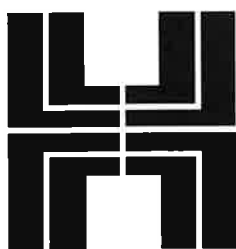


THE HONGKONG LAND COMPANY, LIMITED
香港置地有限公司

(incorporated in Hong Kong with limited liability)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2025



8TH FLOOR, ONE EXCHANGE SQUARE,
HONG KONG

THE HONGKONG LAND COMPANY, LIMITED

香港置地有限公司

Directors' Report

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

Principal activities

The principal activities of the Company and the Group are property investment and development.

Results and appropriations

The results of the Group for the year ended 31st December 2025 and the state of the Group's and the Company's affairs at that date are set out in the financial statements on pages 3 to 35.

Interim dividends of HK\$4,316 million (2024: HK\$1,276 million) were paid during the year. The Directors do not recommend the payment of a final dividend and propose that the revenue reserves at 31st December 2025 be carried forward.

Donations

The total donations made by the Group for charitable or similar purposes in 2025 amounted to HK\$21 million (2024: HK\$18 million).

Directors

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

Mr J R Witt - Chairman	(Resigned on 24th February 2025)
Mr C A Beattie	
Mr K Y H Foo	
Mr K Y Kong	
Mr W P Lam	(Alternate director to Mr C A Beattie)
Mr M T Smith	
Ms E P W Sze	(Alternate director to Mr K Y Kong)
Mr R C M Wong	(Resigned on 12th March 2026)
Mr J Yuan	(Alternate director to Mr M T Smith)(Resigned on 1st January 2025)

It was noted that in accordance with the Company's articles of association, no Director is required to retire at the coming Annual General Meeting.

Mr J Yuan resigned on 1st January 2025, Mr J R Witt resigned with effect from the close of the general meeting held on 24th February 2025 and Mr R C M Wong resigned with effect from the close of business on 12th March 2026 as Directors of the Company. Mr J Yuan, Mr J R Witt and Mr R C M Wong have confirmed that they have no disagreements with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the subsidiaries of the shareholders of the Company.

Directors of the Company's subsidiaries

The names of Directors who have served on the Boards of the subsidiaries of the Company during the year and up to the date of this report are set out below. Those marked with (*) have resigned during the said period:

Mr P A Barnes	Mr S B C Lim
Mr D A T Batchelor	Ms J L Lopes
Mr C A Beattie	Mr K Y Kong
Mr S C Chang	Mr J D J Simpkins
Ms C M Y Chue *	Ms A N Stevenson
Mr D C Le F Edwards *	Ms E P W Sze
Mr K Y H Foo	Ms S P Tang *
Mr W P Lam	Ms Y Y Ying
Mr P W Lau	Ms J Young
Mr H C T Lee	Mr J Yuan *
Ms N L Lee	Mr R C M Wong *

THE HONGKONG LAND COMPANY, LIMITED

香港置地有限公司

Directors' Report

Directors' interests

Save for contracts amongst group companies and the contracts mentioned below, no other transactions, arrangements and contracts of significance to which the Company's subsidiaries, fellow subsidiaries or its holding companies 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.

At no time during the year was the Company, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Permitted indemnity provision

During the financial year and up to the date of this Report, the Company has in force indemnity provisions as permitted under the Companies Ordinance for the benefit of the Directors of the Company. The permitted indemnity provisions are provided for in the Company's Articles of Association.

Management contracts

During the year, there existed arrangements whereby Hongkong Land Limited provided general management services, management consultancy services, administrative and secretarial services and leasing and collection services to the Group in return for a management services fee and a leasing and collection fee. Hongkong Land (Property Management) Limited provided management services to the Group in return for a management fee. Mr K Y H Foo and Ms E P W Sze were Directors of Hongkong Land (Property Management) Limited and Mr C A Beattie, Mr K Y H Foo, Mr K Y Kong, Mr J D J Simpkins, Mr M T Smith and Mr R C M Wong, were Directors of Hongkong Land Limited.

Property leasing and service contracts

A lease agreement had been signed with HKL (Landmark Hotel) Limited whereby a subsidiary of the Company rented properties to HKL (Landmark Hotel) Limited. Mr K Y Kong, Mr R C M Wong and Ms E P W Sze were Directors of HKL (Landmark Hotel) Limited.

Various lease agreements had been signed with the subsidiaries of Jardine Matheson Holdings Limited whereby the subsidiaries of the Company rented properties to the subsidiaries of Jardine Matheson Holdings Limited. Mr J R Witt was Director of Jardine Matheson Holdings Limited.

Various property service agreements had been signed with the subsidiaries of Jardine Matheson Holdings Limited whereby the subsidiaries of Jardine Matheson Holdings Limited provided property services to the subsidiaries of the Company. Mr J R Witt was Director of Jardine Matheson Holdings Limited.

Business review

No business review is presented for 2025 as the Group has been able to claim an exemption under section 388(3) of the Companies Ordinance (Cap. 622).

Auditor

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

By Order of the Board



Hong Kong,

CRAIG ALAN BEATTIE

13 MAR 2026

THE HONGKONG LAND COMPANY, LIMITED

香港置地有限公司

Consolidated Profit and Loss Account

For the year ended 31st December 2025

	<i>Note</i>	2025 HK\$m	2024 HK\$m
Revenue	3	6,372	6,884
Net operating costs	4	(2,152)	(2,168)
		4,220	4,716
Change in fair value of investment properties	9	3,984	(12,270)
Operating profit/(loss)		8,204	(7,554)
Net financing charges	5		
- financing charges		(1,324)	(1,510)
- financing income		450	573
		(874)	(937)
Share of results of joint ventures	6	4	75
Profit/(loss) before tax		7,334	(8,416)
Tax	7	(466)	(545)
Profit/(loss) for the year		6,868	(8,961)

THE HONGKONG LAND COMPANY, LIMITED

香港置地有限公司

Consolidated Statement of Comprehensive Income

For the year ended 31st December 2025

	2025 HK\$m	2024 HK\$m
Profit/(loss) for the year	6,868	(8,961)
Other comprehensive (expenses)/income		
Items that may be reclassified subsequently to profit and loss:		
Cash flow hedges		
- net (loss)/gain arising during the year	(64)	95
- transfer to profit and loss	(19)	(25)
	(83)	70
- deferred tax	14	(12)
Other comprehensive (expenses)/income for the year, net of tax	(69)	58
Total comprehensive income/(expense) for the year	6,799	(8,903)

THE HONGKONG LAND COMPANY, LIMITED
香港置地有限公司

Consolidated Balance Sheet

At 31st December 2025

	Note	2025 HK\$m	2024 HK\$m
Net operating assets			
Tangible fixed assets	8	80	86
Investment properties	9	183,100	183,868
Joint ventures	10	1,641	1,634
Non-current inter-group balances	12	9,812	11,413
Deferred tax assets	13	56	42
		194,689	197,043
Non-current assets			
Properties for sale	14	19	17
Current debtors	11	1,044	769
Current inter-group balances	12	5,168	4,185
Current tax assets		7	35
Bank balances	15	938	529
Assets classified as held for sale	16	3,710	-
		10,886	5,535
Current assets			
Current creditors	17	(4,064)	(3,079)
Current inter-group balances	12	(842)	(1,432)
Current borrowings	18	(1,781)	(4,971)
Current tax liabilities		(90)	(217)
		(6,777)	(9,699)
Current liabilities			
Net current liabilities		4,109	(4,164)
Long-term borrowings	18	(34,135)	(30,802)
Deferred tax liabilities	13	(750)	(732)
Non-current creditors	17	(608)	(523)
		163,305	160,822
Total equity			
Share capital (2,586m shares issued and fully paid)	19	2,147	2,147
Revenue and other reserves	20	161,158	158,675
		163,305	160,822
Shareholders' funds			

