,000,000	50,000,000	100	Investment holding
Pridemax Limited	2	2	100	Property investment
Profit Jet Holdings Limited	1	1	100	Property development
Queen's Land Investment Limited	1,000	1,000	100	Property development
Reach High Development Limited	1	1	62	Property development
Roxy Limited	1	1	100	Construction and operation of Skycity
Scienward Fashion and Luxury Limited	20,000	100,010,000	100	Investment holding and fashion trading
Scienward Sports and Casual Limited	100	100	100	Provision of management services
Silver Grow Investment Limited	1	1	75	Investment holding
Smart Surplus Mega Trade Limited	1	1	100	Property investment
Spotview Development Limited	10	10	100	Financial services
Super Record Limited	1	1	100	Property investment
The Town Club (HK) Limited	1	1	100	Operation of club house
Top Leader Creation Limited	1	1	100	Property development
Treasure Tower Holdings Limited	1,000,000	1,000,000	100	Property investment
Up Fair Limited	2	2	100	Property development
Winmark Properties Limited	1	1	100	Property investment
Winpo Development Limited	2	2	100	Property investment

47 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2026

	Share capital issued [#]		Attributable interest to the Group (%)	Principal activities
	Number of shares	Par value per share		
<i>Incorporated in the Cayman Islands and operate in Hong Kong</i>				
New World China Land Limited	8,702,292,242	HK\$0.1	100	Investment holding
New World Department Store China Limited	1,686,145,000	HK\$0.1	75	Investment holding
<i>Incorporated and operates in Malaysia</i>				
Taipan Eagle Sdn. Bhd.	1,000,000	MYR1	71	Property development

[#] Represented ordinary share capital, unless otherwise stated¹ Non-voting deferred shares

47 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2026

	Fully paid capital	Attributable interest* to the Group (%)	Principal activities
<i>Incorporated and operate in the PRC</i>			
Beijing Chong Yu Real Estate Development Co., Ltd.	US\$171,840,000 ^W	100	Property investment and development
Beijing New World Huamei Real Estate Development Co. Ltd.	RMB748,000,000 ^E	75	Property development
Beijing New World Liying Department Store Co., Ltd.	RMB18,000,000 ^W	75	Department store operation
Beijing New World Qianzi Department Store Co., Ltd.	HK\$60,000,000 ^W	75	Department store operation
Beijing New World Trendy Department Store Co., Ltd.	RMB25,000,000 ^W	75	Department store operation
Beijing Wanya Department Store Co., Ltd.	RMB100,000 ⁺	75 ^a	Department store operation
Beijing Yixi New World Department Store Co., Ltd.	RMB65,000,000 ^W	75	Department store operation
Changsha New World Trendy Plaza Co., Ltd.	RMB60,000,000 ^W	75	Department store operation
Chongqing New World Department Store Co., Ltd.	RMB100,000,000 ^W	75	Department store operation
Dalian New World Plaza International Co., Ltd.	RMB58,000,000 ^E	88	Property investment and development
Dalian New World Tower Co., Ltd.	US\$197,324,700 ^W	100	Property investment and development
Foshan Da Hao Hu Real Estate Development Co., Ltd.	RMB1,364,500,500 ^W	91	Property development
Foshan International Country Club Company Ltd.	US\$52,923,600 ^C	91	Golf club operation
Guangzhou Bright Way Enterprises Co., Ltd.	RMB1,100,000,000 ^W	100	Property investment
Guangzhou Fong Chuen-New World Property Development Ltd.	RMB375,000,000 ^C	100	Property development
Guangzhou Jixian Zhuang New World City Garden Development Limited	US\$24,000,000 ^C	100	Property development
Guangzhou New World Property Asset Business Management Co., Ltd.	RMB200,000,000 ^W	100	Investment holding
Guangzhou Xin Hua Chen Real Estate Co., Ltd.	RMB200,000,000 ^W	100	Property development
Guangzhou Xinsui Tourism Centre Ltd.	HK\$350,000,000 ^W	100	Property development
Guangzhou Xin Yi Development Limited	HK\$286,000,000 ^W	90	Property investment and development
Guangzhou Xinpei Enterprises Management Co., Ltd.	RMB550,000,000 ^W	100	Investment holding
Guangzhou Xinpei Investment Co. Ltd.	RMB200,000,000 ^W	100	Investment holding
Guangzhou Yao Ce Co. Ltd.	RMB1,710,000,000 ^W	100	Investment holding
Guangzhou Yao Sheng Real Estate Development Co., Ltd.	RMB2,692,100,000 ^E	65	Property development

47 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2026

	Fully paid capital	Attributable interest ^a to the Group (%)	Principal activities
<i>Incorporated and operate in the PRC (continued)</i>			
Guangzhou Yibo Real Estate Development Co., Ltd.	RMB392,500,000 ^w	100	Property development
Guangzhou Yong Pei Hotel Co., Ltd.	RMB20,000,000 ^w	100	Hotel investment
Guangzhou Yong Pei Properties Development Co., Ltd.	RMB2,384,000,000 ^w	100	Property development
Guangzhou Zengpei Properties Development Co., Ltd.	RMB1,710,000,000 ^w	100	Property development
Hangzhou Xinyun Industrial Development Co. Ltd.	RMB10,500,000,000 ^w	100	Property development
Huamei Wealth (Beijing) Technology Co., Ltd.	RMB640,000,000 ^w	100	Property investment
Hunan Fortune Lake Property Development Co., Ltd.	RMB475,800,000 ^w	100	Property development
Jiangsu New World Department Store Co., Ltd.	RMB16,000,000 ^w	75	Department store operation
Jinan New World Sunshine Development Ltd.	US\$69,980,000 ^w	100	Property development
K11 Business Management (Wuhan) Co., Ltd.	RMB2,500,000,000 ^w	100	Property investment
K11 Concepts (Beijing) Limited	RMB20,000,000 ^w	100	Business consultancy
K11 Concepts (Shanghai) Limited	RMB50,000,000 ^w	100	Business consultancy
Langfang New World Properties Development Co., Ltd.	US\$145,300,000 ^w	100	Property development
Langfang Xin Zhong Properties Development Co., Ltd.	US\$98,200,000 ^w	100	Property development
Mianyang New World Department Store Co., Ltd.	RMB14,000,000 ^w	75	Department store operation
Miaogou (Beijing) Department Store Co., Ltd.	RMB1,000,000 ⁺	75 ^a	Department store operation
Nanjing New World Real Estate Co., Ltd.	US\$45,339,518 ^w	100	Property investment
New World Anderson (Tianjin) Development Co., Ltd.	US\$5,500,000 ^w	100	Property investment
New World (Anshan) Property Development Co., Ltd.	RMB1,420,000,000 ^w	100	Property development
New World (China) Co., Ltd.	RMB50,513,400 ^w	100	Investment holding
New World China Land Investments Company Limited	US\$80,000,000 ^w	100	Investment holding
New World Department Store (China) Co., Ltd.	RMB50,000,000 ^w	75	Department store operation
New World Department Stores Investment (China) Co., Ltd.	US\$150,000,000 ^w	75	Investment holding
New World Development (Wuhan) Co., Ltd.	US\$128,500,000 ^w	100	Property investment and development
New World Goodtrade (Wuhan) Limited	US\$219,500,000 ^w	100	Property investment and development
New World HHC Construction Limited	RMB453,000,000 ^w	100	Construction
New World Langfang Hotel Management Co. Ltd.	RMB15,000,000 ^w	100	Hotel operation
New World Login (Guangzhou) Co., Ltd.	RMB50,000,000 ^w	100	Supply chain management
New World New Land Real Estate (Wuhan) Co., Ltd.	US\$590,900,000 ^w	100	Property development
New World Project Management (Shenzhen) Limited	RMB10,000,000 ^w	100	Project management
New World (Shenyang) Property Development Limited	RMB5,647,800,000 ^w	100	Property investment and development
New World Strategic (Beijing) Investment Consultancy Limited	US\$2,400,000 ^w	100	Investment consultancy
Ningbo Gong Tai Properties Co., Ltd.	RMB235,000,000 ^w	100	Property development
Ningbo Xin Li Real Estate Co., Ltd.	US\$861,000,000 ^w	100	Property investment and development



