



新世界發展有限公司

New World Development Company Limited

(incorporated in Hong Kong with limited liability)

(Hong Kong Stock Code: 0017)

Annual Results Announcement 2025/2026

Results Highlights:

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

Contracted Sales:

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

Capital Expenditure and Treasury Management:

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

Business Review

During the year under review, the Group recorded consolidated revenues of HK\$19,992 million, a decrease of 28% year-on-year, net profit from recurring operation of HK\$2,228 million, a turnaround from last year and core operating profit of HK\$7,702 million (as refer to note in page 17 to this announcement), an increase of 28% year-on-year.

Hong Kong Property Development, Property Investment and Others

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

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

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

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

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

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

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

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

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

Pavilia Rosa is a scarce low density residential development located in one of Kowloon's most established upscale neighbourhoods. Drawing on the area's rich heritage, it caters to affluent families and benefits from a prestigious school network. Since its launch in May 2026, Pavilia Rosa has attracted strong market interest and recorded the highest single day tender sales value among new residential projects launched in Hong Kong in 2026 to date. A deluxe four-bedroom unit sold for HK\$91.4 million, equivalent to HK\$56,866 per square foot. As of 30 June 2026, the project achieved gross contracted sales of approximately HK\$2.7 billion. As of 25 September 2026, the project has sold 67 units, with gross contracted sales of approximately HK\$2.8 billion.

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

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

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

Complementing the premium positioning of the PAVILIA COLLECTION, the BOHEMIAN COLLECTION targets urban professionals and young homebuyers seeking contemporary homes in prime urban neighbourhoods. With convenient access to transportation networks, commercial centres and lifestyle amenities, its projects broaden the Group's appeal across different segments of the residential market.

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

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

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

Besides the residential development portfolio, the Group's office development projects also made steady progress during the year under review. Situated in one of Kowloon West's emerging commercial districts, 83 Wing Hong Street offers 28 storeys of office space with a total gross floor area of approximately 440,000 square feet. It is one of the few brand-new Grade-A office buildings available for sale in the district. The project featured over 8,600 square feet of retail space and approximately 20,000 square feet of twin terraced gardens. It has also received multiple architectural awards and green building certifications. To date, more than 75 units have been sold, representing around 80% of total units launched.

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

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

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

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

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

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

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

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

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

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

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

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

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

The Group's office portfolio during the year under review continued to demonstrate strong operating performance, reinforcing its position as a leading premium office portfolio in Hong Kong. As at 30 June 2026, K11 ATELIER Victoria Dockside and K11 ATELIER King's Road recorded occupancy rates of 99% and 95%, respectively, outperforming market averages. According to data published by Cushman and Wakefield, the average office vacancy rates in Tsim Sha Tsui and Island East for the second quarter of 2026 were 22.1% and 16.7%, respectively.

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

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

Hong Kong Landbank

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

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

As a new engine for Hong Kong's future development, the Northern Metropolis is expected to inject new economic vitality into the city. Upon full development, the Northern Metropolis is expected to provide over 500,000 residential units, accommodate approximately 2.5 million residents and create about 650,000 jobs. On 16 September 2026, the Hong Kong Government published its First Five-Year Plan for Economic and Social Development, which reaffirmed the Northern Metropolis's role in driving economic growth, advancing innovation and technology, and strengthening Hong Kong's integration with the Greater Bay Area. The commissioning of the Fanling Bypass Eastern Section in May 2026 also marked the completion of the first major transport infrastructure project in the Northern Metropolis, enhancing the area's road network and connectivity.

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

The Group continued to advance its agricultural land reserve projects during the year under review. Construction of the Ma Sik Road project, the Group's first Northern Metropolis development jointly developed with China Merchants Shekou Industrial Zone Holdings, has proceeded according to plan since works commenced in March 2025. The Group also made further progress on the Phase 1 of the Yuen Long South project, its second residential project in the Northern Metropolis, developed in collaboration with China Resources Land (Overseas) Limited. Notably, Phase 2 of the Yuen Long South project secured a planning approval in June 2026, with completion currently scheduled for 2030. Further details on these two projects will be discussed in the outlook section. Separately, the rezoning of the Wing Ning Tsuen site to residential use was approved in May 2026.

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

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

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

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

Landbank by District for Property Development

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

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

Agricultural Landbank by District

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

Agricultural Land Reserve Conversion Status

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

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

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

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

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

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

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

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

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

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

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

Chinese Mainland Property Development, Property Investment and Others

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

During the year under review, the Group adhered to its long-term development strategy amid the ongoing reshaping of the market landscape, closely aligning with national policy priorities of promoting high-quality development and the delivery of "good homes". Leveraging its forward-looking land bank strategy, premium housing quality and disciplined execution capabilities, the Group achieved solid sales performance across several of the Group's residential projects in the Chinese Mainland. Guangzhou Central Park-view, a benchmark luxury property project in Guangzhou, achieved transaction prices of up to approximately RMB200,000 per sq m during the year under review, maintaining a leading position in the premium residential market in the Chinese Mainland. THE SILLAGE also maintained a leading position in Guangzhou's urban core upgraders' residential market during the year under review. In Shenzhen, New World 188, the Group's first urban renewal project in the city, represents a key milestone for the Group's participation in Shenzhen's urban renewal and high-quality urban development. New World 188 is well aligned with the national development agenda of advancing urban renewal initiatives, enhancing urban functionality and improving residents' quality of life. Well Spring, the first phase residential component in New World 188, was launched in April and received positive market of the response, recording over 100 units sold at launch and subsequently ranking first in Longgang District by number of transacted units in June. In the northern market, PARKSVILLE in Shenyang continued to lead the market, ranking first in terms of sales value in the private residential market within its respective districts in November 2025, and topping Shenyang's commodity housing market based by sales value in May 2026.

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

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

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

Contracted Sales by Region

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

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

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

FY2026 Project Completion in the Chinese Mainland – Property Development

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

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

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

FY2027 Project Completion Plan in the Chinese Mainland – Property Development

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

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

The transformation of consumption patterns has continued, with consumer demand shifting from the mere purchase of goods towards the pursuit of quality of life, social experiences, cultural engagement and emotional connection. The focus of competition in the commercial property sector has evolved beyond traditional leasing and retail offerings to encompass content curation, community engagement, experiential placemaking, and brand co-creation. In response to these market trends, the Group has continued to place K11's "Cultural Retail" model at the core of its strategy, integrating art, culture, nature and community elements to deliver differentiated commercial experiences, thereby enhancing the appeal of its projects and their long-term asset value.