Approved by the Board of Directors on

13 MAR 2026



CRAIG ALAN BEATTIE



KENNETH YEW HOONG FOO

THE HONGKONG LAND COMPANY, LIMITED

香港置地有限公司

Consolidated Statement of Changes in Equity

For the year ended 31st December 2025

	<i>Note</i>	Share capital HK\$m	Other capital reserves HK\$m	Revenue reserves HK\$m	Hedging reserves HK\$m	Total equity HK\$m
2025						
At 1st January		2,147	11	159,078	(414)	160,822
Total comprehensive income/(expense)		-	-	6,868	(69)	6,799
Dividends paid	21	-	-	(4,316)	-	(4,316)
At 31st December		2,147	11	161,630	(483)	163,305
2024						
At 1st January		2,147	11	169,315	(472)	171,001
Total comprehensive (expense)/income		-	-	(8,961)	58	(8,903)
Dividends paid	21	-	-	(1,276)	-	(1,276)
At 31st December		2,147	11	159,078	(414)	160,822

THE HONGKONG LAND COMPANY, LIMITED
香港置地有限公司

Consolidated Cash Flow Statement

For the year ended 31st December 2025

	<i>Note</i>	2025 HK\$m	2024 HK\$m
Operating activities			
Operating profit/(loss)		8,204	(7,554)
Depreciation	8	28	26
Change in fair value of investment properties	9	(3,984)	12,270
Loss on disposal of investment properties		40	-
(Increase)/decrease in debtors		(306)	63
Increase in creditors		956	211
Increase in amounts due from inter-group companies		(705)	(1,022)
Increase/(decrease) in amounts due to inter-group companies		186	(629)
Interest received		17	29
Interest and other financing charges paid		(1,331)	(1,497)
Tax paid		(547)	(353)
Dividends received from joint ventures		3	-
Cash flows from operating activities		2,561	1,544
Investing activities			
Major renovations expenditure		(1,182)	(575)
Loan to joint ventures		(6)	(3)
Repayment from inter-group companies		1,716	4,797
Loan to inter-group companies		(393)	(3,850)
Proceeds and deposits of disposal of investment properties		2,876	-
Cash flows from investing activities		3,011	369
Financing activities			
Drawdown of borrowings		9,748	15,108
Repayment of borrowings		(9,817)	(16,143)
Loan from inter-group companies		83	360
Repayment to inter-group companies		(859)	-
Dividends paid		(4,316)	(1,276)
Cash flows from financing activities		(5,161)	(1,951)
Net increase/(decrease) in cash and cash equivalents		411	(38)
Cash and cash equivalents at 1st January		527	565
Cash and cash equivalents at 31st December	22	938	527

Notes to the Financial Statements

1 Basis of preparation

The principal activities of the Company and the Group are property investment and development.

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") and requirements of the Hong Kong Companies Ordinance (Cap.622). The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention except as disclosed in the accounting policies below.

Details of the Group's material accounting policies are included in Note 30.

There are no amendments which are effective in 2025 and relevant to the Group's operations that have a significant impact on the Group's results, financial position and accounting policies.

The Group has not early adopted any standard, interpretation or amendment that has been issued but not yet effective (refer Note 31).

The principal operating subsidiaries and joint ventures have different functional currencies in line with the economic environments of the locations in which they operate. The functional currency of the Company is Hong Kong dollars. The consolidated financial statements are presented in Hong Kong dollars.

The Group's reportable segments are set out in Note 2 and are described on pages 9 to 10.

Notes to the Financial Statements

2 Segmental information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the executive directors of the Company for the purpose of resource allocation and performance assessment. The Group has two operating segments, namely Prime Properties Investment and Build-to-sell. No operating segments have been aggregated to form the reportable segments. Set out below is an analysis of the Group's profit and total equity by reportable segment.

	2025					2024				
	Prime Properties Investment HK\$m	Build-to-sell HK\$m	Corporate HK\$m	Others HK\$m	Total HK\$m	Prime Properties Investment HK\$m	Build-to-sell HK\$m	Corporate HK\$m	Others HK\$m	Total HK\$m
Revenue	6,355	17	-	-	6,372	6,880	4	-	-	6,884
Net operating costs	(1,271)	-	(881)	-	(2,152)	(1,284)	-	(884)	-	(2,168)
Share of operating profit of joint ventures	-	5	-	-	5	-	76	-	-	76
Change in fair value of investment properties	-	-	-	3,984	3,984	-	-	-	(12,270)	(12,270)
Operating profit/(loss)	5,084	22	(881)	3,984	8,209	5,596	80	(884)	(12,270)	(7,478)
Net financing charges - subsidiaries					(874)					(937)
Tax - subsidiaries					(466)					(545)
- share of joint ventures					(1)					(1)
					(467)					(546)
Profit attributable to shareholders					6,868					(8,961)

Notes to the Financial Statements

2 Segmental information continued

	Revenue		Operating profit		Profit attributable to shareholders	
	2025	2024	2025	2024	2025	2024
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
By geographical location						
Hong Kong	6,372	6,884	5,106	5,676	5,106	5,676
Corporate, net financing charges and tax	-	-	(881)	(884)	(2,222)	(2,367)
Others	-	-	3,984	(12,270)	3,984	(12,270)
	6,372	6,884	8,209	(7,478)	6,868	(8,961)
	Segment assets			Segment liabilities	Unallocated assets and liabilities	Total assets and liabilities
	Investment properties	Properties for sale	Others			
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
By business						
2025						
Prime Properties Investment	186,810	-	980	(4,062)	-	183,728
Build-to-sell	-	1,651	1	(33)	-	1,619
Unallocated assets and liabilities	-	-	-	-	(22,042)	(22,042)
	186,810	1,651	981	(4,095)	(22,042)	163,305
2024						
Prime Properties Investment	183,868	-	701	(3,069)	-	181,500
Build-to-sell	-	1,645	1	(31)	-	1,615
Unallocated assets and liabilities	-	-	-	-	(22,293)	(22,293)
	183,868	1,645	702	(3,100)	(22,293)	160,822
By geographical location						
2025						
Hong Kong	186,810	1,651	981	(4,095)	-	185,347
Unallocated assets and liabilities	-	-	-	-	(22,042)	(22,042)
	186,810	1,651	981	(4,095)	(22,042)	163,305
2024						
Hong Kong	183,868	1,645	702	(3,100)	-	183,115
Unallocated assets and liabilities	-	-	-	-	(22,293)	(22,293)
	183,868	1,645	702	(3,100)	(22,293)	160,822

Unallocated assets and liabilities include tax assets and liabilities, bank balances, borrowings, interest receivable and payable derivative financial instruments and inter-group balances.

Notes to the Financial Statements

3 Revenue

	2025 HK\$m	2024 HK\$m
Rental income	5,531	6,034
Management fee income	824	846
Sale of properties - recognised at a point in time	17	4
	6,372	6,884

The Group's principal business activities are property investment and development.

Total variable rents included in rental income amounted to HK\$109 million (2024: HK\$92 million).

The maturity analysis of lease payments, showing the undiscounted lease payments to be received over the remainder of the contractual lease term after the balance sheet date including the estimated impact on lease payments from contractual rent reviews are as follow:

	2025 HK\$m	2024 HK\$m
Within one year	4,722	5,058
Between one and two years	4,023	4,003
Between two and three years	3,062	3,014
Between three and four years	2,330	1,770
Between four and five years	1,752	1,236
Beyond five years	3,968	2,296
	19,857	17,377

Generally the Group's operating leases are for terms of three years or more.

4 Net operating costs

	2025 HK\$m	2024 HK\$m
Cost of sales	(1,231)	(1,284)
Administrative expenses	(881)	(884)
Loss on disposal of investment properties	(40)	-
	(2,152)	(2,168)

The following charges are included in net operating costs:

Operating expenses arising from investment properties	(1,231)	(1,284)
Depreciation of tangible fixed assets (see Note 8)	(28)	(26)
Employee benefit expense		
- salaries and benefits in kind	(149)	(132)
- defined contribution pension plans	(6)	(6)
	(155)	(138)
Auditor's remuneration	(3)	(3)

None of the Directors received or will receive any fees or emoluments in respect of their services to the Company during the year (2024: Nil).