47 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2026

	Fully paid capital	Attributable interest ^a to the Group (%)	Principal activities
<i>Incorporated and operate in the PRC (continued)</i>			
Peak Moral High Commercial Development (Shanghai) Co., Ltd.	US\$40,000,000 ^W	75	Property investment and shopping mall operation
Scienward Fashion and Luxury (Shanghai) Co., Ltd.	US\$31,700,000 ^W	100	Fashion retailing and trading
Shang Ji Properties (Shenzhen) Co. Ltd.	RMB1,478,000,000 ^W	51	Property development
Shang Shun Properties (Shenzhen) Co. Ltd.	RMB1,216,000,000 ^W	51	Property development
Shanghai Luxba Trading Ltd.	US\$7,150,000 ^W	100	Property investment and fashion trading
Shanghai New World Department Store Co., Ltd.	RMB18,000,000 ^W	75	Shopping mall operation
Shanghai New World Huiya Department Store Co., Ltd.	RMB240,000,000 ^W	75	Department store operation
Shanghai New World Huiyan Department Store Co., Ltd.	RMB85,000,000 ^W	75	Property investment and shopping mall operation
Shanghai New World Huiying Department Store Co., Ltd.	RMB93,970,000 ^W	75	Department store operation
Shanghai New World Xinying Department Store Co., Ltd.	HK\$100,000,000 ^W	75	Department store operation
Shenyang Expo Convention and Exhibition Co., Ltd.	RMB25,000,000 ^W	100	Expo operation
Shenyang New World Department Store Ltd.	RMB30,000,000 ^W	75	Property investment and shopping mall operation
Shenyang New World Xin Hui Properties Co., Ltd.	RMB151,520,000 ^W	100	Property development
Shenyang Sheng Xin Yi Le Property Co Ltd	RMB6,000,000,000 ^W	100	Property investment
Shenyang Trendy Property Company Limited	RMB27,880,000 ^W	75	Property investment
Shenyang Xincheng Hotel Limited	RMB70,000,000 ^W	100	Hotel operation
Shenzhen City Hengtai Property Development Co., Ltd.	RMB100,000,000 ⁺	90	Property development
Tang Shan New World Property Development Co., Ltd.	US\$62,000,000 ^W	100	Property development
Tianjin New World Department Store Co., Ltd.	US\$5,000,000 ^W	75	Shopping mall operation
Tianjin New World Properties Development Co., Ltd.	US\$91,000,000 ^W	100	Property development
Tianjin Xin Guang Development Co., Ltd.	US\$4,500,000 ^W	100	Property investment
Wuhan New Eagle Enterprises Co., Limited	US\$2,830,000 ^W	100	Property investment
Wuhan New World Department Store Co., Ltd.	US\$15,630,000 ^W	75	Property investment and department store operation
Wuhan New World Qianzi Department Store Co., Ltd.	RMB500,000 ⁺	75 ^a	Department store operation
Yantai New World Department Store Co., Ltd.	RMB80,000,000 ^W	75	Department store operation
Zhengzhou New World Department Store Co., Ltd.	RMB50,000,000 ^W	75	Shopping mall operation

^a The Group indirectly holds equity interest in these subsidiaries through non-wholly owned subsidiaries, and has control over each of these subsidiaries

^o Profit or cash sharing percentage was adopted for certain PRC entities

^W Registered as wholly foreign owned enterprises under PRC law

^E Registered as sino-foreign equity joint ventures under PRC law

^C Registered as sino-foreign co-operative joint ventures under PRC law

⁺ Registered as limited company under PRC law

47 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2026

	Share capital issued#		Attributable interest to the Group (%)	Principal activities
	Number of shares	Par value per share		
<i>Incorporated in the British Virgin Islands</i>				
Crown Success Limited	100	US\$1	100	Investment holding
CS Management Services Holdings Limited	1	—	100	Investment holding
Eagle Eyes Developments Limited	1	US\$1	100	Investment holding
Fantasy Way Investments Limited	1	US\$1	100	Investment holding
Fotoland Limited	1	US\$1	100	Investment holding
Gigantic Global Limited	2	US\$1	100	Investment holding
HH Holdings Corporation	600,000	HK\$1	61	Investment holding
K11 Group Limited	1	HK\$1	100	Investment holding
K11 Investment Company Limited	1	US\$1	100	Investment holding
Karnival Limited	1	US\$1	100	Investment holding
Lotsgain Limited	100	US\$1	100	Investment holding
New World Hotels Corporation Limited	1	US\$1	100	Investment holding
Penta Enterprises Limited	1	US\$1	100	Investment holding
Radiant Glow Limited	1	US\$1	100	Investment holding
Right Choice International Limited	200	US\$1	52	Property investment
Winner World Group Limited	10	US\$1	100	Investment holding
<i>Incorporated in the British Virgin Islands and operate in Hong Kong</i>				
Allied Win Investments Limited	1	US\$1	100	Investment holding
Citipius Investment Limited	1	US\$1	100	Investment holding
Constar Investment Limited	1	US\$1	75	Financing
CS Treasury Management Services (B) Limited	1	—	100	Bond issuer
CS Treasury Management Services (P) Limited	1	—	100	Bond issuer
Esteemed Sino Limited	1	US\$1	100	Investment holding
Fine Reputation Incorporated	10,000	US\$1	100	Investment holding
Hing Loong Limited	20,010,000	US\$1	100	Investment holding
Magic Chance Limited	1	US\$1	100	Investment holding
New World Capital Finance Limited	1	US\$1	100	Bond issuer
New World Strategic Investment Limited	1	US\$1	100	Investment holding
NWD Finance (BVI) Limited	1	US\$1	100	Bond issuer
NWD (MTN) Limited	1	US\$1	100	Bond issuer
Silvery Yield Development Limited	100	US\$1	100	Investment holding
South Scarlet Limited	1	US\$1	100	Hotel operation
Summer Haze Holdings Limited	10,000	US\$1	64	Investment holding
Sweet Prospects Enterprises Limited	1	US\$1	100	Investment holding
True Blue Developments Limited	1	US\$1	100	Investment holding
Total Partner Holdings Limited	1	US\$1	100	Investment holding
Whitecroft Gate Limited	1	US\$1	100	Financing
<i>Incorporated and operates in Thailand</i>				
Emerald Bay Resort Co., Ltd.	7,380,000	THB100	100	Hotel operation