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

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

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

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

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

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

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

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

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

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

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

Chinese Mainland Landbank

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

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

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

Hotel

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

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

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

The Southeast Asia hotel market demonstrated resilient growth during the year under review despite heightened geopolitical uncertainty. Vietnam remained one of the strongest performing markets in the region, benefiting from robust growth in international arrivals and tourism spending. In particular, Ho Chi Minh City achieved exceptional growth, receiving 6.4 million international visitors during the same period, representing nearly 50% year-on-year growth. This strong performance was supported by the expansion of visa exemption programmes for selected European countries, together with enhanced connectivity from key source markets. The Group's hotels in Vietnam delivered solid operating performances, supported by increases in both ADR and occupancy. Vietnam recorded one of its strongest tourism years on record. In Thailand, Phuket remained a preferred destination for luxury travellers. Leveraging its strong market positioning, Rosewood Phuket successfully captured affluent leisure demand, with occupancy increasing by 10% in the reporting period compared with the same period last year. Overall, the Group's Southeast Asia hotel portfolio remained a key growth driver during the year under review, benefiting from robust tourism demand, favourable industry trends and the strong market positioning of its hotel assets across the region.

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

Outlook

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

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

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

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

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

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

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

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

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

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

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

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

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

In addition, under Hong Kong's first Five-Year Plan, the Hong Kong government will develop three university towns within the Northern Metropolis, namely the San Tin University Town, the Hung Shui Kiu University Town and the Ta Kwu Ling University Town. By integrating approximately 300 hectares of education facilities across three university towns with adjoining strategic industry area, conservation areas, sports and cultural facilities and surrounding communities, the Government aims to foster an integrated ecosystem for education, research, industry and community development. Under this broader planning approach, the overall planned area will exceed 1,000 hectares, representing more than three times the area designated for education facilities. The Group's projects, such as Tong Yan San Tsuen, Wing Kei Tsuen and Ngau Tam Mei, are strategically located near the university towns and are well positioned to benefit from the development of a vibrant ecosystem comprising campuses, innovation and technology industries, talent clusters and supporting communities.

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

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

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

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

Another urban renewal project, The Bay Pavilia, located in the core innovation and technology hub of Shenzhen Bay in Nanshan District, is also progressing as planned, with a market launch expected in FY2027. This project will be the Group's first PAVILIA COLLECTION project in the Chinese Mainland. It has a total planned GFA of approximately 149,000 sq m, of which more than 48,000 sq m comprise the saleable residential component, "Bay Pavilia". Positioned as a premium residential development, the project adopts a two-lift-two-unit design, with all units enjoying approximately 270-degree panoramic views. It will also be complemented by large-scale commercial and public facilities designed to attract technology innovation talent from the region. As the district gradually develops into a key transport hub in Shenzhen, several rail transit lines will converge in the district, further enhancing the area's accessibility and development potential and bringing long-term value to the project.

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

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

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

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

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

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

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

In terms of property investments in the Chinese Mainland, the Group will continue to advance key investment property projects in core cities, further expanding K11's footprint in cultural retail and high-end commercial sectors across the Chinese Mainland. K11 ELYSEA, located in the heart of Middle Huaihai Road in Shanghai, is progressing in an orderly manner. Guided by a vision that integrates art, culture, nature, luxury and office spaces, the project aims to create a "vertical creative city", offering commercial and office experiences through innovative and inspiring work and living environments. It also thoughtfully complements the natural landscape of Huaihai Park, featuring nearly 30,000 sq m of diversified lifestyle offerings and open social spaces. The office component of the project, K11 ATELIER Huaihai, represents a new premium commercial landmark in Shanghai's core business district. K11 ATELIER Huaihai has won multiple architectural awards and green building certifications, including the Silver Award at the BETTER FUTURE World Design Awards 2026, and has attracted strong interest from tenants in the professional services sectors, including legal, financial and consultancy firms. At present, K11 ATELIER Huaihai has been completed, and arrangements are being made for tenants to move in on a phased basis to carry out interior fit-out works. With a pre-leasing rate of approximately 70%, the project is expected to commence phased operations from the fourth quarter of 2026. The retail component is planned to open progressively from December 2027 onwards.

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

Regarding the hotel sector, the Group's Hong Kong hotel portfolio is expected to maintain steady growth in the near term, supported by the continuing recovery of the tourism industry and a strong calendar of events, exhibitions, conferences and entertainment activities. Visitor arrivals from the Chinese Mainland and short-haul regional markets are expected to remain the primary growth drivers. Leveraging its strong presence in the luxury and upscale hospitality segments, the Group will continue to enhance operational efficiency and optimise its offerings to capture quality demand and deliver resilient performance in an evolving and competitive market.

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

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

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

Note - Reconciliation of loss for the year to net profit/(loss) from recurring operations and core operating profit as follows:

	2026 HK\$m	2025 HK\$m
Loss for the year	(26,818.3)	(16,356.6)
Changes in fair value of investment properties, include		
share of results of joint ventures and associated companies	1,332.2	406.9
Impairment loss on properties held for sale, properties for/under development,		
include share of results of joint ventures and associated companies	7,978.8	8,502.0
Impairment loss on property, plant and equipment, right-of-use assets and		
interest in associated companies	663.8	277.2
Net impairment losses and provisions relating to 11 SKIES project	18,321.5	2,700.0
Impairment loss on goodwill, include share of results of joint ventures	540.5	538.3
Loss on disposal of investments and investments		
through disposal of subsidiaries and joint ventures	25.0	1,219.4
Loss on disposal of long-term loan receivables and		
provision of receivables shared in investments in joint ventures	-	1,347.5
Loss on assets disposal and remeasurement of the disposal group	423.1	144.9
Write back of loss allowance on properties held for sale		
and property, plant and equipment, include share of results of joint ventures	(239.0)	(4.6)
Net profit/(loss) from recurring operations	2,227.6	(1,225.0)
Taxation	1,262.9	2,521.2
Financing income	(498.3)	(700.2)
Financing costs	4,710.1	5,420.5
Core operating profit	7,702.3	6,016.5

LIQUIDITY AND CAPITAL RESOURCES

Total debt

As at 30 June 2026, the Group's consolidated debt has decreased to HK\$143,267.5 million (2025: HK\$145,970.1 million).

Net Debt

As at 30 June 2026, the Group's consolidated net debt amounted of HK\$126,307.1 million (2025: HK\$120,113.3 million).