Notes to the Financial Statements

5 Net financing charges

	2025 HK\$m	2024 HK\$m
Interest expense		
- bank loans and overdrafts	(277)	(364)
- other borrowings	(967)	(1,018)
Total interest expense	(1,244)	(1,382)
Commitment and other fees	(58)	(89)
Interest expense on amount due to fellow subsidiaries	(17)	(39)
Interest expense on amount due to related companies	(5)	-
Financing charges	(1,324)	(1,510)
Interest income on amount due from the immediate holding company	433	545
Interest income on bank deposits and other loan receivables	17	28
Financing income	450	573
	(874)	(937)

Financing charges and financing income are stated after taking into account hedging gains and losses.

6 Share of results of joint ventures

	2025 HK\$m	2024 HK\$m
Build-to-sell	4	75

The Group's share of revenue of joint ventures was HK\$8 million (2024: HK\$8 million).

7 Tax

Tax charged to profit and loss is analysed as follows:

	2025 HK\$m	2024 HK\$m
Current tax	(448)	(429)
Deferred tax - accelerated capital allowances	(12)	(21)
Deferred tax - tax loss	(6)	(95)
	(466)	(545)
Reconciliation between tax expense and tax at the applicable tax rate:		
Tax at applicable tax rate 16.5% (2024: 16.5%)	(1,216)	1,408
Change in fair value of investment properties not taxable in determining taxable profit	657	(2,025)
Income not subject to tax	105	74
Expenses not deductible in determining taxable profit	(10)	(9)
Utilisation of previously unrecognised tax losses	3	1
Tax losses arising in the year not recognised	(2)	(2)
(Under)/over provision in prior years	(3)	8
	(466)	(545)

The applicable tax rate represents the Hong Kong profits tax rate.

Notes to the Financial Statements

8 Tangible fixed assets

	2025 HK\$m	2024 HK\$m
Cost	383	370
Cumulative depreciation	(297)	(272)
Net book value at 1st January	86	98
Additions	22	14
Depreciation	(28)	(26)
Net book value at 31st December	80	86
Cost	403	383
Cumulative depreciation	(323)	(297)
	80	86

9 Investment properties

	Completed commercial properties (note a) HK\$m	Completed residential properties (note b) HK\$m	Total HK\$m
2025			
At 1st January	181,792	2,076	183,868
Additions	1,159	(11)	1,148
Disposal	(1,799)	-	(1,799)
Classified as held for sale (see note 16)	(4,101)	-	(4,101)
Increase in fair value	3,973	11	3,984
At 31st December	181,024	2,076	183,100
Leasehold properties			183,100
2024			
At 1st January	193,476	2,083	195,559
Additions	577	2	579
Decrease in fair value	(12,261)	(9)	(12,270)
At 31st December	181,792	2,076	183,868
Leasehold properties			183,868

The Group measures its investment properties at fair value. The fair values of the Group's investment properties at 31st December 2025 and 2024 have been determined on the basis of valuations carried out by independent valuers who hold a recognised relevant professional qualification and have recent experience in Hong Kong and segments of the investment properties valued. The Group engaged Jones Lang LaSalle to value its commercial investment properties in Hong Kong which are held under long leases with unexpired lease terms of more than 50 years. The valuations, which conform to the International Valuation Standards issued by the International Valuation Standards Council and the HKIS Valuation Standards issued by the Hong Kong Institute of Surveyors, were arrived at by reference to the net income, allowing for reversionary potential, of each property. The valuations are comprehensively reviewed by the Group.

(a) Fair value measurements of commercial properties using significant unobservable inputs (level 3)

Fair values of completed commercial properties in Hong Kong are generally derived using the income capitalisation method. This valuation method is based on the 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 valuers' views of recent lettings, within the subject properties and other comparable properties.

The Group's policy is to recognise transfers between fair value measurements as of the date of the event or change in circumstances that caused the transfer. There were no transfer between level 2 and 3 for recurring fair value measurements during the year.

Notes to the Financial Statements

9 Investment properties continued

Information about fair value measurements using significant unobservable inputs at 31st December 2025:

	Fair value HK\$m	Valuation method	Range of significant unobservable inputs	
			Prevailing market rent per month HK\$	Capitalisation rate %
Completed properties				
2025				
Hong Kong - office	144,015	Income capitalisation	98.8 per square foot	2.9 to 3.5
- retail	37,009		233.6 per square foot	4.25 to 5.0
Total	181,024			
2024				
Hong Kong - office	149,577	Income capitalisation	99.3 per square foot	2.9 to 3.5
- retail	32,215		223.6 per square foot	4.25 to 5.0
Total	181,792			

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 are estimated by independent valuers based on the risk profile of the properties being valued. The lower the rates, the higher the fair value.

An increase/decrease to prevailing market rent will increase/decrease valuations, while an increase/decrease to capitalisation/discount rate will decrease/increase valuations. Sensitivity analyses have been performed to assess the impact on the valuations of changes in the two significant unobservable inputs for prevailing market rents and capitalisation rates on the completed commercial properties in Hong Kong. The Group believes this captures the range of variations in these key valuation assumptions. The results are shown in the table below:

	Change in assumption %	Increase/(decrease) in valuation	
		Increase in assumption HK\$m	Decrease in assumption HK\$m
2025			
Prevailing market rent per month	5.0	8,254	(8,207)
Capitalisation rate	0.1	(5,064)	5,372
2024			
Prevailing market rent per month	5.0	8,297	(8,517)
Capitalisation rate	0.1	(5,251)	5,582

(b) Fair value measurements of residential properties using no significant unobservable inputs (level 2)

Fair values of completed residential properties are generally derived using the direct comparison method. This valuation 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.

10 Joint ventures

	2025 HK\$m	2024 HK\$m
Unlisted joint ventures		
- share of attributable net assets	429	428
- amounts due from joint ventures	1,212	1,206
	1,641	1,634
By Business		
Build-to-sell	1,641	1,634
	1,641	1,634

Amounts due from joint ventures are interest free, unsecured and have no fixed terms of repayment.

Notes to the Financial Statements

10 Joint ventures continued

	2025 HK\$m	2024 HK\$m
Movements of joint ventures for the year:		
At 1st January	1,634	1,556
Share of results after tax	4	75
Dividends received and receivable	(3)	-
Loans to joint ventures	6	3
At 31st December	1,641	1,634

11 Debtors

	2025 HK\$m	2024 HK\$m
Trade debtors	52	42
Other debtors	992	727
	1,044	769
Current	1,044	769
By geographical area of operation		
Hong Kong	1,044	769

The fair value of trade debtors, contract assets and other debtors approximates to their carrying amounts, as the impact of discounting is not significant. Derivative financial instruments are stated at fair value.

Significant financial difficulties of a debtor, probability that a debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payment are considered indicators that the debt is impaired and an allowance for impairment is made based on the estimated irrecoverable amount determined by reference to past default experience.

The Group applied the simplified approach to measure expected credit loss, that is a lifetime expected loss allowance for trade debtors and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade debtors for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade debtors are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the historical payment profiles of sales and the corresponding historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors and industry trends affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 31st December 2025 and 2024 was assessed to be insignificant.

Notes to the Financial Statements

11 Debtors continued

Trade debtors and other debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Other debtors are further analysed as follows:

	2025 HK\$m	2024 HK\$m
Prepayments	839	595
Derivative financial instruments	-	1
Other receivables	153	131
	992	727

Trade and other debtors excluding prepayments and derivative financial instruments are stated at amortised cost.

12 Inter-group balances

	2025 HK\$m	2024 HK\$m
Non-current asset		
Amount due from immediate holding company		
Interest bearing	9,812	11,413
	9,812	11,413
Current assets		
Amount due from immediate holding company		
Interest free	1,580	997
Interest bearing	3,337	3,059
Amounts due from fellow subsidiaries		
Interest free	251	129
	5,168	4,185
	14,980	15,598
Current liabilities		
Amounts due to fellow subsidiaries		
Interest bearing	(83)	(859)
Interest free	(759)	(573)
	(842)	(1,432)
	14,138	14,166

The balances are unsecured, repayable on demand and fully performing except for the amount due from immediate holding company of HK\$9,812 million (2024: HK\$11,413 million). Interest is charged on the interest bearing balances at commercial rates.

The fair value of the inter-group balances approximates their carrying amounts, as the impact of discounting is not significant.