[#] Represented ordinary share capital, unless otherwise stated

48 PRINCIPAL JOINT VENTURES

As at 30 June 2026

	Fully paid capital	Attributable interest [□] to the Group (%)	Principal activities
Co-operative joint ventures			
<i>Incorporated and operate in the PRC</i>			
Beijing Chong Wen • New World Properties Development Ltd.	US\$225,400,000	70 [□]	Property investment, development and hotel operation
Beijing Xin Lian Hotel Co., Ltd.	US\$12,000,000	55 [□]	Hotel operation
China New World Electronics Ltd.	US\$57,200,000	70 [□]	Property investment and development
Huizhou New World Housing Development Limited	RMB80,000,000	62 [□]	Property development
Wuhan Wuxin Hotel Co., Ltd.	US\$49,750,000	60 [□]	Hotel operation
Wholly foreign owned enterprises			
<i>Incorporated and operate in the PRC</i>			
Guangzhou Bosson Real Estate Co., Ltd.	RMB50,003,000	62 [□]	Property development
Guangzhou Hemsell Real Estate Development Co., Ltd.	RMB79,597,000	62 [□]	Property development
Guangzhou Shengpei Enterprises Co. Ltd.	RMB35,000,000	40	Property development
Wuhan New World Hotel Properties Co., Ltd.	RMB83,507,110	60 [□]	Property investment

[□] Percentage of equity interest, in the case of equity joint ventures or profit sharing percentage, in the case of co-operative joint ventures

[□] The Group through its subsidiaries holds more than 50% interests in these joint ventures. Under the respective contractual agreements, the Group does not control these joint ventures as the decisions about relevant activities require the unanimous consent of the parties sharing the control.

48 PRINCIPAL JOINT VENTURES (CONTINUED)

As at 30 June 2026

	Share capital issued#		Attributable interest to the Group (%)	Principal activities
	Number of shares	Issued and paid up share capital HK\$		
Companies limited by shares				
Incorporated and operate in Hong Kong				
Bonson Holdings Limited	1	1	49	Property development
Calpella Limited	2	20	50	Property investment
Chow Tai Fook Qianhai Investments Company Limited	700	700	29	Shopping mall operation
GH Hotel Company Limited	1,001	64,109,750	50	Hotel operation
Global Perfect Development Limited	1,000,000	1,000,000	50	Investment holding
Global Trinity China Limited	1	1	40	Financial services
Golden Kent International Limited	1	1	40	Property development
Great TST Limited	2	863,878,691	50	Hotel operation
Hotelier Finance Limited	1	1	50	Financing
Infinite Sun Limited	1	1	10	Property development
Kayson Limited	1	1	50	Property development
Loyalton Limited	2	20	50	Property investment
Marble Edge Investments Limited	1	1	18	Property development
New Synergy Limited	1	1	51	Property development
New World Harbourview Hotel Company Limited	1,001	109,109,750	50	Hotel operation
Rich Fast International Limited	2	5,697,223,960	50	Property development
Voyage Mile Limited	1	1	29	Property development
	Share capital issued#		Attributable interest to the Group (%)	Principal activities
	Number of shares	Par value per share US\$		
Incorporated in the British Virgin Islands				
Great Hotels Holdings Limited	6	1	50	Investment holding
Group Program Limited	140	1	60	Loyalty programme
Landso Investment Limited	100	—	35	Investment holding

[#] Represented ordinary share capital, unless otherwise stated

49 PRINCIPAL ASSOCIATED COMPANIES

As at 30 June 2026

	Share capital issued [#]		Attributable interest to the Group (%)	Principal activities
	Number of shares	Issued and paid up share capital HK\$		
Incorporated and operate in Hong Kong				
Conduit Road Development Limited	100	10,000	30	Property development
Ever Light Limited	1,000	1,000	40	Property investment
Profit Point Enterprises Limited	1	1	25	Property development
Pure Jade Limited	1,000,000	1,000,000	27	Property investment
Ranex Investments Limited	100	100	10 [^]	Property investment
Sun Prosper Company Limited	1,000	1,000	30	Property development
The Chung Shun Land Investment Company, Limited	34,019,160	34,800,000	40.44	Investment holding
	Share capital issued [#]		Attributable interest to the Group (%)	Principal activities
	Number of shares	Par value per share US\$		
Incorporated and operates in Singapore				
Cuscaden Homes Pte. Ltd.	2,000,000	—	45	Property development
	Fully paid capital RMB		Attributable interest [^] to the Group (%)	Principal activities
Incorporated and operate in the PRC				
Shenzhen City Prince Bay Lewan Properties Co. Ltd.	2,147,876,079		49	Property development
Shenzhen City Prince Bay Shangding Properties Co. Ltd.	2,036,732,549		49	Property development
Shanghai Zhaoxin Jinshi Properties Co. Ltd.	1,000,000		20	Property development
[#]	Represented ordinary share capital, unless otherwise stated			
[□]	Percentage of equity interest, in the case of equity joint ventures or profit sharing percentage, in the case of co-operative joint ventures			
[^]	The directors of the Company considered the Group has significant influence over this company through its representatives on the board of directors or potential voting right of this company			

[#] Represented ordinary share capital, unless otherwise stated[^] Percentage of equity interest, in the case of equity joint ventures or profit sharing percentage, in the case of co-operative joint ventures[^] The directors of the Company considered the Group has significant influence over this company through its representatives on the board of directors or potential voting right of this company

50 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation for the current year.