The Group's debts were primarily denominated in Hong Kong dollar, United States Dollar and Renminbi. In respect of the Group's operations in the Chinese Mainland, the Group maintains an appropriate level of external borrowings in Renminbi for natural hedging. The Renminbi currency exposure of the Group is mainly derived from the translation of non-current assets and liabilities of the subsidiaries, associated companies and joint ventures in the Chinese Mainland with functional currency of Renminbi and the Renminbi deposits held for future development costs to Hong Kong Dollar. As at 30 June 2026, the translation of non-current assets and liabilities of subsidiaries, associated companies and joint ventures with functional currency other than Hong Kong Dollar to Hong Kong Dollar by using exchange rates at that day resulted a gain of HK\$5,818.3 million is recognised in equity. Apart from this, the Group does not have any material foreign exchange exposure.

The Group's borrowings were arranged on both floating rate and fixed rate basis. The financing costs had decreased to HK\$4,710.1 million (2025: HK\$5,420.5 million). The Group used interest rate swaps, cross currency swaps and foreign exchange forward contracts to hedge part of the Group's underlying interest rate and foreign exchange exposure. As at 30 June 2026, the Group had outstanding cross currency swaps in the amounts of approximately HK\$22,269.8 million, and had outstanding interest rate swaps in the amounts of HK\$18,200.0 million.

In June 2025, the Group (a) refinanced certain of its existing offshore unsecured financial indebtedness, including bank loans, through a new refinancing term loan facility (the "New Bank Facility") entered into by the Company, the relevant Group entities and the relevant bank creditors; and (b) aligned its other existing offshore unsecured bank loans with the terms of the New Bank Facility (the "Aligned Bank Facilities"). The New Bank Facility and Aligned Bank Facilities together cover approximately HK\$88.2 billion of the Group's existing unsecured offshore financial indebtedness. The New Bank Facility consists of multiple tranches of bank loans with different maturities, with the earliest maturity date being 30 June 2028.

On 3 November 2025, CS Treasury Management Services (P) Limited ("PerpCo") and CS Treasury Management Services (B) Limited ("BondCo") (both PerpCo and BondCo are wholly-owned subsidiaries of the Company) offered to exchange the existing perpetual securities (the "Existing Perpetual Securities") and certain existing notes as listed below (the "Existing Notes", and together with the Existing Perpetual Securities, the "Existing Instruments") validly tendered for the relevant exchange consideration.

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

- (a) US\$2,293.0 million (equivalent to approximately HK\$17,885.0 million) in aggregate principal amount of Existing Perpetual Securities and US\$236.0 million (equivalent to approximately HK\$1,840.6 million) in aggregate principal amount of Existing Notes were exchanged and cancelled pursuant to the exchange offers; and
- (b) PerpCo and BondCo issued US\$1,175.5 million (equivalent to approximately HK\$9,169.3 million) and US\$186.6 million (equivalent to approximately HK\$1,455.2 million) in aggregate principal amount of new 9.000% senior perpetual capital securities denominated in US dollar (the "New Perpetual Securities") and new 7.000% senior secured notes due 2031 denominated in US dollar (the "New Notes", and together with the New Perpetual Securities, the "New Instruments") respectively pursuant to the exchange offers.

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

Details in relation to the exchanged principal amount and remaining outstanding principal amount of each series of Existing Perpetual Securities and Existing Notes as at 30 June 2026 are set out on pages 37 to 39.

As at 30 June 2026, the Group's cash and bank balances (including restricted bank balances) decreased to HK\$16,960.4 million (30 June 2025: HK\$25,856.8 million) and the consolidated net debt amounted to HK\$126,307.1 million (30 June 2025: HK\$120,113.3 million). The net debt to equity ratio was 68.3%; an increase of 10.2% as compared to 30 June 2025.

During the year under review, the Group's net debt amounted to HK\$126.3 billion, representing a year-on-year increase of HK\$6.2 billion. This increase was mainly driven by the following three factors.

Although a sizable portion of buyers of the Group's development properties opted for cash-payment, the remaining balance, net of initial deposit, are typically collected after a period of 120 to 180 days. Approximately HK\$2.4 billion in cash inflows are expected from Pavilia Farm and Pavilia Rosa.

In addition, a significant portion of the Group's contracted sales in FY2026 were derived from joint venture projects, including Deep Water Pavilia, The Pavilia Forest, The Knightsbridge, Double Coast and The Legacy. Cash generated from these joint venture projects would not be consolidated at the Group level until distributions to the Group were made.

Furthermore, during the year under review, construction of several joint venture projects had been completed, and the respective construction loans fell due. The joint venture partners, including the Group, were required to settle the remaining outstanding loan balances. During the year under review, financial guarantee attributable to the Group had decreased by HK\$4.8 billion. The remaining HK\$0.7 billion is expected to be fully repaid by cash proceeds from future sales of the respective projects.

Expected cash proceeds from assets disposal including spin off and separate listing of the REIT of RMB3.2 billion (equivalent to approximately HK\$3.7 billion); Hangzhou Wangjiang New Town Project and disposal of Ningbo Tower office building.

The Group's debt position is expected to improve upon collection of proceeds from assets disposal.

As at 30 June 2026, the Group's long-term bank loans, other loans and fixed rate bonds and notes payable amounted to HK\$143,159.4 million (30 June 2025: HK\$145,886.9 million). Short-term bank loans and other loans as at 30 June 2026 were HK\$108.1 million (30 June 2025: HK\$83.2 million). The maturity of bank loans, other loans and fixed rate bonds and notes payable as at 30 June 2026 and 2025 was as follows:

	As at 30 June 2026 HK\$m	As at 30 June 2025 HK\$m
Within first year	23,237.2	6,569.8
In the second year	41,751.4	22,447.8
In the third year	41,601.3	40,296.7
In the fourth year	22,606.3	42,085.0
In the fifth year	4,989.7	22,693.0
After the fifth year	9,081.6	11,877.8
	143,267.5	145,970.1

Equity of the Group as at 30 June 2026 decreased to HK\$184,816.4 million against HK\$206,736.9 million as at 30 June 2025.

On 25 September 2025, a facility agreement (the “Facility Agreement”) was entered into by, among others, certain members of the Group (as borrower and/or obligor) and Deutsche Bank AG (as arranger, original lender and agent). Pursuant to the Facility Agreement, a term loan facility (the “Facility”) of up to HK\$5.9 billion with an initial committed tranche of up to HK\$3.95 billion will be made available to certain group companies of the Group for the Group’s ordinary course financing activities. The Facility is or will be secured by a first ranking mortgage over the property known as “Victoria Dockside” (which comprises five major components, namely “K11 ARTUS”, “K11 ATELIER”, “K11 MUSEA”, Rosewood Hong Kong and certain carparks) and assets that are related to Victoria Dockside. In September 2026, The Group has secured additional term loan facilities tranche which upsized loan facilities from HK\$3,950 million to HK\$4,900.0 million. The Group has been monitoring its on-going compliance with the financial covenant requirements and will continue to actively arrange for sales and pre-sale activities and execute its assets disposal plan.