No provision has been recognised by the Group as at 31st December 2025 in respect of expected credit losses on inter-group balances.

Notes to the Financial Statements

13 Deferred tax assets and liabilities

	Accelerated capital allowances HK\$m	Tax losses HK\$m	Other temporary differences HK\$m	Total HK\$m
2025				
At 1st January	(782)	8	84	(690)
Charged to profit and loss	(12)	(6)	-	(18)
Charged to other comprehensive income	-	-	14	14
At 31st December	(794)	2	98	(694)
Deferred tax assets				56
Deferred tax liabilities				(750)
				(694)
2024				
At 1st January	(761)	103	96	(562)
Charged to profit and loss	(21)	(95)	-	(116)
Charged to other comprehensive income	-	-	(12)	(12)
At 31st December	(782)	8	84	(690)
Deferred tax assets				42
Deferred tax liabilities				(732)
				(690)

Deferred tax balances predominantly comprise non-current items. Deferred tax assets and liabilities are netted when the taxes relate to the same taxation authority and where offsetting is allowed.

The Group's deferred tax assets of HK\$21 million (2024: HK\$22 million) arising from unused tax losses of HK\$129 million (2024: HK\$136 million) have not been recognised in the financial statements. Unused tax losses have no expiry date.

14 Properties for sale

	2025 HK\$m	2024 HK\$m
Properties under development	104	102
Provision for impairment	(85)	(85)
	19	17

Notes to the Financial Statements

15 Bank balances

	2025 HK\$m	2024 HK\$m
Deposits with banks and financial institutions	794	370
Bank balances	144	159
	938	529

The weighted average interest rates on deposits with bank and financial institutions of the Group are 3.8% (2024: 3.9%) per annum.

16 Assets classified as held for sale

In April 2025, the Group entered into sale and purchase agreements with Hong Kong Exchanges and Clearing Limited for the sale of its interest in certain floors of One Exchange Square for a total cash consideration of approximately HK\$6,300 million. The transaction will conclude in stages as individual floors are handed over, with the remaining floors to be sold at HK\$3,710 million classified as held for sale at 31st December 2025.

17 Creditors

	2025 HK\$m	2024 HK\$m
Trade creditors	1,423	951
Other creditors	958	360
Tenants' deposits	1,610	1,690
Derivative financial instruments	569	511
Rent received in advance	112	90
	4,672	3,602
Non-current	608	523
Current	4,064	3,079
	4,672	3,602
By geographical area of operation		
Hong Kong	4,672	3,602

Derivative financial instruments are stated at fair value. Other creditors are stated at amortised cost. The fair value of these creditors approximates their carrying amounts.

Notes to the Financial Statements

18 Borrowings

	2025		2024	
	Carrying amount HK\$m	Fair value HK\$m	Carrying amount HK\$m	Fair value HK\$m
Current				
Bank overdrafts	-	-	2	2
Current portion of long-term borrowings				
- Notes	1,781	1,803	4,969	4,938
	1,781	1,803	4,971	4,940
Long-term				
Bank loans	12,093	12,093	7,091	7,091
Notes	22,042	21,396	23,711	22,006
	34,135	33,489	30,802	29,097
	35,916	35,292	35,773	34,037

The fair values are based on market prices or are estimated using the expected future payments discounted at market interest rates ranging from 1.9% to 3.7% (2024: 3.4% to 5.2%) per annum. The fair values of current borrowings approximate their carrying amounts, as the impact of discounting is not significant.

At 31st December 2025 and 2024, all borrowings were unsecured.

The borrowings are further summarised as follows:

	Weighted average interest rates %	Fixed rate borrowings Weighted average period outstanding Years	HK\$m	Floating rate borrowings HK\$m	Total HK\$m
By currency					
2025					
Hong Kong Dollar	3.5	5.6	22,344	9,643	31,987
Chinese Yuan (offshore)	3.4	1.1	3,929	-	3,929
			26,273	9,643	35,916
2024					
Hong Kong Dollar	3.8	5.6	27,269	4,752	32,021
Chinese Yuan (offshore)	3.4	2.1	3,752	-	3,752
			31,021	4,752	35,773

The weighted average interest rates and period of fixed rate borrowings are stated after taking into account hedging transactions.

The movements in borrowings are as follow:

	Bank overdrafts HK\$m	Long-term borrowings HK\$m	Short-term borrowings HK\$m	Total HK\$m
2025				
At 1st January	2	30,802	4,969	35,773
Exchange differences	-	197	8	205
Transfer	-	(1,776)	1,776	-
Change in fair value	-	19	(10)	9
Change in bank overdrafts	(2)	-	-	(2)
Drawdown of borrowings	-	9,748	-	9,748
Repayment of borrowings	-	(4,855)	(4,962)	(9,817)
At 31st December	-	34,135	1,781	35,916
2024				
At 1st January	9	33,879	3,124	37,012
Exchange differences	-	(203)	(3)	(206)
Transfer	-	(4,974)	4,974	-
Change in fair value	-	8	1	9
Change in bank overdrafts	(7)	-	-	(7)
Drawdown of borrowings	-	15,108	-	15,108
Repayment of borrowings	-	(13,016)	(3,127)	(16,143)
At 31st December	2	30,802	4,969	35,773

Notes to the Financial Statements

18 Borrowings continued

The exposure of the borrowings to interest rate changes and the contractual repricing dates at 31st December after taking into account hedging transactions are as follows:

	2025 HK\$m	2024 HK\$m
Floating rate borrowings	9,643	4,752
Fixed rate borrowings		
Within one year	1,781	4,969
Between one and two years	3,906	1,713
Between two and three years	1,427	3,795
Between three and four years	948	1,426
Between four and five years	5,449	947
Beyond five years	12,762	18,171
	26,273	31,021
	35,916	35,773

An analysis of the carrying amount of notes outstanding at 31st December is as below:

	Maturity	2025		2024	
		Current HK\$m	Non-current HK\$m	Current HK\$m	Non-current HK\$m
Medium term notes					
HK\$300m 15-year notes at 4.10%	2025	-	-	300	-
US\$600m 15-year notes at 4.50% *	2025	-	-	4,669	-
HK\$302m 15-year notes at 3.75%	2026	302	-	-	302
CNY330m 3-year notes at 3.50% #	2026	367	-	-	350
CNY1,000m 3-year notes at 3.50% #	2026	1,112	-	-	1,061
HK\$785m 15-year notes at 4.00%	2027	-	783	-	782
HK\$473m 15-year notes at 4.04%	2027	-	473	-	473
HK\$200m 15-year notes at 3.95%	2027	-	200	-	200
HK\$300m 15-year notes at 3.15%	2028	-	299	-	299
HK\$450m 10-year notes at 3.83%	2028	-	450	-	449
HK\$325m 15-year notes at 4.22%	2028	-	324	-	324
HK\$355m 10-year notes at 3.75%	2028	-	354	-	354
HK\$400m 15-year notes at 4.40%	2029	-	398	-	398
HK\$550m 10-year notes at 2.93%	2029	-	550	-	550
HK\$800m 20-year notes at 4.11%	2030	-	800	-	800
US\$600m 10-year notes at 2.875% *	2030	-	4,649	-	4,634
HK\$200m 20-year notes at 4.125%	2031	-	199	-	198
HK\$375m 10-year notes at 1.957%	2031	-	374	-	374
US\$500m 10-year notes at 2.25% *	2031	-	3,870	-	3,857
HK\$240m 20-year notes at 4.00%	2032	-	238	-	237
HK\$863m 12-year notes at 2.83%	2032	-	858	-	857
US\$400m 10-year notes at 5.25% *	2033	-	3,097	-	3,088
HK\$300m 10-year notes at 4.85%	2033	-	299	-	298
HK\$700m 15-year notes at 4.12%	2033	-	696	-	696
HK\$604m 15-year notes at 3.67%	2034	-	602	-	602
HK\$300m 10-year notes at 4.68%	2034	-	298	-	297
HK\$400m 15-year notes at 2.72%	2035	-	397	-	397
HK\$400m 15-year notes at 2.90%	2035	-	396	-	396
HK\$400m 15-year notes at 2.90%	2035	-	396	-	396
HK\$800m 15-year notes at 2.65%	2035	-	793	-	793
HK\$250m 30-year notes at 5.25%	2040	-	249	-	249
		1,781	22,042	4,969	23,711

* Listed on the Singapore Exchange.