Five-year Financial Summary

CONSOLIDATED INCOME STATEMENT

For the years ended 30 June

	2026 HK\$m	2025 HK\$m	2024 HK\$m	2023 HK\$m	2022 HK\$m
Continuing operation					
Revenues	19,992.2	27,680.5	35,782.2	54,566.2	68,212.7
Operating (loss)/profit	(22,981.8)	(8,283.4)	488.6	10,008.6	8,133.0
Net financing (costs)/income	(4,211.8)	(4,720.3)	(4,274.8)	(3,229.9)	259.0
Share of results of joint ventures and associated companies	1,638.2	(831.7)	(962.2)	(248.5)	822.5
(Loss)/profit before taxation	(25,555.4)	(13,835.4)	(4,748.4)	6,530.2	9,214.5
Taxation	(1,262.9)	(2,521.2)	(5,062.4)	(5,258.1)	(4,912.7)
(Loss)/profit for the year from continuing operations	(26,818.3)	(16,356.6)	(9,810.8)	1,272.1	4,301.8
Discontinued operations					
(Loss)/profit for the year from discontinued operation	—	—	(7,315.1)	2,229.0	—
(Loss)/profit for the year	(26,818.3)	(16,356.6)	(17,125.9)	3,501.1	4,301.8
Profit attributable to holders of perpetual capital securities	(1,987.0)	(988.3)	(2,175.5)	(2,540.1)	(2,377.2)
Loss/(profit) attributable to non-controlling interests	656.5	1,043.4	(381.5)	(413.0)	(675.4)
(Loss)/profit attributable to shareholders of the Company	(28,148.8)	(16,301.5)	(19,682.9)	548.0	1,249.2
Dividend per share (HK\$)					
Interim	—	—	0.20	0.46	0.56
Final	—	—	—	0.30	1.50
Conditional special dividend	—	—	—	1.59	—
Full year	—	—	0.20	2.35	2.06
Basic and diluted (losses)/earnings per share (HK\$)					
From continuing operations	(7.72)	(6.82)	(4.60)	(0.17)	0.50
From discontinued operations	—	—	(3.13)	0.41	—



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June

	2026 HK\$m	2025 HK\$m	2024 HK\$m	2023 HK\$m	2022 HK\$m
Assets					
Investment properties, property, plant and equipment and land use rights, right-of-use assets and intangible concession rights	217,771.6	224,818.1	224,779.6	243,405.6	250,214.6
Intangible assets	383.1	791.5	1,174.6	8,375.2	8,395.2
Value of business acquired and deferred acquisition costs	—	—	—	—	7,574.8
Interests in joint ventures, associated companies, other investments and other non-current assets	69,999.5	88,079.2	101,188.6	185,335.7	176,531.5
Current assets (note)	103,542.8	106,576.2	118,014.8	171,897.5	193,167.8
Total assets	391,697.0	420,265.0	445,157.6	609,014.0	635,883.9
Equity					
Share capital	78,382.1	78,382.1	78,382.1	78,382.1	78,382.1
Reserves	71,355.6	85,333.7	101,449.8	121,079.9	134,978.0
Shareholders' funds	149,737.7	163,715.8	179,831.9	199,462.0	213,360.1
Perpetual capital securities	27,858.2	35,178.0	36,280.5	47,439.3	47,614.2
Non-controlling interests	7,220.5	7,843.1	8,776.4	27,191.5	27,124.5
Total equity	184,816.4	206,736.9	224,888.8	274,092.8	288,098.8
Current liabilities (note)	75,546.7	57,646.1	93,958.2	176,984.3	172,812.8
Non-current liabilities	131,333.9	155,882.0	126,310.6	157,936.9	174,972.3
Total equity and liabilities	391,697.0	420,265.0	445,157.6	609,014.0	635,883.9

Note: The assets of disposal groups held for sale were included in the current assets, and the liabilities of disposal groups held for sale were included in the current liabilities in the five-year financial summary.

Project Summary

K11 PROJECTS

No.	Status	Site	Type
1	Current	Hong Kong K11 Art Mall	Retail
2	Current	Hong Kong (VD) K11 MUSEA	Retail
3	Current	Hong Kong (VD) K11 ATELIER	Office
4	Current	Hong Kong (VD) K11 ARTUS	Serviced Apartments
5	Current	Hong Kong King's Road K11 ATELIER	Office
6	Current	Wuhan (Guanggu) K11	Retail
7	Current	Wuhan (Hankou) K11 Art Mall	Retail
8	Current	Wuhan (Hankou) K11 ATELIER	Office
9	Current	Shanghai K11 Art Mall ⁽²⁾	Retail
10	Current	Shanghai K11 ATELIER NWT ⁽²⁾	Office
11	Current	Shenyang K11	Retail
12	Current	Guangzhou (CTF) K11 Art Mall ⁽¹⁾	Retail
13	Current	Guangzhou (CTF) K11 ATELIER ⁽¹⁾	Office
14	Current	Tianjin (CTF) K11 ⁽¹⁾	Retail
15	Current	Tianjin (CTF) K11 ATELIER ⁽¹⁾	Office
16	Current	Shenzhen (Prince Bay) K11 ECOAST	Retail
17	Current	Shenzhen (Prince Bay) K11 ATELIER	Office
18	Current	Ningbo K11	Retail
19	Current	Guangzhou (Hanxi) K11	Retail
20	Pipeline	Hong Kong STATE THEATRE by K11	Retail
21	Pipeline	Hangzhou K11 Art Mall	Retail
22	Pipeline	Hangzhou K11 ATELIER	Office
23	Pipeline	Hangzhou K11 ARTUS	Serviced Apartments
24	Pipeline	Shanghai K11 ELYSEA	Retail
25	Pipeline	Shanghai K11 ATELIER Huaihai	Office

1. Asset owned by Chow Tai Fook Enterprises and managed by NWD

2. Classified as disposal group held for sale

HOTEL

No.	Name Of Project	Total Number of Rooms
Hong Kong		
1	Grand Hyatt Hong Kong	542
2	Renaissance Harbour View Hotel	858
3	Hyatt Regency Hong Kong, Tsim Sha Tsui	381
4	Hyatt Regency Hong Kong, Sha Tin	562
Subtotal		2,343
Chinese Mainland		
5	Rosewood Beijing	283
6	New World Beijing Hotel	309
7	Beijing Tongpai Hotel	307
8	New World Wuhan Hotel	327
9	New World Langfang Hotel	294
10	New World Shenyang Hotel	400
11	Guangzhou Zengcheng Tongpai Hotel	338
12	New World Guangzhou Hotel	283
13	New World Dalian Hotel	412
14	New World Qingyuan Hotel	217
Subtotal		3,170
Southeast Asia		
15	New World Saigon Hotel, Vietnam	533
16	Renaissance Riverside Hotel Saigon, Vietnam	336
17	Rosewood Phuket, Thailand	73
Subtotal		942
Grand Total		6,455