The Group will respond to market changes and capture demands in order to generate cash inflow and enhance liquidity. The Group will also continue to take active measures to control operating costs and capital expenditure.

EVENTS AFTER REPORTING PERIOD

On 17 September 2026, the Group announced a proposed spin-off and separate listing of a publicly offered commercial real estate investment trust fund (“REIT”) on the Shanghai Stock Exchange (the “SSE”) using Shanghai Hong Kong New World Tower as the underlying asset. Following the submission of the relevant application materials to the regulatory authorities and the subsequent receipt of notice of acceptance for the proposed spin-off on 19 September 2026, the related assets and liabilities were classified as a disposal group held for sale in accordance with Hong Kong Financial Reporting Standard 5 – Non-current Assets Held for Sale and Discontinued Operations as at 30 June 2026. Details of the assets and liabilities are disclosed in Note 10 to this announcement.

RESULTS

The board of directors (the “Board”) of New World Development Company Limited (新世界發展有限公司) (the “Company”) would like to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 30 June 2026 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2026

	Note	2026 HK\$m	2025 HK\$m
Revenues	2	19,992.2	27,680.5
Cost of sales		(10,566.6)	(16,054.7)
Gross profit		9,425.6	11,625.8
Other income		853.8	32.1
Other losses, net	3	(8,177.6)	(10,374.2)
Net impairment losses and provisions relating to 11 SKIES project	3	(18,321.5)	(2,700.0)
Selling and marketing expenses		(1,131.7)	(1,181.5)
Expenses of department store’s operation		(977.5)	(1,032.4)
Administrative and other operating expenses		(2,845.1)	(3,524.6)
Changes in fair value of investment properties		(1,807.8)	(1,128.6)
Operating loss	4	(22,981.8)	(8,283.4)
Financing income		498.3	700.2
Financing costs		(4,710.1)	(5,420.5)
		(27,193.6)	(13,003.7)
Share of results of Joint ventures		224.7	(830.6)
Associated companies		1,413.5	(1.1)
Loss before taxation		(25,555.4)	(13,835.4)
Taxation	5	(1,262.9)	(2,521.2)
Loss for the year		(26,818.3)	(16,356.6)
Attributable to:			
Shareholders of the Company		(28,148.8)	(16,301.5)
Holders of perpetual capital securities		1,987.0	988.3
Non-controlling interests		(656.5)	(1,043.4)
		(26,818.3)	(16,356.6)
Basic and diluted losses per share (HK\$)	7	(7.72)	(6.82)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2026

	2026 HK\$m	2025 HK\$m
Loss for the year	(26,818.3)	(16,356.6)
Other comprehensive (loss)/income		
Items that will not be reclassified to profit or loss		
Net fair value changes on equity instruments as financial assets at fair value through other comprehensive income	(98.1)	(49.9)
Revaluation of investment properties upon reclassification from property, plant and equipment and right-of-use assets, net of taxation	38.9	105.8
Translation differences	304.5	398.2
Items that had been reclassified/may be reclassified subsequently to profit or loss		
Release and reclassification of reserves upon disposal of interests in joint ventures and associated companies	-	85.5
Release and reclassification of reserve upon disposal of subsidiaries	(218.7)	(987.1)
Share of other comprehensive income of joint ventures and associated companies	163.4	37.6
Gain/(loss) on cash flow hedges	366.9	(313.0)
Translation differences	5,350.4	1,308.7
Other comprehensive income for the year	5,907.3	585.8
Total comprehensive loss for the year	(20,911.0)	(15,770.8)
Attributable to:		
Shareholders of the Company	(22,546.0)	(15,982.9)
Holders of perpetual capital securities	1,987.0	988.3
Non-controlling interests	(352.0)	(776.2)
	(20,911.0)	(15,770.8)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Note	2026 HK\$m	2025 HK\$m
ASSETS			
Non-current assets			
Investment properties		198,891.2	204,885.0
Property, plant and equipment		15,486.0	16,034.3
Right-of-use assets		3,394.4	3,898.8
Intangible assets		383.1	791.5
Interests in joint ventures		30,195.2	32,186.1
Interests in associated companies		11,145.3	9,199.5
Financial assets at amortised costs		-	111.9
Financial assets at fair value through profit or loss		3,946.0	4,420.4
Financial assets at fair value through other comprehensive income		488.8	2,331.5
Derivative financial instruments		103.6	-
Properties for development		14,579.3	15,377.5
Deferred tax assets		1,509.3	1,714.5
Other non-current assets	8	8,032.0	22,737.8
		288,154.2	313,688.8
Current assets			
Properties under development		32,532.1	37,328.4
Properties held for sale		30,555.0	28,773.9
Inventories		123.3	153.3
Debtors, prepayments and contract assets	9	12,978.6	12,266.2
Financial assets at fair value through profit or loss		453.6	536.7
Derivative financial instruments		-	106.0
Cash and bank balances - restricted and unrestricted		16,960.4	25,856.8
		93,603.0	105,021.3
Assets of disposal groups held for sale	10	9,939.8	1,554.9
		103,542.8	106,576.2
Total assets		391,697.0	420,265.0
Net current assets		27,996.1	48,930.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Note	2026 HK\$m	2025 HK\$m
EQUITY			
Share capital		78,382.1	78,382.1
Reserves		71,355.6	85,333.7
Shareholders' funds		149,737.7	163,715.8
Perpetual capital securities		27,858.2	35,178.0
Non-controlling interests		7,220.5	7,843.1
Total equity		184,816.4	206,736.9
LIABILITIES			
Non-current liabilities			
Long-term borrowings		124,078.4	143,942.1
Lease liabilities		1,565.1	3,415.1
Deferred tax liabilities		5,368.9	7,766.9
Derivative financial instruments		281.5	666.1
Other non-current liabilities		40.0	91.8
		131,333.9	155,882.0
Current liabilities			
Creditors, accrued charges and contract liabilities	11	37,401.8	40,173.9
Current portion of long-term borrowings		23,856.0	6,520.0
Short-term borrowings		652.8	474.0
Lease liabilities		555.2	655.8
Derivative financial instruments		355.1	67.5
Current tax payable		9,314.1	9,754.9
		72,135.0	57,646.1
Liabilities of disposal groups held for sale	10	3,411.7	-
		75,546.7	57,646.1
Total liabilities		206,880.6	213,528.1
Total equity and liabilities		391,697.0	420,265.0

Notes:

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, certain financial assets and financial liabilities (including derivative financial instruments), which have been measured at fair value.