Chinese Yuan (offshore)

Notes to the Financial Statements

19 Share capital

	<i>Ordinary shares in millions</i>		2025 HK\$m	2024 HK\$m
	2025	2024		
Issued and fully paid				
Ordinary shares	2,586	2,586	2,147	2,147

20 Revenue and other reserves

	2025 HK\$m	2024 HK\$m
Revenue reserves		
At 1st January	159,078	169,315
Profit/(loss) for the year	6,868	(8,961)
Dividends (see Note 21)	(4,316)	(1,276)
At 31st December	161,630	159,078
Other capital reserves		
At 1st January and at 31st December	11	11
Hedging reserves		
At 1st January	(414)	(472)
Cash flow hedges		
- net (loss)/gain arising during the year	(64)	95
- transfer to profit and loss	(19)	(25)
- deferred tax	14	(12)
At 31st December	(483)	(414)
Total reserves at 31st December	161,158	158,675

Notes to the Financial Statements

21 Dividends

	2025 HK\$m	2024 HK\$m
Interim dividends of HK\$1.6688 (2024: HK\$0.4935) per share	4,316	1,276

The Directors do not propose the payment of a final dividend (2024: Nil).

22 Cash and cash equivalents

	2025 HK\$m	2024 HK\$m
Bank balances	938	529
Bank overdraft (see Note 18)	-	(2)
	938	527

23 Derivative financial instruments

The fair values of derivative financial instruments at 31st December are as follows:

	2025		2024	
	Positive fair value HK\$m	Negative fair value HK\$m	Positive fair value HK\$m	Negative fair value HK\$m
Designated as cash flow hedges				
- cross currency swaps	-	569	1	511

Cross currency swaps

The contract amounts of the outstanding cross currency swap contracts of the Group at 31st December 2025 was HK\$11,666 million (2024: HK\$16,326 million).

Notes to the Financial Statements

24 Commitments

	2025 HK\$m	2024 HK\$m
Capital commitments - contracted not provided	1,460	1,750
- authorised not contracted	1,164	1,660
	2,624	3,410

25 Contingent liabilities

Various Group companies are involved in litigation arising in the ordinary course of their respective businesses. Having reviewed outstanding claims and taking into account legal advice received, the Directors are of the opinion that adequate provisions have been made in the financial statements.

26 Related party transactions

The intermediate holding company of the Group is Hongkong Land Holdings Limited and the ultimate holding company is Jardine Matheson Holdings Limited. Both companies are incorporated in Bermuda.

In the normal course of business, the Group has entered into a variety of transactions with Hongkong Land Limited and its subsidiaries, the fellow subsidiaries of the Group. The more significant of these transactions are described below:

Corporate management services

The Group paid HK\$642 million (2024: HK\$655 million) in consideration for management consultancy services provided by Hongkong Land Limited. The Group paid HK\$80 million (2024: HK\$74 million) in consideration for management consultancy services provided by Hongkong Land Centric Limited. The Group paid HK\$138 million (2024: HK\$140 million) in consideration for management consultancy services provided by Hongkong Land Bespoke Limited.

Property management services

Hongkong Land (Property Management) Limited, a subsidiary of Hongkong Land Limited, provided property management services to the Group for a consideration of HK\$138 million in 2025 (2024: HK\$152 million). Hongkong Land (EXSQ Property Management) Limited, a subsidiary of Hongkong Land Limited, provided property management services to the Group for a consideration of HK\$57 million in 2025 (2024: HK\$63 million). The Group also reimbursed HK\$150 million (2024: HK\$136 million) property management expenses to Hongkong Land (Property Management) Limited.

Property leasing services

The Group paid HK\$130 million (2024: HK\$143 million) to Hongkong Land Limited as consideration for leasing and collection services to the Group.

The Group has entered into a leasing agreement with HKL (Landmark Hotel) Limited, a fellow subsidiary, for lease of property. Gross rental and service and management charges on such property in 2025 amounted to HK\$35 million (2024: HK\$39 million).

In the normal course of business, the Group has also entered into a variety of transactions with the subsidiaries, associates and joint ventures of Jardine Matheson Holdings Limited ("Jardine Matheson group members"). The more significant of these transactions are described below:

Property and other services

The Group rented properties to Jardine Matheson group members. Gross rents on such properties in 2025 amounted to HK\$111 million (2024: HK\$120 million).

Jardine Matheson group members provided property construction, maintenance and other services to the Group in 2025, in aggregate amounted to HK\$400 million (2024: HK\$387 million).

Notes to the Financial Statements

27 Principal subsidiaries and joint ventures

The principal subsidiaries and joint ventures of the Group at 31st December 2025 are set out below.

	Effective holdings %		Issued share capital	Main activities	Place of incorporation
Subsidiaries					
The Hongkong Land Property Company, Limited	100	HK\$	200	Property investment	Hong Kong
HKL (Prince's Building) Limited*	100	HK\$	2,227,266,988	Property investment	Hong Kong
HKL (Chater House) Limited*	100	HK\$	2,648,500,000	Property investment	Hong Kong
Mulberry Land Company Limited*	100	HK\$	200	Property investment	Hong Kong
HKL (The Forum) Limited*	100	HK\$	1,876,592,818	Property investment	Hong Kong
HKL (Three EXSQ) Limited*	100	HK\$	12,641,250,316	Property investment	Hong Kong
HKL (One EXSQ) Limited*	100	HK\$	17,120,000,001	Property investment	Hong Kong
HKL (Two EXSQ) Limited*	100	HK\$	16,639,000,001	Property investment	Hong Kong
HKL (Podium) Limited*	100	HK\$	489,000,001	Property investment	Hong Kong
HKL (Jardine House) Limited*	100	HK\$	17,362,000,001	Property investment	Hong Kong
HKL (Alexandra House) Limited*	100	HK\$	12,348,000,001	Property investment	Hong Kong
Blossom Noble (HK) Limited*	100	HK\$	156,000,001	Property investment	Hong Kong
Grateful Point (HK) Limited*	100	HK\$	171,000,001	Property investment	Hong Kong
Violet Castle (HK) Limited*	100	HK\$	55,200,001	Property investment	Hong Kong
The Hongkong Land Finance (Cayman Islands) Company Limited	100	US\$	2	Intra-group financing	Cayman Islands
The Hongkong Land Notes Company Limited	100	US\$	2	Intra-group financing	British Virgin Islands
Joint ventures					
Bonus Plus Company Limited*	50	HK\$	2	Property development	Hong Kong
Normelle Estates Limited*	50	HK\$	10,000	Property investment	Hong Kong

* Owned indirectly

All effective holdings are unchanged from 31st December 2024.

Notes to the Financial Statements

28 Balance sheet and reserve movement of the Company

Balance sheet of the Company

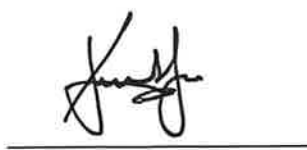
	As at 31 December	
	2025	2024
	HK\$m	HK\$m
Net operating assets		
Tangible fixed assets	80	86
Investments in subsidiaries	83,765	83,170
Non-current inter-group balances	6,334	6,225
Deferred tax assets	52	37
Non-current assets	90,231	89,518
Current debtors	73	71
Amounts due from subsidiaries	5,304	13,975
Current inter-group balances	9,678	4,092
Bank balances	888	515
Current assets	15,943	18,653
Current creditors	(297)	(69)
Amounts due to subsidiaries	(9,880)	(13,982)
Current inter-group balances	(846)	(1,433)
Current liabilities	(11,023)	(15,484)
Net current assets	4,920	3,169
Long-term borrowings	(12,093)	(7,091)
Non-current creditors	(374)	(314)
	82,684	85,282
Total equity		
Share capital (2,586m, shares issued and fully paid)	2,147	2,147
Revenue and other reserves (Note (a))	80,537	83,135
Shareholders' funds	82,684	85,282

Approved by the Board of Directors on

13 MAR 2026



CRAIG ALAN BEATTIE



KENNETH YEW HOONG FOO

Notes to the Financial Statements

28 Balance sheet and reserve movement of the Company continued

Note (a) Reserve movement of the Company

	2025 HK\$m	2024 HK\$m
Revenue reserves		
At 1st January	83,365	98,246
Profit/(loss) for the year	1,781	(13,605)
Dividends (see Note 21)	(4,316)	(1,276)
At 31st December	80,830	83,365
Other capital reserves		
At 1st January and at 31st December	11	11
Hedging reserves		
At 1st January	(241)	(266)
Cash flow hedges		
- net (loss)/gain arising during the year	(70)	35
- transfer to profit and loss	(6)	(5)
- deferred tax	13	(5)
At 31st December	(304)	(241)
Total reserves at 31st December	80,537	83,135

29 Benefits and interests of Directors

The Directors of the Company do not receive any emoluments from the Company during the year, but receive emoluments from a fellow subsidiary in respect of their services to the Company. No apportionment has been made as the Directors consider that it is impracticable to apportion this amount between their services to the Company and their services to the group companies.