PROJECT SUMMARY – MAJOR PROPERTY DEVELOPMENT PROJECTS IN HONG KONG

No.	Name of Property Development Projects	Site Area (s.f.)	Total GFA (s.f.)	The Group's Interest
1	STATE PAVILIA, 283 King's Road, North Point	35,812	440,338	63.52%
2	DEEP WATER PAVILIA, The Southside Package 5, Wong Chuk Hang	95,563	636,152	50.00%
3	9–19 Lyndhurst Terrace, Central	4,521	67,813	100.00%
Hong Kong Island total		135,896	1,144,303	
4	28A-30 Grampian Road, Kowloon City	18,070	90,342	100.00%
5	Austin Bohemian, 530–538 Canton Road, Jordan	3,004	27,036	100.00%
6	Grand Austin Bohemian, 52–56 Kwun Chung Street, Jordan	2,900	24,468	100.00%
7	Pavilia Rosa, 23–34 Rose Street, Kowloon Tong	38,960	116,880	100.00%
8	43–49A Hankow Road, Tsim Sha Tsui	11,565	138,787	100.00%
9	Yau Tong Redevelopment Project, Kowloon East	808,397	3,982,722	10.88%
10	House Muse, 3–13 Nga Tsin Long Road, Kowloon City	7,030	61,854	100.00%
Kowloon total		889,926	4,442,089	
11	Pak Shing Kok Ventilation Building Property Development	48,449	290,693	51.00%
12	Ma Sik Road, Fanling	155,346	1,118,492	30.00%
13	Yuen Long South (Phase 2)	88,642	443,208	62.00%
14	Yuen Long South (Phase 1)	55,908	279,541	62.00%
15	Lung Tin Tsuen (Phase 5), Yuen Long	61,037	396,741	100.00%
16	Sha Ha (Phase 1), Sai Kung	618,413	926,393	77.29%
17	Sha Ha (Phase 2), Sai Kung	82,237	123,355	59.88%
18	Wing Kei Tsuen, Yuen Long	700,962	1,086,492	100.00%
19	Ngau Tam Mei, Yuen Long	239,973	1,199,863	90.81%
20	Lau Fau Shan, Yuen Long	220,178	660,533	100.00%
21	Tong Yan San Tsuen (Phase 3), Yuen Long	101,833	101,833	100.00%
22	Tong Yan San Tsuen (Phase 4), Yuen Long	206,507	743,426	100.00%
23	Tong Yan San Tsuen (Mountain) (Site A), Yuen Long	443,498	1,596,594	100.00%
24	Tong Yan San Tsuen (Mountain) (Site B), Yuen Long	393,747	1,417,490	100.00%
25	Wing Ning Tsuen, Yuen Long	489,385	888,676	100.00%
26	Lam Hau Tsuen, Yuen Long	220,662	772,317	65.20%
27	Shap Pat Heung Road, Yuen Long	40,064	240,382	100.00%
28	Tai Shu Ha Road East, Yuen Long	27,341	117,198	20.97%
29	Sha Po North (Phase 2A), Yuen Long	451,012	550,600	14.76%
30	Sha Po North (Phase 2B), Yuen Long	315,880	528,848	34.81%
31	Sha Po North (Phase 3), Yuen Long	1,193,674	1,472,236	0.50%
New Territories total		6,154,748	14,954,911	
Grand Total		7,180,570	20,541,303	

Remarks:

- (1) P=Planning; D=Demolition; SP=Site Preparation; F=Site Formation/Foundation; S=Superstructure; C=Completed (OP Issued); LE=Land Exchange; LM=Lease Modification; TBD=To be determined

Project Summary

Attributable GFA (s.f.)				Total Attributable GFA (s.f.)	Stage of Completion ⁽¹⁾
Residential	Retail	Office	Others		
132,731	53,275	76,864	16,833	279,703	S
318,076				318,076	S
		67,813		67,813	D
450,807	53,275	144,677	16,833	665,592	
90,342				90,342	LM
22,530	4,506			27,036	SP
21,749	2,719			24,468	SP
116,880				116,880	SP
39,647	26,174	27,030	45,936	138,787	SP
422,607	10,793			433,400	LE
49,807	12,047			61,854	F
763,562	56,239	27,030	45,936	892,767	
148,253				148,253	SP
279,623	55,925			335,548	F
274,789				274,789	LE
173,315				173,315	F
366,222			30,519	396,741	LE
716,009				716,009	LE
73,865				73,865	LE
1,051,444			35,048	1,086,492	P
1,089,596				1,089,596	P
660,533				660,533	P
101,833				101,833	P
743,426				743,426	P
1,596,594				1,596,594	P
1,417,490				1,417,490	P
888,676				888,676	LE
503,551				503,551	LE
240,382				240,382	P
24,080	497			24,577	LE
74,297	2,860		4,112	81,269	LE
184,092				184,092	LE
7,162	199			7,361	TBD
10,615,232	59,481	—	69,679	10,744,392	
11,829,601	168,995	171,707	132,448	12,302,751	

PROJECT SUMMARY – MAJOR PROPERTY INVESTMENT AND OTHER PROJECTS IN HONG KONG

No.	Name of Project	Total GFA (sq ft)	Total Attributable GFA (sq ft)
COMPLETED			
Hong Kong Island			
1	Manning House, Central	110,040	110,040
2	New World Tower, Central	640,135	640,135
3	K11 ATELIER King's Road, 704-730 King's Road, North Point	487,504	487,504
4	Hong Kong Convention and Exhibition Centre, Shopping Arcade, Wan Chai	34,710	34,710
5	Grand Hyatt Hong Kong	540,958	270,479
6	Renaissance Harbour View Hotel	560,578	280,289
7	Pearl City, Causeway Bay – Ground Floor to 5th Floor	53,691	21,476
8	Methodist House, Wan Chai ⁽¹⁾	40,813	40,405
9	The Legacy, 8 Castle Road, Mid Levels	51,285	17,950
Subtotal		2,519,714	1,902,988
Kowloon			
10	K11 ATELIER of Victoria Dockside, Tsim Sha Tsui	435,307	435,307
	Rosewood Hotel & Residences of Victoria Dockside, Tsim Sha Tsui	1,106,055	1,106,055
	K11 MUSEA of Victoria Dockside, Tsim Sha Tsui	1,028,791	1,028,791
	K11 ARTUS of Victoria Dockside, Tsim Sha Tsui	379,862	379,862
11	K11 Art Mall, Tsim Sha Tsui	335,939	335,939
	Hyatt Regency Hong Kong, Tsim Sha Tsui	277,879	138,940
12	THE FOREST, Mong Kok ⁽¹⁾	53,337	26,669
13	TIMBER HOUSE, 74 Waterloo Road, Ho Man Tin	10,552	5,382
14	83 King Lam Street, Cheung Sha Wan	1,191,714	1,191,714
Subtotal		4,819,436	4,648,659
New Territories			
15	Hyatt Regency Hong Kong, Sha Tin ⁽¹⁾	538,000	538,000
Subtotal		538,000	538,000
Others		3,600,707	3,600,707
Grand Total		11,477,857	10,690,354

Remarks:

- (1) Properties in which the Group has a development interests: other parties provide the land whilst the Group finances the construction costs and occasionally land costs, and is entitled to a share of the rental income or a share of the development profits in accordance with the terms and conditions of the respective joint development agreements after completion
- (2) Total number of carpark of Victoria Dockside
- (3) Residence or hotel leased out