The preparation of consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

(a) Adoption of amendments to standards

The Group has adopted the following amendments to standards which are relevant to the Group’s operations and are mandatory for the financial year ended 30 June 2026:

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability
Amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37	Disclosures about Uncertainties in the Financial Statement

The adoption of the amendments to standards does not have significant effect on the results and financial position of the Group.

(b) New standards, amendments to standards and interpretations which are not yet effective

The following new standards, amendments to standards and interpretations are mandatory for accounting periods beginning on or after 1 July 2026 or later periods but which the Group has not early adopted:

Amendments to HKAS 28	Fair value option for investments in associates and joint ventures
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contract Referencing Nature – dependent Electricity
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRS 18	Presentation and Disclosure in Financial Statements
HKFRS 19	Subsidiaries without Public Accountability: Disclosures
HKFRS 20	Regulatory Assets and Regulatory liabilities
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRSs – Volume 11
Hong Kong Interpretation 5	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The Group has commenced the assessment on the impact of adoption of all other amendments to standards and interpretation, certain of which may be relevant to the Group’s operations and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the consolidated financial statements.

HKFRS 18 will replace HKAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the consolidated income statement and providing management—defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group’s consolidated financial statements. The Group expects to apply the new standard from its mandatory effective date of 1 January 2027 for the year ending 30 June 2028. Retrospective application is required, and so the comparative information for the financial year ending 30 June 2027 will be restated in accordance with HKFRS 18.

Except for the abovementioned changes in presentation and disclosure, these pronouncements are not expected to have a material impact on the results or the financial position of the Group.

1. Basis of preparation (Continued)

(c) Going concern basis

For the year ended 30 June 2026, the Group incurred a loss for the year of HK\$26,818.3 million, which was primarily attributable to impairment losses and provisions relating to 11 SKIES project of HK\$18,321.5 million, impairment losses recognised on properties for/under development and properties held for sale of HK\$6,667.3 million, and fair value loss on investment properties of HK\$1,807.8 million. As at 30 June 2026, the Group had total borrowings of HK\$148,587.2 million, which included bank and other loans of HK\$19,719.3 million and bonds and notes payable of HK\$4,789.5 million, repayable within 12 months from the end of the reporting period, together with the remaining balance repayable thereafter. As at the same date, the Group had cash and bank balances of HK\$16,960.4 million and undrawn term loan facilities of HK\$3,950.0 million, secured by a first ranking mortgage over the Group's property known as "Victoria Dockside" (which comprises five major components, namely "K11 ARTUS", "K11 ATELIER", "K11 MUSEA", Rosewood Hong Kong and certain carparks) and assets that are related to Victoria Dockside.

Amid these challenges, the Group completed a number of financing and refinancing arrangements during the year. In particular, in December 2025, the Group completed a series of exchange offers of its certain perpetual capital securities and notes with principals of approximately US\$2,293.0 million (equivalent to HK\$17,885.0 million) and US\$236.0 million (equivalent to HK\$1,840.6 million), respectively, in return of issuance of new debt instruments, achieving a reduction of outstanding principals of perpetual capital securities and notes by approximately US\$1,117.5 million (equivalent to HK\$8,715.8 million) and US\$49.4 million (equivalent to HK\$385.4 million) respectively, as part of the Group's liability management and liquidity preservation measures.

In preparing the consolidated financial statements for the year ended 30 June 2026, the Directors of the Company (the "Directors") have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern for at least 12 months from 30 June 2026, taking into account the following plans and measures:

- (i) The Group will continue to actively arrange for the property sales and pre-sale activities to respond to market changes, capture demands and generate cash inflow, including implementation of its sales plans and measures to achieve its budgeted sales and pre-sales volume and amounts, and to speed up collection of sales proceeds;
- (ii) The Group will proactively communicate with the relevant banks for the refinancing of certain secured bank loans repayable during the forecasted period. Based on its understanding and ongoing communication with the lenders, and the availability and adequacy of security, the Group is confident that such bank loans will be refinanced;
- (iii) The Group will continue to actively execute its assets disposal plan including identifying potential buyers or seeking other opportunities for the realisation of certain assets, including but not limited to properties, hotel and investments, to reduce its debts and finance costs. As part of this, the Group is progressing a proposed spin-off of a mixed-use complex in Shanghai through a separate commercial real estate investment trust fund listing on the Shanghai Stock Exchange;
- (iv) The Group continues to defer distributions on certain existing perpetual capital securities that are directly guaranteed by the Company, including the deferral in August 2026. The Group will continue to monitor its financial position and cashflow in determining distribution decisions;
- (v) In September 2026, certain term loan facilities were upsized with the committed facility amount increased from HK\$3,950.0 million to HK\$4,900.0 million;
- (vi) In September 2026, the Group entered into a termination deed with Airport Authority Hong Kong ("Airport Authority") in relation to the contractual arrangements for the 11 SKIES project (Note 8). Pursuant to the termination deed, the Group will make a cash compensation payment to Airport Authority, to be fulfilled using internal financial resources. The termination reduces the Group's future financial commitments in respect of the project and does not have a significant adverse impact on the Group's financial position during the forecast period;
- (vii) The significant shareholder of the Company, Chow Tai Fook Enterprises Limited ("CTFE"), has indicated to the Board that it is in its interest that the Group operates as a going concern and CTFE is prepared to provide financial support to the Group, subject to suitable terms and compliance with applicable laws and regulations, as and when the Group may have funding needs for its refinancing or operating activities during the forecasted period;
- (viii) The Group will continue to explore options to strengthen its capital base, enhance liquidity and secure additional sources of funding including bank borrowings and debt capital market to support its operations, construction costs and other funding needs. At the same time, the Group will continue to exercise tight cost control, adopt a cautious approach to operating expenditure, capital expenditure and investment commitments; and
- (ix) The Group will continue to monitor compliance with financial covenants across its borrowings through robust oversight and reporting. If any potential non-compliance is anticipated, the Group will proactively engage with lenders to renegotiate terms or seek waivers, as appropriate, to mitigate the related risks, and the Group is confident, based on the Group's established lender relationships and past experience, that such efforts would be successful.