Directors' remuneration including consideration for directors' services in respect of services to all companies of the Group totalled HK\$94 million (2024: HK\$105 million), which is borne by a fellow subsidiary. No consideration was provided to or receivable by third parties for making available directors' services (2024: HK\$nil). There are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities (2024: HK\$nil).

Notes to the Financial Statements

30 Material accounting policies

Basis of consolidation

- i) The consolidated financial statements include the financial statements of the Company, its subsidiaries, and the Group's interests in joint ventures.
- ii) A subsidiary is an 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.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition includes the fair value at the acquisition date of any contingent consideration. The Group recognises the non-controlling interest's proportionate share of the recognised identifiable net assets of the acquired subsidiary. In a business combination achieved in stages, the Group remeasures its previously held interest in the acquiree at its acquisition-date fair value and recognises the resulting gain or loss in profit and loss. Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for as equity transactions. When control over a previous subsidiary is lost, any remaining interest in the entity is remeasured at fair value and the resulting gain or loss is recognised in profit and loss.

All material intercompany transactions, balances and unrealised surpluses and deficits on transactions between Group companies have been eliminated.

- iii) A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Joint ventures are included on the equity basis of accounting.

Profits and losses resulting from upstream and downstream transactions between the Group and its joint ventures are recognised in the consolidated financial statements only to the extent of unrelated investor's interests in the joint ventures.

- iv) The results of subsidiaries and joint ventures are included or excluded from their effective dates of acquisition or disposal respectively. The results of entities other than subsidiaries and joint ventures are included to the extent of dividends received when the right to receive such dividend is established.

Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also 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 investments in subsidiaries is required upon receiving dividends 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.

Foreign currencies

Transactions in foreign currencies are accounted for at the exchange rates ruling at the transaction dates.

Monetary assets and liabilities expressed in foreign currencies, are translated into Hong Kong dollars at the rates of exchange ruling at the year end. Results expressed in foreign currencies are translated into Hong Kong dollars at the average rates of exchange ruling during the year, which approximate the exchange rates at the dates of the transactions. All exchange differences are recognised in profit and loss.

Impairment of non-financial assets

Assets that have indefinite useful lives are not subject to amortisation and are tested for impairment annually and whenever there is an indication that the assets may be impaired. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows. Cash-generating units or groups of cash-generating units to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the units may be impaired. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment annually.

Notes to the Financial Statements

30 Material accounting policies continued

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and impairment. Depreciation of tangible fixed assets is calculated on the straight line basis to allocate the cost or valuation of each asset to its residual value over its estimated useful life. The residual values and useful lives are reviewed at each balance sheet date. The estimated useful lives are as follows:

Furniture, equipment and motor vehicles	3 – 10 years
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Where the carrying amount of a tangible fixed asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

The profit or loss on disposal of tangible fixed assets is recognised by reference to their carrying amount.

Investment properties

Properties including those under operating leases which are held for long-term rental yields or capital gains are classified and accounted for as investment properties, but the business model does not necessarily envisage that the properties will be held for their entire useful life. Investment properties are carried at fair value, representing estimated open market value determined annually by independent qualified valuers who have recent experience in the location and category of the investment property being valued. The market value of commercial properties are calculated on the discounted net rental income allowing for reversionary potential. The market value of residential properties are arrived at by reference to market evidence of transaction prices for similar properties. Changes in fair value are recognised in profit and loss.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group enters into contracts with lease components as a lessor on its investment properties. These leases are operating leases as they do not transfer the risk and rewards incidental to the underlying investment properties. The Group recognises the lease payments received under these operating leases on a straight line basis over the lease term as part of revenue in the profit and loss.

Properties for sale

Properties for sale, which comprise land and buildings held for resale, are stated at the lower of cost and net realisable value. The cost of properties for sale comprises land cost, and construction and other development costs.

Debtors

Debtors are recognised initially at the amount of consideration that is unconditional and measured subsequently at amortised cost using the effective interest method. A contract asset arises if the Group has a right to consideration in exchange for goods or services the Group has transferred to a customer, that is conditional on something other than the passage of time. All other debtors, excluding derivative financial instruments, are measured at amortised cost except where the effect of discounting would be immaterial. For trade debtors and contract assets, the Group applied the simplified approach as permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the debtors. Provision for impairment is established by considering potential financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in arriving at operating profit. When a debtor is uncollectible, it is written off against the allowance account. Subsequent recoveries of amount previously written off are credited to profit and loss.

Debtors with maturities greater than twelve months after the balance sheet date are classified under non-current assets.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise deposits with banks and financial institutions, and bank and cash balances, net of bank overdrafts. In the balance sheet, bank overdrafts are included in current borrowings.

Assets held for sale

Assets are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amounts are expected to be recovered principally through a sale transaction rather than through continuing use. Once classified as held for sale, assets are no longer amortised or depreciated.

Provisions

Provisions are recognised when the Group has present legal or constructive obligations as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount of the obligations can be made.

Notes to the Financial Statements

30 Material accounting policies continued

Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective interest method.

Borrowing costs relating to major development projects are capitalised until the asset is substantially completed. Capitalised borrowing costs are included as part of the cost of the asset. All other borrowing costs are expensed as incurred.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Current and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or direct in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in Hong Kong where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Provision for deferred tax is made on the revaluation of certain non-current assets and, in relation to acquisitions, on the difference between the fair value of the net assets acquired and their tax base. Deferred tax is provided on temporary differences associated with investments in subsidiaries and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Derivative financial instruments

The Group only enters into derivative financial instruments in order to hedge underlying exposures and not as speculative investments. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss is dependent on the nature of the item being hedged. The Group designates certain derivatives as a hedge of the fair value of a recognised asset or liability (fair value hedge), or a hedge of a forecast transaction or of the foreign currency risk on a firm commitment (cash flow hedge), or a hedge of a net investment in a foreign entity.

At inception of the hedge relationship, 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.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective, are recognised in profit and loss, along with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit and loss within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in profit and loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, the cumulative adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit and loss over the residual period to maturity.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective, are recognised in other comprehensive income and accumulated in equity under hedging reserves. Changes in the fair value relating to the ineffective portion is recognised immediately in profit and loss. Where the hedged item results in the recognition of a non-financial asset or of a non-financial liability, the deferred gains and losses are included in the initial measurement of the cost of the asset or liability. The deferred amounts are ultimately recognised in profit and loss as the hedged item affects profit and loss. Otherwise, amounts deferred in hedging reserves are transferred to profit and loss in the same periods during which the hedged firm commitment or forecast transaction affects profit and loss. The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit and loss within finance cost at the same time as the interest expense on the hedged borrowings. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in hedging reserves at that time remains in the hedging reserves and is recognised when the committed or forecast transaction ultimately is recognised in profit and loss. When a committed or forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in hedging reserves is immediately transferred to profit and loss.

Notes to the Financial Statements

30 Material accounting policies continued

Derivative financial instruments continued

Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting under the specific rules in HKFRS 9. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under HKFRS 9 are recognised immediately in profit and loss.