Project Summary

	Retail (sq ft)	Office (sq ft)	Hotel (sq ft)	Others (sq ft)	Total Number of Carpark	Land Lease Expiry
	63,383	46,657				2843
	77,948	562,187			380	2863
	7,160	480,344			162	2083/2088/2090
	34,710					2060
			270,479			2060
			280,289			2060
	21,476					2868
		40,405				2084
				17,950 ⁽³⁾		
	204,677	1,129,593	550,768	17,950	542	
		435,307				2052
				1,106,055 ⁽³⁾		2052
1,028,791					1,116 ⁽²⁾	2052
				379,862 ⁽³⁾		2052
335,939					117	2057
			138,940			2057
26,669					7	2062
5,382						2081
49,941		1,141,773			351	2067
	1,446,722	1,577,080	138,940	1,485,917	1,591	
			538,000		100	2047
			538,000		100	2047
				3,600,707		
	1,651,399	2,706,673	1,227,708	5,104,574	2,233	

MAJOR PROPERTY DEVELOPMENT PROJECTS IN THE CHINESE MAINLAND

No.	Region	Name of Project	The Group's Accounting Classification	The Group's Interest
Southern Region (The Greater Bay Area)				
1	Guangzhou	Guangzhou Covent Garden Remaining Phases (District 4)	Subsidiary	100%
2	Foshan	Canton First Estate CF04	Subsidiary	90%
	Foshan	Canton First Estate CF05	Subsidiary	90%
	Foshan	Canton First Estate CF06	Subsidiary	90%
	Foshan	Canton First Estate CF08	Subsidiary	90%
	Foshan	Canton First Estate CF14	Subsidiary	90%
	Foshan	Canton First Estate CF17B	Subsidiary	90%
	Foshan	Canton First Estate CF18	Subsidiary	90%
	Foshan	Canton First Estate CF22	Subsidiary	90%
	Foshan	Canton First Estate CF23	Subsidiary	90%
	Foshan	Canton First Estate CF24	Subsidiary	90%
	Foshan	Canton First Estate CF25	Subsidiary	90%
	Foshan	Canton First Estate CF26	Subsidiary	90%
	Foshan	Canton First Estate CF28	Subsidiary	90%
	Foshan	Canton First Estate CF33	Subsidiary	90%
	Foshan	Canton First Estate CF34	Subsidiary	90%
	Foshan	Canton First Estate CF36	Subsidiary	90%
	Foshan	Canton First Estate CF37	Subsidiary	90%
	Foshan	Canton First Estate CF38	Subsidiary	90%
	Foshan	Canton First Estate CF39	Subsidiary	90%
	Foshan	Canton First Estate CF40	Subsidiary	90%
3	Shenzhen	Shenzhen Longgang New World 188 Project Phase I	Subsidiary	65%
4	Shenzhen	Shenzhen Xili The Bay Pavilia Project	Subsidiary	90%
Subtotal				
Central Region				
5	Wuhan	Wuhan New World • Times Phase II	Subsidiary	100%
6	Yiyang	Yiyang New World Scenic Heights Phase II	Subsidiary	100%
	Yiyang	Yiyang New World Scenic Heights South Area	Subsidiary	100%
Subtotal				
Eastern Region (The Yangtze River Delta)				
7	Hangzhou	Hangzhou Wangjiang New Town Project Phase 2 and Phase 3 Subsidiary		100%
Subtotal				

Project Summary

Total GFA (excl. carparks and others) (sq m)	Residential (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Carparks and Others (sq m)	Development Status	Expected Completion Date
128,566	127,378	1,188	—	—	41,828	Under development	May 2028
1,942	1,942	—	—	—	583	Under planning	TBC
75,106	75,106	—	—	—	52,434	Under planning	TBC
1,812	1,812	—	—	—	—	Under planning	TBC
32,283	32,283	—	—	—	14,144	Under planning	TBC
77,015	77,015	—	—	—	33,593	Under planning	TBC
39,200	39,200	—	—	—	40,892	Under planning	TBC
31,606	31,606	—	—	—	19,444	Under planning	Apr 2028
11,633	11,633	—	—	—	5,731	Under planning	TBC
3,771	3,771	—	—	—	1,131	Under planning	TBC
16,563	16,563	—	—	—	5,338	Under planning	TBC
3,130	3,130	—	—	—	—	Under planning	TBC
28,766	28,766	—	—	—	17,460	Under planning	TBC
28,410	28,410	—	—	—	10,339	Under development	June 2029
53,213	53,213	—	—	—	23,426	Under planning	TBC
31,655	31,655	—	—	—	6,619	Under planning	TBC
11,105	11,105	—	—	—	5,192	Under planning	TBC
17,700	17,700	—	—	—	14,513	Under planning	TBC
18,772	18,772	—	—	—	9,509	Under planning	TBC
35,000	35,000	—	—	—	14,297	Under planning	TBC
25,119	25,119	—	—	—	6,360	Under planning	TBC
266,715	220,317	29,579	16,819	—	23,849	Under development	Apr 2028
139,751	65,230	15,000	59,521	—	9,240	Under development	Mar 2029
1,078,833	956,726	45,767	76,340	—	355,922		
291,379	—	32,527	258,852	—	113,793	Under development	TBC
303,628	299,209	4,419	—	—	91,654	Under planning	TBC
125,506	123,591	1,915	—	—	52,597	Under planning	TBC
720,513	422,800	38,861	258,852	—	258,044		
225,619	—	152,837	47,642	25,140	116,089	Under development	Sep 2027
225,619	—	152,837	47,642	25,140	116,089		

MAJOR PROPERTY DEVELOPMENT PROJECTS IN THE CHINESE MAINLAND (CONTINUED)

No.	Region	Name of Project	The Group's Accounting Classification	The Group's Interest
Northern Region				
8	Beijing	Beijing New View Garden Commercial Centre Remaining Phases	Joint venture	70%
9	Beijing	Beijing Xin Yu Garden Commercial Centre	Joint venture	70%
10	Langfang	Langfang New World Garden District 2	Subsidiary	100%
Subtotal				
North-eastern Region				
11	Shenyang	Shenyang New World Garden Phase 2FG	Subsidiary	100%
12	Shenyang	Shenyang New World Centre SA3	Subsidiary	100%
	Shenyang	Shenyang New World Centre SA1	Subsidiary	100%
	Shenyang	Shenyang New World Centre SA2	Subsidiary	100%
	Shenyang	Shenyang New World Centre O1	Subsidiary	100%
	Shenyang	Shenyang New World Centre O2	Subsidiary	100%
13	Anshan	Anshan New World Garden Phase 1	Subsidiary	100%
	Anshan	Anshan New World Garden Phase 2	Subsidiary	100%
Subtotal				
Grand Total				

Note:

Some property developments will be classified as investment properties upon completion

Project Summary

Total GFA (excl. carparks and others) (sq m)	Residential (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Carparks and Others (sq m)	Development Status	Expected Completion Date
16,400	—	1,960	14,440	—	5,420	Under planning	TBC
60,925	—	60,925	—	—	48,689	Under planning	TBC
17,860	17,860	—	—	—	23,378	Under development	Dec 2029
95,185	17,860	62,885	14,440	—	77,487		
40,802	—	40,802	—	—	59,388	Planning completed	Oct 2030
75,354	—	75,354	—	—	—	Under development	Mar 2027
107,589	—	107,589	—	—	—	Under development	Mar 2027
104,142	—	104,142	—	—	—	Under development	Mar 2027
94,616	—	—	94,616	—	—	Under planning	TBC
94,616	—	—	94,616	—	—	Under planning	TBC
80,667	78,617	2,050	—	—	17,648	Under planning	Nov 2029
65,780	64,890	890	—	—	20,150	Under planning	Jun 2031
663,566	143,507	330,827	189,232	—	97,186		
2,783,716	1,540,893	631,177	586,506	25,140	904,728		