1. Basis of preparation (Continued)

(c) Going concern basis (Continued)

Notwithstanding the above, whether the Group is able to achieve its plans and measures as described above, which incorporate management's judgment, at a particular point in time, about inherent uncertain outcome of future events and conditions. The Directors, in making assessment and identifying whether there is any material uncertainty, have reviewed the Group's cash flow projections which cover a period of not less than twelve months from 30 June 2026 and are of the opinion that, considering the successful implementation of the abovementioned plans and measures as well as the reasonably possible downside changes to the cash flow assumptions of the cash flow projections, the Group will be able to meet its financial obligations as and when they fall due within twelve months from 30 June 2026. Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

2. Revenues and segment information

Revenues recognised during the year are as follows:

	2026 HK\$m	2025 HK\$m
Property development	10,948.3	15,039.7
Property investment	5,339.4	5,055.3
Construction	213.2	3,506.9
Hotel operations	1,464.0	1,499.1
Others	2,027.3	2,579.5
Total	19,992.2	27,680.5

The Executive Committee of the Company, being the chief operating decision-maker, determines and reviews the Group's internal reporting in order to assess performance and allocate resources. The operating segments are determined based on the aforementioned internal reporting and are reviewed occasionally.

The Executive Committee considers the business from products and services perspectives, which comprises property development, property investment, construction, hotel operations and others (including facilities management, department store and other strategic businesses) segments.

The Executive Committee assesses the performance of the operating segments based on each segment's operating results. The measurement of segment results excludes the effects of unallocated items (including corporate expenses, corporate financing income and corporate financing costs). In addition, taxation is not allocated to segments.

Sales between segments are carried out in accordance with terms agreed by the parties involved.

2. Revenues and segment information (Continued)

	Property development HK\$m	Property investment HK\$m	Construction HK\$m	Hotel operations HK\$m	Others HK\$m	Consolidated HK\$m
For the year ended 30 June 2026						
Total revenues	10,948.3	5,455.8	270.7	1,464.0	2,245.9	20,384.7
Inter-segment	—	(116.4)	(57.5)	—	(218.6)	(392.5)
Revenues - external	10,948.3	5,339.4	213.2	1,464.0	2,027.3	19,992.2
Revenues from contracts with customers:						
- Recognised at a point in time	10,948.3	—	—	547.5	794.4	12,290.2
- Recognised over time	—	—	213.2	916.5	1,232.9	2,362.6
	10,948.3	—	213.2	1,464.0	2,027.3	14,652.8
Revenues from other source:						
- Rental income	—	5,339.4	—	—	—	5,339.4
	10,948.3	5,339.4	213.2	1,464.0	2,027.3	19,992.2
Segment results	3,982.6	3,409.9	(28.8)	(193.8)	(1,015.7)	6,154.2
Other losses, net (Note a)	(6,732.2)	(350.6)	(46.0)	(170.9)	(877.9)	(8,177.6)
Changes in fair value of investment properties	—	(1,807.8)	—	—	—	(1,807.8)
	(2,749.6)	1,251.5	(74.8)	(364.7)	(1,893.6)	(3,831.2)
Unallocated items						
Net impairment losses and provisions relating to 11 SKIES project						(18,321.5)
Corporate expenses						(829.1)
Financing income						498.3
Financing costs						(4,710.1)
						(27,193.6)
Share of results of						
Joint ventures (Note b)	(181.1)	515.7	—	(136.4)	26.5	224.7
Associated companies (Note b)	1,388.9	24.6	—	—	—	1,413.5
Loss before taxation						(25,555.4)
Taxation						(1,262.9)
Loss for the year						(26,818.3)
As at 30 June 2026						
Segment assets	92,006.6	213,169.8	49.4	10,309.7	16,247.7	331,783.2
Interests in joint ventures	20,164.8	5,949.7	—	2,373.7	1,707.0	30,195.2
Interests in associated companies	8,116.3	1,196.3	27.1	—	1,805.6	11,145.3
Unallocated assets						18,573.3
Total assets						391,697.0
Segment liabilities	26,720.4	6,591.8	3,530.3	770.8	5,360.5	42,973.8
Unallocated liabilities						163,906.8
Total liabilities						206,880.6
For the year ended 30 June 2026						
Additions to non-current assets (Note c)	3.1	2,202.4	—	252.2	228.0	2,685.7
Depreciation and amortisation	38.9	129.1	—	398.7	680.9	1,247.6
Impairment charge and provision	6,825.5	10.2	18,321.5	172.0	1,151.2	26,480.4

2. Revenues and segment information (Continued)

	Property development HK\$M	Property investment HK\$M	Construction HK\$M	Hotel operations HK\$M	Others HK\$M	Consolidated HK\$M
For the year ended 30 June 2025						
Total revenues	15,039.7	5,167.8	3,579.7	1,499.1	2,873.6	28,159.9
Inter-segment	—	(112.5)	(72.8)	—	(294.1)	(479.4)
Revenues - external	15,039.7	5,055.3	3,506.9	1,499.1	2,579.5	27,680.5
Revenues from contracts with customers:						
- Recognised at a point in time	15,039.7	—	—	494.0	1,254.1	16,787.8
- Recognised over time	—	—	3,506.9	1,005.1	1,325.4	5,837.4
	15,039.7	—	3,506.9	1,499.1	2,579.5	22,625.2
Revenues from other source:						
- Rental income	—	5,055.3	—	—	—	5,055.3
	15,039.7	5,055.3	3,506.9	1,499.1	2,579.5	27,680.5
Segment results	5,274.8	3,196.6	(180.2)	(203.7)	(1,207.1)	6,880.4
Other (losses)/gains, net (Note a)	(7,955.7)	(355.2)	101.1	21.9	(2,186.3)	(10,374.2)
Changes in fair value of investment properties	—	(1,128.6)	—	—	—	(1,128.6)
	(2,680.9)	1,712.8	(79.1)	(181.8)	(3,393.4)	(4,622.4)
Unallocated items						
Net impairment losses and provisions relating to 11 SKIES project						(2,700.0)
Corporate expenses						(961.0)
Financing income						700.2
Financing costs						(5,420.5)
						(13,003.7)
Share of results of						
Joint ventures (Note b)	(1,445.3)	777.0	—	(155.6)	(6.7)	(830.6)
Associated companies (Note b)	6.5	(7.8)	—	—	0.2	(1.1)
Loss before taxation						(13,835.4)
Taxation						(2,521.2)
Loss for the year						(16,356.6)
As at 30 June 2025						
Segment assets	98,997.5	210,009.1	14,490.1	9,018.9	18,686.5	351,202.1
Interests in joint ventures	21,500.4	6,163.8	—	2,683.8	1,838.1	32,186.1
Interests in associated companies	6,910.8	221.9	41.8	—	2,025.0	9,199.5
Unallocated assets						27,677.3
Total assets						420,265.0
Segment liabilities	31,368.4	5,195.6	189.4	1,176.0	6,407.2	44,336.6
Unallocated liabilities						169,191.5
Total liabilities						213,528.1
For the year ended 30 June 2025						
Additions to non-current assets (Note c)	59.0	4,635.0	685.8	34.1	346.4	5,760.3
Depreciation and amortisation	77.8	77.0	—	444.2	646.0	1,245.0
Impairment charge and provision	8,334.6	17.4	2,726.9	200.2	693.2	11,972.3