Hedges of net investments in foreign entities are accounted for on a similar basis to that used for cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in exchange reserves; the gain or loss relating to the ineffective portion is recognised immediately in profit and loss.

The fair value of derivatives which are designated and qualify as effective hedges are classified as non-current assets or liabilities if the remaining maturities of the hedged assets or liabilities are greater than 12 months after the balance sheet date.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Dividends

Dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date.

Revenue recognition

i) *Properties for sale*

Revenue from properties for sale is recognised when or as the control of the property is transferred to the customer. Revenue consists of the fair value of the consideration received and receivable, net of value added tax, rebates and discounts. Proceeds received in advance for pre-sale are recorded as contract liabilities. Depending on the terms of the contract and the laws that apply to the contract, control of the property may transfer over time or at a point in time.

If control of the property transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the property.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

For properties for sale under development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

ii) *Investment properties*

Rental income from investment properties are accounted for on an accruals basis over the lease term.

iii) *Service income*

Revenue from property management service and hospitality service are recognised when services are performed provided that the amount can be measured reliably.

31 Standards and amendments issued but not yet effective

A number of new standard and amendments effective for accounting periods beginning after 2025 have been published and will be adopted by the Group from their effective dates. The Group is currently assessing the potential impact of these standard and amendments but expects their adoption will not have a significant impact on the Group's consolidated financial statements. The more important standard and amendments that are relevant to the Group are set out below.

Notes to the Financial Statements

31 Standards and amendments issued but not yet effective continued

Amendments to the Classification and Measurement of Financial Instruments – Amendments to HKFRS 9 and HKFRS 7 (effective from 1 January 2026)

These amendments clarify (i) the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; (ii) further guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion; (iii) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and (iv) update the disclosures for equity instruments designated at fair value through other comprehensive income. The Group is assessing the impact on the Group's consolidated financial statements.

HKFRS 18 'Presentation and Disclosure in Financial Statements' (effective from 1 January 2027)

The standard requires new presentation and disclosure in financial statements, which replaces HKAS 1, with a focus on updates to the statement of profit and loss. The key new concepts introduced in HKFRS 18 relate to (i) the structure of the statement of profit and loss with defined subtotals; (ii) requirement to determine the most useful structure summary for presenting expenses in the statement of profit and loss; (iii) required disclosures in a single note within the financial statements for certain profit and loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and (iv) enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. The Group is assessing the changes on presentation and disclosure required in the Group's consolidated financial statements.

32 Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Group's treasury function co-ordinates, under the directions of the board of Hongkong Land Limited, a fellow subsidiary, financial risk management policies and their implementation on a group-wide basis. The Group's treasury policies are designed to manage the financial impact of fluctuations in interest rates and foreign exchange rates and to minimise the Group's financial risks. The Group uses derivative financial instruments, principally interest rate swaps, cross-currency swaps and forward foreign exchange contracts as appropriate for hedging transactions and managing the Group's assets and liabilities in accordance with the Group's financial risk management policies. Financial derivative contracts are executed between third party banks and the Group entity that is directly exposed to the risk being hedged. Hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. The effective portion of the change in the fair value of the hedging instrument is deferred into the cash flow hedge reserve through other comprehensive income and will be recognised in profit and loss when the hedged item affects profit and loss. The ineffective portion will be recognised in the profit and loss immediately. In general, the volatility in profit or loss can be reduced by applying hedge accounting.

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.

For hedges of foreign currency purchases, 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 assesses whether the derivative designated in each hedging relationship has been and expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

Ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated for hedges of foreign currency purchases, or if there are changes in the credit risk of the Group or the derivative counterparty.

i) Market risk

Foreign exchange risk

Entities within the Group are exposed to foreign exchange risk from future commercial transactions and net monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency.

Entities in the Group use cross-currency swaps in a consistent manner to hedge firm and anticipated foreign exchange commitments and manage their foreign exchange risk arising from future commercial transactions. Group entities are required to manage their foreign exchange risk against their functional currency. Foreign currency borrowings are swapped into the entity's functional currency using cross-currency swaps except where the foreign currency borrowings are repaid with cash flows generated in the same foreign currency. The purpose of these hedges is to mitigate the impact of movements in foreign exchange rates on assets and liabilities and the profit and loss account of the Group.

Currency risks as defined by HKFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency. At 31st December 2025, there are no significant monetary balances held by group companies that are denominated in a non-functional currency other than the United States dollar borrowings hedged by cross-currency swap contracts with contract amounts of HK\$11,666 million (2024: HK\$16,326 million). Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

Notes to the Financial Statements

32 Financial risk management continued

Financial risk factors continued

i) Market risk continued

Foreign exchange risk continued

Since the Group manages the interdependencies between foreign exchange risk and interest rate risk of foreign currency borrowings using cross-currency swaps, the sensitivity analysis on financial impacts arising from cross-currency swaps is included in the sensitivity assessment on interest rates under the interest rate risk section.

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities, and partly through fixed rate borrowings and the use of derivative financial instruments such as interest rate swaps. The Group monitors interest rate exposure on a monthly basis by currency and business unit, taking into consideration proposed financing and hedging arrangements. At 31st December 2025, the Group's interest rate hedge was 73% (2024: 87%) with an average tenor of five years (2024: five years). The interest rate profile of the Group's borrowings after taking into account hedging transactions are set out in Note 18.

Cash flow interest rate risk is the risk that changes in market interest rates will impact cash flows arising from variable rate financial instruments. Borrowings at floating rates therefore expose the Group to cash flow interest rate risk. The Group manages this risk by entering into interest rate swaps for a maturity of generally up to five years. Interest rate swaps have the economic effect of converting borrowings from floating rate to fixed rate.

Fair value interest rate risk is the risk that the value of a financial asset or liability and derivative financial instrument will fluctuate because of changes in market interest rates. The Group manages its fair value interest rate risk by entering into interest rate swaps which have the economic effect of converting borrowings from fixed rate to floating rate, to maintain the Group's fixed rate instruments to within the Group's guideline.

At 31st December 2025, if interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's profit after tax would have been decreased/increased by HK\$60 million (2024: HK\$17 million) and hedging reserve would have been increased/decreased by HK\$542 million (2024: HK\$626 million), as a result of fair value changes to cash flow hedges. The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group, specifically the United States and Hong Kong rates, over the period until the next annual balance sheet date. In the case of effective fair value hedges, changes in fair value of the hedged item caused by interest rate movements balance out in profit and loss account against changes in the fair value of the hedging instruments. Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments, the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks. As a consequence, they are included in the calculation of profit after tax sensitivities. Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge to hedge payment fluctuations resulting from interest rate movements affect the hedging reserves and are therefore taken into consideration in the equity-related sensitivity calculations.

ii) Credit risk

The Group's credit risk is primarily attributable to deposits with banks, credit exposures to customers, inter-group balances and derivative financial instruments with a positive fair value. The Group has credit policies in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group manages its deposits with banks and financial institutions and transactions involving derivative financial instruments by monitoring credit ratings and capital adequacy ratios of counterparties, and limiting the aggregate risk to any individual counterparty. The utilisation of credit limits is regularly monitored. Similarly transactions involving derivative financial instruments are with banks with sound credit ratings and capital adequacy ratios.

In respect of credit exposures to customers, the Group has policies in place to ensure that investment properties are leased principally to corporate companies with appropriate credit history, and rental deposits in the form of cash or bank guarantee are usually received from tenants. The Group receives progress payments from sales of residential properties to individual customers prior to the completion of transactions. In the event of default by customers, the Group undertakes legal proceedings to recover the property. Amounts due from joint ventures and inter-group balances are generally supported by the underlying assets.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance.

Notes to the Financial Statements

32 Financial risk management continued

Financial risk factors continued

iii) Liquidity risk

Prudent liquidity risk management includes managing the profile of debt maturities and funding sources, maintaining sufficient cash, and ensuring the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Group's ability to fund its existing and prospective debt requirements is managed by maintaining diversified funding sources with adequate committed funding lines from high quality lenders, and by monitoring rolling short-term forecasts of the Group's cash and gross debt on the basis of expected cash flows. Such forecasting takes into consideration the Group's debt financing plans, available undrawn committed revolving credit loan facilities, net current liabilities position, covenant compliance, applicable external regulatory or legal requirements. In addition long-term cash flows are projected to assist with the Group's long-term debt financing plans.