MAJOR PROPERTY INVESTMENT PROJECTS AND HOTELS IN THE CHINESE MAINLAND

No.	Region	Name of Project	The Group's Accounting Classification	The Group's Interest
Southern Region (The Greater Bay Area)				
1	Guangzhou	Guangzhou Covent Garden	Subsidiary	100%
2	Guangzhou	Guangzhou Park Paradise	Subsidiary	100%
	Guangzhou	Guangzhou Park Paradise Area 6	Subsidiary	100%
3	Guangzhou	Guangzhou Xintang New World Garden	Joint venture	63%
4	Guangzhou	Guangzhou Central Park-view-L4	Subsidiary	91%
	Guangzhou	Guangzhou Central Park-view-L8	Subsidiary	91%
	Guangzhou	Guangzhou Central Park-view-L13	Subsidiary	91%
5	Guangzhou	Guangzhou New World Oriental Garden No 5	Subsidiary	100%
	Guangzhou	Guangzhou New World Oriental Garden Phase 1	Subsidiary	100%
6	Guangzhou	Guangzhou Dong Yi Garden Phase 2	Subsidiary	100%
	Guangzhou	Guangzhou Dong Yi Garden Phase 3	Subsidiary	100%
	Guangzhou	Guangzhou Dong Yi Garden Phase 4	Subsidiary	100%
	Guangzhou	Guangzhou Dong Yi Garden Phase 5	Subsidiary	100%
7	Foshan	Canton First Estate CF19A	Subsidiary	90%
	Foshan	Canton First Estate CF19A (T5, T6)	Subsidiary	90%
	Foshan	Canton First Estate CF19B	Subsidiary	90%
8	Huizhou	Huizhou Changhuyuan Phase 1	Joint venture	63%
	Huizhou	Huizhou Changhuyuan Phase 2B	Joint venture	63%
	Huizhou	Huizhou Changhuyuan Phase 3	Joint venture	63%
9	Qingyuan	New World Qingyuan	Subsidiary	100%
10	Guangzhou	Panyu International School Project	Subsidiary	100%
11	Guangzhou	New World Zhengcheng Comprehensive Development Project	Subsidiary	100%
12	Zhuhai	Zhuhai Winmost Factory	Subsidiary	100%
13	Guangzhou	Guangzhou New Metropolis	Subsidiary	65%
14	Shenzhen	K11 ECOAST Art And Cultural District by the Sea	Subsidiary	51%
Subtotal				
Central Region				
15	Wuhan	Wuhan Guanggu New World A	Subsidiary	100%
16	Wuhan	Wuhan New World International Trade Tower I	Subsidiary	100%
	Wuhan	Wuhan New World International Trade Tower II	Subsidiary	100%
17	Wuhan	Wuhan New World Centre	Subsidiary	100%
18	Wuhan	Wuhan Hankou K11	Subsidiary	100%
19	Wuhan	Wuhan Guanggu K11	Subsidiary	100%
20	Wuhan	New World Wuhan Hotel	Joint venture	60%
Subtotal				



Project Summary

Total GFA (excl. carparks and others) (sq m)	Serviced Apartment (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Carparks and Others (sq m)	Exhibition Centre (sq m)
23,751	—	23,751	—	—	5,728	—
127,692	—	80,790	—	46,902	45,753	—
—	—	—	—	—	77	—
27,463	—	27,463	—	—	8,659	—
—	—	—	—	—	3,148	—
48,634	24,080	24,554	—	—	4,969	—
—	—	—	—	—	4,680	—
—	—	—	—	—	3,141	—
3,391	—	3,391	—	—	—	—
—	—	—	—	—	494	—
—	—	—	—	—	1,992	—
—	—	—	—	—	1,429	—
—	—	—	—	—	35	—
—	—	—	—	—	2,259	—
11,043	11,043	—	—	—	—	—
—	—	—	—	—	3,084	—
303	—	303	—	—	6,952	—
—	—	—	—	—	150	—
51	—	51	—	—	10,208	—
47,681	—	—	—	47,681	3,766	—
—	—	—	—	—	149,966	—
125,183	—	5,850	94,996	24,337	—	—
16,868	—	—	16,868	—	—	—
131,775	—	82,362	49,413	—	—	—
227,980	—	203,174	24,806	—	128,402	—
791,815	35,123	451,689	186,083	118,920	384,892	—
58,714	—	—	—	58,714	6,775	—
104,556	—	—	104,556	—	17,237	—
10,005	—	—	10,005	—	—	—
2,449	—	2,449	—	—	—	—
146,305	—	94,974	51,331	—	64,875	—
57,155	—	56,354	801	—	55,437	—
29,974	—	—	563	29,411	5,639	—
409,158	—	153,777	167,256	88,125	149,963	—

MAJOR PROPERTY INVESTMENT PROJECTS AND HOTELS IN THE CHINESE MAINLAND (CONTINUED)

No.	Region	Name of Project	The Group's Accounting Classification	The Group's Interest
Eastern Region (The Yangtze River Delta)				
21	Shanghai	Shanghai Hong Kong New World Tower*	Subsidiary	100%
22	Shanghai	Shanghai Regent Place carpark	Joint venture	30%
23	Ningbo	Ningbo New World Plaza (land no.5)	Subsidiary	100%
24	Ningbo	Ningbo New World Phase 3	Subsidiary	100%
25	Nanjing	Nanjing New World Centre	Subsidiary	100%
26	Shanghai	SHHHL Project	Subsidiary	98%
Subtotal				
Northern Region				
27	Beijing	Beijing New World Centre Phase I	Joint venture	70%
	Beijing	Beijing New World Centre Phase II	Subsidiary	100%
28	Beijing	Beijing Zhengren Building	Subsidiary	100%
29	Beijing	Beijing New World Garden	Subsidiary	100%
30	Beijing	Beijing Xin Yang Commercial Building	Subsidiary	100%
31	Beijing	Beijing Xin Cheng Commercial Building	Subsidiary	100%
32	Beijing	Beijing Xin Yi Garden	Subsidiary	70%
33	Beijing	Beijing New View Garden	Subsidiary	70%
34	Beijing	Beijing Xin Yu Garden	Subsidiary	70%
35	Beijing	Beijing Xin Kang Garden	Subsidiary	70%
36	Beijing	Beijing Baoding Building Shopping Arcade	Subsidiary	100%
37	Beijing	Beijing Chongwenmen Tongpai Hotel	Subsidiary	55%
38	Beijing	New World Beijing Hotel	Subsidiary	70%
39	Beijing	Rosewood Beijing	Subsidiary	82%
40	Tianjin	Tianjin Xin An New World Plaza	Subsidiary	100%
41	Tianjin	Tianjin Xin Hui Hua Ting	Subsidiary	100%
42	Langfang	Langfang New World Centre	Subsidiary	100%
43	Langfang	New World Langfang Hotel	Subsidiary	100%
44	Tangshan	Tangshan New World Centre Phase II	Subsidiary	100%
45	Jinan	Jinan New World Sunshine Garden – District East II	Subsidiary	100%
	Jinan	Jinan New World Sunshine Garden – District West	Subsidiary	100%
Subtotal				

* classified as disposal groups held for sale.