2. Revenues and segment information (Continued)

	Hong Kong HK\$m	Chinese Mainland HK\$m	Others HK\$m	Total HK\$m
For the year ended 30 June 2026				
Revenues				
Property development	5,122.3	5,826.0	—	10,948.3
Property investment	3,424.1	1,915.3	—	5,339.4
Construction	160.5	52.7	—	213.2
Hotel operations	401.2	859.7	203.1	1,464.0
Others	321.2	1,706.1	—	2,027.3
Consolidated total	9,429.3	10,359.8	203.1	19,992.2
As at 30 June 2026				
Non-current assets (Note c)	139,813.7	91,878.6	1,041.7	232,734.0
	Hong Kong HK\$m	Chinese Mainland HK\$m	Others HK\$m	Total HK\$m
For the year ended 30 June 2025				
Revenues				
Property development	2,696.1	12,343.6	—	15,039.7
Property investment	3,234.4	1,820.9	—	5,055.3
Construction	3,400.4	106.5	—	3,506.9
Hotel operations	391.9	719.2	388.0	1,499.1
Others	463.3	2,116.2	—	2,579.5
Consolidated total	10,186.1	17,106.4	388.0	27,680.5
As at 30 June 2025				
Non-current assets (Note c)	157,223.3	97,420.2	1,065.0	255,708.5

Notes :

- (a) For the year ended 30 June 2026, property development segment includes impairment loss on properties held for sale, properties under development, properties for development and joint controlled property development projects of HK\$6,667.3 million (2025: HK\$7,972.0 million) and other segment includes net loss on disposal of financial assets through profit or loss and mortgage loan receivables of HK\$60.8 million (2025: HK\$1,059.8 million).
- (b) For the year ended 30 June 2026, share of results of joint ventures includes share of impairment in properties held for sale and properties under development of HK\$681.5 million (2025: share of impairment in properties held for sale and properties under development of HK\$530.0 million and share of provision of receivables HK\$1,214.0 million) and share of fair value gain of investment properties of HK\$475.7 million (2025: HK\$750.9 million) and; share of results of associated companies includes share of impairment in properties held for sale of HK\$138.0 million net off with share of income from land resumption HK\$1,250.9 million (2025: No share of impairment or share of income from land resumption)
- (c) Non-current assets represent non-current assets other than financial instruments, interests in joint ventures, interests in associated companies, deferred tax assets and long-term loans and receivables and long-term prepayments and deposits within other non-current assets.

3. Other losses and impairment losses and provisions relating to 11 SKIES project, net

	2026 HK\$m	2025 HK\$m
Other losses, net	(8,177.6)	(10,374.2)
Net impairment losses and provisions relating to 11 SKIES project	(18,321.5)	(2,700.0)
	(26,499.1)	(13,074.2)
	2026 HK\$m	2025 HK\$m
Net loss on fair value of financial assets at FVPL	(4.9)	(87.6)
Gain on redemption of fixed rate bonds and medium term notes	360.3	14.3
Net (loss)/gain on fair value of derivative financial instruments	(112.2)	440.4
Provision for other payables	(435.0)	(230.0)
Write back of loss allowance/impairment on		
Advances to joint ventures	239.0	—
Loans and other receivables	—	112.7
Inventories	22.6	26.9
Property, plant, and equipment	—	4.6
Net (loss)/gain on disposal of		
Financial assets at FVPL	(60.8)	(926.3)
Investment properties, property, plant and equipment, right-of-use assets and intangible assets	(106.1)	158.9
Long-term loans receivables	—	(133.5)
Subsidiaries	62.3	123.9
Joint ventures	—	(709.6)
Associated companies	(0.7)	114.8
Impairment loss/loss allowance/provision on		
Non-current assets and other payable relating to 11 SKIES project (note 8)	(18,321.5)	(2,700.0)
Loans, debtors and other receivables	(287.3)	(486.0)
Interests in associated companies	(87.7)	(274.8)
Interests in joint ventures and related receivables	(150.0)	(3,017.7)
Goodwill	(390.5)	(338.3)
Properties held for sale	(2,931.3)	(1,126.9)
Properties under development	(2,400.0)	(3,979.1)
Properties for development	(1,336.0)	—
Property, plant and equipment	(537.7)	(17.7)
Right-of-use assets	(38.4)	(31.8)
Rent concession, government grants and subsidies	6.7	6.4
Net exchange gains/(losses)	10.1	(17.8)
	(26,499.1)	(13,074.2)

4. Operating loss

Operating loss of the Group is arrived at after crediting/(charging) the following:

	2026 HK\$m	2025 HK\$m
Gross rental income from investment properties	5,339.3	5,055.3
Outgoings	(1,479.6)	(1,299.0)
	3,859.7	3,756.3
Cost of inventories sold	(7,692.6)	(9,607.1)
Cost of services rendered	(1,394.4)	(5,148.6)
Depreciation		
Property, plant and equipment	(825.8)	(793.7)
Right-of-use assets	(380.4)	(397.7)
Amortisation of intangible assets	(41.4)	(53.6)
Other lease expenses		
Short-term lease expense	(99.1)	(103.0)
Variable lease expenses not included in lease liabilities	(33.8)	(46.7)
Staff costs	(2,880.7)	(3,393.2)
Auditors' remuneration		
Audit services	(43.5)	(46.1)
Non-audit services	(13.9)	(16.5)

5. Taxation

	2026 HK\$m	2025 HK\$m
Current taxation		
Hong Kong profits tax	(99.7)	286.1
Chinese Mainland and overseas taxation	482.8	404.9
Chinese Mainland land appreciation tax	1,605.0	1,119.9
Deferred taxation	(725.2)	710.3
	1,262.9	2,521.2

Hong Kong profits tax has been provided at the rate of 16.5% (2025: 16.5%) on the estimated assessable profit for the year.

Taxation on the Chinese Mainland and overseas profits has been calculated on the estimated taxable profit for the year at the rates of taxation prevailing in the countries in which the Group operates. These rates range from 12% to 25% (2025: 12% to 25%).

Withholding tax on dividends is mainly provided at the rate of 5% or 10% (2025: 5% or 10%).

The Chinese Mainland land appreciation tax is provided at progressive rates ranging from 30% to 60% (2025: 30% to 60%) on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including costs of land use rights and property development expenditures.