At 31st December 2025, total committed and uncommitted borrowing facilities amounted to HK\$38,970 million (2024: HK\$46,568 million) of which HK\$35,917 million (2024: HK\$35,773 million) was drawn down. Undrawn committed revolving credit loan facilities, totalled HK\$2,674 million (2024: HK\$10,417 million) and those for uncommitted amounted to HK\$379 million (2024: HK\$378 million).

The following table analyses the Group's non-derivative financial liabilities, including borrowings, trade and other creditors, tenants' deposits, lease liabilities and gross-settled financial instruments into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Repayable on demand HK\$m	Within one year HK\$m	Between one and two years HK\$m	Between two and three years HK\$m	Between three and four years HK\$m	Between four and five years HK\$m	Beyond five years HK\$m	Total undiscounted cash flows HK\$m
2025								
Borrowings	-	3,024	6,467	8,138	4,062	5,995	13,963	41,649
Creditors	-	2,850	323	257	94	228	239	3,991
Inter-group balances	842	-	-	-	-	-	-	842
Gross settled derivative financial instruments	-	385	385	385	385	4,976	7,467	13,983
- inflow	-	(390)	(390)	(390)	(390)	(4,955)	(7,460)	(13,975)
- outflow	-	(390)	(390)	(390)	(390)	(4,955)	(7,460)	(13,975)
2024								
Borrowings	-	6,267	3,767	5,148	5,030	2,207	19,930	42,349
Creditors	-	1,932	290	259	152	60	308	3,001
Inter-group balances	1,432	-	-	-	-	-	-	1,432
Gross settled derivative financial instruments	-	5,206	384	384	384	384	12,412	19,154
- inflow	-	(5,197)	(390)	(390)	(390)	(390)	(12,415)	(19,172)
- outflow	-	(5,197)	(390)	(390)	(390)	(390)	(12,415)	(19,172)

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern whilst seeking to maximise benefits to shareholders and other stakeholders. Capital is equity as shown in the consolidated balance sheet plus net debt.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, purchase Group shares, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group does not have a defined dividend policy or share repurchase plan.

The Group monitors capital on the basis of the Group's consolidated gearing ratio and consolidated interest cover. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less bank balances. Interest cover is calculated as operating profit excluding change in fair value of investment properties and the Group's share of operating profit of joint ventures divided by net financing charges including the Group's share of net financing charges within joint ventures. The Group does not have a defined gearing or interest cover benchmark or range.

The ratios at 31st December 2025 and 2024 are as follows:

	2025	2024
Gearing ratio (%)	21	22
Interest cover (times)	5	5

Notes to the Financial Statements

32 Financial risk management continued

Fair value estimation

i) Financial instruments that are measured at fair value

Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly ('observable current market transactions')

The fair values of derivative financial instruments are determined using rates quoted by the Group's bankers at the balance sheet date. The rates for interest rate swaps and cross-currency swaps are calculated by reference to market interest rates and foreign exchange rates.

The table below analyses financial instruments carried at fair value and measured using observable current market transactions.

	2025 HK\$m	2024 HK\$m
Assets		
Derivatives designated at fair value		
- through other comprehensive income	-	1
- through profit and loss	-	-
	<u>-</u>	<u>1</u>
Liabilities		
Derivatives designated at fair value		
- through other comprehensive income	(569)	(511)
- through profit and loss	-	-
	<u>(569)</u>	<u>(511)</u>

ii) Financial instruments that are not measured at fair value

The fair values of current debtors, bank balances, current creditors, current borrowings, amounts due from/to subsidiaries and inter-group balances are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

The fair values of long-term borrowings are based on market prices or are estimated using the expected future payments discounted at market interest rates.

Financial instruments by category

The fair values of financial assets and financial liabilities, together with carrying amounts as at 31st December 2025 and 2024 are as follows:

	Financial assets at amortised cost HK\$m	Derivatives used for hedging HK\$m	Other financial liabilities at amortised cost HK\$m	Total carrying amount HK\$m	Fair value HK\$m
2025					
Amounts due from joint ventures	1,212	-	-	1,212	1,212
Debtors	205	-	-	205	205
Inter-group balances	14,980	-	-	14,980	14,980
Bank balances	938	-	-	938	938
	<u>17,335</u>	<u>-</u>	<u>-</u>	<u>17,335</u>	<u>17,335</u>
Borrowings	-	-	(35,916)	(35,916)	(35,292)
Creditors	-	(569)	(3,991)	(4,560)	(4,560)
Inter-group balances	-	-	(842)	(842)	(842)
	<u>-</u>	<u>(569)</u>	<u>(40,749)</u>	<u>(41,318)</u>	<u>(40,694)</u>
2024					
Amounts due from joint ventures	1,206	-	-	1,206	1,206
Debtors	173	1	-	174	174
Inter-group balances	15,598	-	-	15,598	15,598
Bank balances	529	-	-	529	529
	<u>17,506</u>	<u>1</u>	<u>-</u>	<u>17,507</u>	<u>17,507</u>
Borrowings	-	-	(35,773)	(35,773)	(34,037)
Creditors	-	(511)	(3,001)	(3,512)	(3,512)
Inter-group balances	-	-	(1,432)	(1,432)	(1,432)
	<u>-</u>	<u>(511)</u>	<u>(40,206)</u>	<u>(40,717)</u>	<u>(38,981)</u>

Notes to the Financial Statements

33 Critical accounting estimates and judgements

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable according to circumstances and conditions available. The existing and potential impacts arising from climate change have been considered when applying estimates and assumptions in the preparation of the financial statements, including the Group's assessment of impairment of assets and the independent valuers' valuation of the Group's investment properties.

The estimates and assumptions that have a significant effect on the reported amounts of assets and liabilities, income and expenses are discussed below.

Investment properties

The fair values of investment properties are determined by independent valuers on an open market for existing use basis calculated on the discounted net income allowing for reversionary potential. Capitalisation rates in the range of 2.90% to 3.50% for office (2024: 2.90% to 3.50%) and 4.25% to 5.00% for retail (2024: 4.25% to 5.00%) are used in the fair value determination.

Considerations have been given to assumptions that are mainly based on market conditions existing at the balance sheet date and appropriate capitalisation rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

The independent valuers have considered climate change, sustainability, resilience and environmental, social and governance ("ESG") within their valuations. Properties held by the Group are considered to currently display ESG characteristics that would be expected in the market, and therefore there were no direct and tangible pricing adjustments required to the valuation of investment properties. The Group will monitor these considerations for each reporting period.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE HONGKONG LAND COMPANY, LIMITED

香港置地有限公司

(incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The consolidated financial statements of The Hongkong Land Company, Limited 香港置地有限公司 (the "Company") and its subsidiaries (the "Group"), which are set out on pages 3 to 35, comprise:

- the consolidated balance sheet at 31st December 2025;
- the consolidated profit and loss account 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 cash flow statement 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 31st December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) 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”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the directors’ report and Major Property Portfolio, but does not include 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 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.

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.

- 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 directors 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.

The engagement partner on the audit resulting in this independent auditor's report is Ng Ka Ho (practising certificate number: P05152).


PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 13 March 2026

Major Property Portfolio

At 31st December 2025

Commercial Investment Property

	Attributable	Location	Lettable area (100%)		
	interests		Total	Office	Retail
	%		(in thousands of square metres)		
Alexandra House	100	Hong Kong	34	30	4
Chater House	100	Hong Kong	43	39	4
Exchange Square	100		134		
One Exchange Square	100	Hong Kong		49	-
Two Exchange Square	100	Hong Kong		47	-
Three Exchange Square	100	Hong Kong		30	-
Podium	100	Hong Kong		-	4
The Forum	100	Hong Kong		4	-
Jardine House	100	Hong Kong	63	59	4
Gloucester Tower	100	Hong Kong	41	40	1
Landmark Atrium	100	Hong Kong	15	-	15
Edinburgh Tower	100	Hong Kong	45	32	13
York House	100	Hong Kong	10	10	-
Prince's Building	100	Hong Kong	45	35	10