Project Summary

Total GFA (excl. carparks and others) (sq m)	Serviced Apartment (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Carparks and Others (sq m)	Exhibition Centre (sq m)
116,022	—	35,473	80,549	—	14,362	—
—	—	—	—	—	3,592	—
47,672	—	1,138	—	46,534	504	—
83,656	—	83,656	—	—	9,356	—
41,712	—	41,712	—	—	—	—
99,206	—	61,043	38,163	—	27,948	—
388,268	—	223,022	118,712	46,534	55,762	—
74,232	—	74,232	—	—	19,956	—
47,345	—	47,345	—	—	27,014	—
—	—	—	—	—	16,415	—
—	—	—	—	—	34,544	—
—	—	—	—	—	3,439	—
—	—	—	—	—	8,051	—
—	—	—	—	—	43,708	—
4,030	—	4,030	—	—	15,988	—
—	—	—	—	—	21,197	—
4,475	—	4,475	—	—	22,597	—
40,286	—	40,286	—	—	22,000	—
23,988	—	—	—	23,988	—	—
53,998	—	—	—	53,998	—	—
89,000	—	—	—	89,000	—	—
78,283	—	72,288	5,995	—	11,284	—
25,661	—	25,661	—	—	—	—
7,016	—	7,016	—	—	—	—
46,421	—	—	—	46,421	—	—
85,791	—	37,502	48,289	—	—	—
1,009	—	1,009	—	—	10,247	—
3,338	—	3,338	—	—	—	—
584,873	—	317,182	54,284	213,407	256,440	—

MAJOR PROPERTY INVESTMENT PROJECTS AND HOTELS IN THE CHINESE MAINLAND (CONTINUED)

No.	Region	Name of Project	The Group's Accounting Classification	The Group's Interest
North-eastern Region				
46	Shenyang	Shenyang New World Garden Phase 2 A	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 1AB	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 1 D	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 1 E	Subsidiary	100%
	Shenyang	Shenyang New World Garden Commercial Building	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 2 B	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 2 E	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 2 C1	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 2 C2	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 2 D1	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 2 D2	Subsidiary	100%
47	Shenyang	Shenyang New World Commercial Centre Phase 1	Subsidiary	100%
	Shenyang	Shenyang New World Commercial Centre Phase 2	Subsidiary	100%
48	Shenyang	Shenyang New World Centre	Subsidiary	100%
49	Shenyang	New World Shenyang	Subsidiary	100%
50	Shenyang	Tongpai Shenyang Hotel	Subsidiary	100%
51	Shenyang	Shenyang K11	Subsidiary	100%
52	Anshan	Anshan New World Garden	Subsidiary	100%
53	Dalian	Dalian New World Plaza	Subsidiary	88%
54	Dalian	Dalian New World Tower	Subsidiary	100%
Subtotal				
Grand Total				

Project Summary

Total GFA (excl. carparks and others) (sq m)	Serviced Apartment (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Carparks and Others (sq m)	Exhibition Centre (sq m)
4,601	—	4,601	—	—	122,588	—
—	—	—	—	—	5,500	—
—	—	—	—	—	10,372	—
5,039	—	5,039	—	—	22,517	—
—	—	—	—	—	753	—
—	—	—	—	—	44,843	—
—	—	—	—	—	9,671	—
4,704	—	4,704	—	—	32,120	—
—	—	—	—	—	32,669	—
—	—	—	—	—	40,834	—
4,995	—	4,995	—	—	43,138	—
—	—	—	—	—	8,710	—
—	—	—	—	—	15,112	—
99,916	—	—	—	—	138,018	99,916
69,751	—	—	—	69,751	—	—
29,924	—	—	—	29,924	—	—
264,038	—	264,038	—	—	164,361	—
3,684	—	3,684	—	—	135,435	—
54,163	—	54,163	—	—	19,783	—
52,835	—	—	—	52,835	21,915	—
593,650	—	341,224	—	152,510	868,339	99,916
2,767,764	35,123	1,486,894	526,335	619,496	1,715,396	99,916

Glossary of Terms

GENERAL TERMS

CEO	Chief Executive Officer
FY	Fiscal year, 1 July to 30 June
Group	NWD and its subsidiaries
HIBOR	Hong Kong Interbank Offered Rate
HK	Hong Kong, China
HK\$	Hong Kong dollar(s), the lawful currency of Hong Kong, China
m	million
HKEx or Stock Exchange	The Stock Exchange of Hong Kong Limited
LIBOR	London Interbank Offered Rate
Listing Rules	Rules Governing the Listing of Securities on the HKEx
Mainland China or the Chinese Mainland	The People's Republic of China excluding Hong Kong, Macau and Taiwan for the purposes of this annual report
MYR	Malaysian Ringgit, the official currency of Malaysia
N/A or n/a	not applicable
New World or NWD or New World Development or Company	New World Development Company Limited (新世界發展有限公司)
NWCL or New World China Land	New World China Land Limited
NWDS or New World Department Stores	New World Department Store China Limited
CTFS (formerly known as "NWSH or NWS Holdings")	CTF Services Limited (formerly known as "NWS Holdings Limited")
Peso	Philippine Peso, the official currency of the Philippines
PRC	The People's Republic of China
RMB	Renminbi, the lawful currency of PRC
SGD	Singapore dollar, the lawful currency of Singapore
TBC	To be confirmed
THB	Thailand Baht, the official currency of Thailand
US	The United States of America
US\$ or USD	United States dollar(s), the lawful currency of US

FINANCIAL TERMS

FVOCI	Fair value through other comprehensive income
FVPL	Fair value through profit or loss
Gearing Ratio	Net Debt divided by total equity
HKAS	Hong Kong Accounting Standards
HKFRS	Hong Kong Financial Reporting Standards
Net Debt	The aggregate of bank loans, other loans and fixed rate bonds and notes payable less cash and bank balances
Total Debt	Net Debt plus cash and bank balances

TECHNICAL TERMS

CJV	Co-operative joint venture
EJV	Equity joint venture
JV	Joint venture
WFOE	Wholly foreign owned enterprise

MEASUREMENTS

km	kilometre(s)
m ³	cubic metre
MW	megawatt(s), equal to 1,000kW
sq ft	square foot (feet)
sq m or m ²	square metre(s)



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