During the year, Pillar Two legislation was enacted in Hong Kong and became effective on 1 January 2025. Pursuant to the provisions of the legislation, it was considered that no tax under the legislation would be required to be paid for the year ended in respect of the jurisdictions where the Group had operation for the year ended 30 June 2026.

6. Dividends

No dividend was recognised as distribution during both years. The directors have resolved not to recommend a final dividend for the year ended 30 June 2026 (2025: Nil).

7. **Basic and diluted losses per share**

The calculation of basic and diluted losses per share for the year is based on the following:

	2026	2025
	HK\$m	HK\$m
Loss attributable to shareholders of the Company		
for calculating basic and diluted losses per share	(28,148.8)	(16,301.5)
Adjust for accrual of distribution to perpetual capital securities holders	—	(871.4)
Adjust for gain from redemption of perpetual capital securities	8,715.8	—
	(19,433.0)	(17,172.9)
	Number of shares (million)	
	2026	2025
Weighted average number of shares for calculating		
basic and diluted losses per share	2,516.6	2,516.6

8. Other non-current assets

	2026 HK\$m	2025 HK\$m
Long-term loans and receivables	6,421.4	5,923.2
Long-term prepayments and deposits	1,610.6	2,093.2
Deposits and other prepayments for development projects (notes)	—	1,904.6
Contract assets related to construction services (notes)	—	12,816.8
	8,032.0	22,737.8

Note:

In May 2018, the Group was awarded by Airport Authority Hong Kong ("Airport Authority") the contract for the design, construction, financing and management of 11 SKIES project located in SkyCity of the Hong Kong International Airport (the "11 SKIES Contract"). Following the completion of the whole development of 11 SKIES, the Group is to be granted a long lease ("Long Lease") for the 11 SKIES project for a term up to September 2066. Under the term of the Long Lease, the Group will pay the higher of a guarantee rent or revenue rent which represents 20% of the gross revenue derived from the 11 SKIES project (subject to subsequent adjustment to 30%) throughout the lease term from June 2027 to September 2066 pursuant to the terms and conditions of the Long Lease, and performance bonds have been issued by licensed banks in Hong Kong to Airport Authority.

On 30 September 2026, The Group and the Airport Authority entered into the termination deed ("Agreement"), pursuant to which the parties have agreed to bring the 11 SKIES Contract to an early termination. In connection with the termination, the Group has agreed to surrender the 11 SKIES project to the Airport Authority on 1 April 2027 ("termination date"). The Airport Authority has agreed to irrevocably and unconditionally, with effect from the termination date, release the Group from any and all claims and liabilities, arising out of, the 11 SKIES Contract. The Airport Authority has further agreed to release all performance bonds placed by the Group with the Airport Authority under the 11 SKIES Contract on the termination date.

The Group shall pay an early termination fee in the amount of HK\$2,300.0 million to the Airport Authority on the termination date and the Group shall provide certain works and services in relation to the Development within the agreed scope at no cost to the Airport Authority, provided that the aggregate amount of the costs of such works and services shall not exceed HK\$1,049.5 million. The Group shall provide such works and services until the earlier of (a) the date falling two years after the termination date; and (b) the date on which the aggregate costs of such works and services have reached the cap. If requested by the Airport Authority, the Group shall provide property management services as may be agreed between the Group and the Airport Authority for any period ending no later than five years after the termination date at a fee payable by the Airport Authority equal to the cost of such services. In addition, the Group has agreed to, following the termination, operate two entertainment facilities in the 11 SKIES project on such terms as may be agreed between the Group and the Airport Authority.

The Group has been informed by the significant shareholder of the Company, Chow Tai Fook Enterprises Limited ("CTFE") that, concurrent with the termination, CTFE has granted the Airport Authority an option (the "Option") to acquire from CTFE the shares held by CTFE. The consideration for the grant of the Option is HK\$1. The Option is exercisable once only, in respect of all (but not part) of the Option Shares, within three years from the termination date. The Option may only be exercised, and completion may only occur, if (among other conditions) doing so would not result in: (i) CTFE holding less than 30% of the shares or the voting rights of the Company; and (ii) the Airport Authority or any person other than CTFE becoming the single largest shareholder of the Company. The exercise price is equal to the amount of the early termination fee. CTFE has indicated to the Company that it intends to remain the single largest shareholder of the Company and would welcome any investment in the Company by the Airport Authority.

Based on the management's assessment, the Group has recognised a net loss of HK\$18,321.5 million, comprising:

- (i) impairment losses against the contract assets and prepayment of HK\$14,722.0 million;
- (ii) early termination cost of HK\$2,300.0 million, payable on the termination date;
- (iii) provision for pre-handover and post-handover works of HK\$1,049.5 million, being the maximum amount borne by the Group; and
- (iv) a loss of HK\$250.0 million, which represents the fair value of the Option issued by CTFE to the Airport Authority. The fair value is derived using the Black Scholes model, with the assistance of an independent external valuer.

The investment properties and associated lease liabilities were classified as which relate to assets and liabilities of disposal groups held for sale, which relates to the office portion of the 11 SKIES project and expected to be derecognised on the termination date.

Management considers the recognition of impairment losses and other provisions to be appropriate as this reflects the cost of terminating the 11 SKIES Contract based on the Agreement. Other provisions are recognised based on the terms and conditions set out in the original 11 SKIES Contract dated 30 May 2018, and facts and circumstances existed as at the year-end date. As a result, the impact associated with the Agreement are accounted for in the consolidated financial statements for the year ended 30 June 2026.

9. Trade debtors

Aging analysis of trade debtors based on invoice date is as follows:

	2026 HK\$m	2025 HK\$m
Less than 30 days	375.1	230.2
31 to 60 days	30.6	15.4
Over 60 days	431.8	740.0
	837.5	985.6

10. Disposal groups held for sale

	2026 HK\$m	2025 HK\$m
Assets of disposal groups held for sale		
Investment properties	9,731.1	1,554.9
Property, plant and equipment	1.0	—
Intangible assets	1.4	—
Inventories	0.3	—
Debtors, prepayments and contract assets	97.9	—
Cash and bank balances	108.1	—
	9,939.8	1,554.9
	2026 HK\$m	2025 HK\$m
Liabilities of disposal groups held for sale		
Lease liabilities	1,501.0	—
Deferred tax liabilities	1,687.2	—
Creditors, accrued charges and contract liabilities	214.4	—
Current tax payable	9.1	—
	3,411.7	—

11. Trade creditors

Aging analysis of trade creditors based on invoice date is as follows:

	2026 HK\$m	2025 HK\$m
Less than 30 days	2,137.5	2,387.3
31 to 60 days	73.3	70.5
Over 60 days	6,180.1	6,082.4
	8,390.9	8,540.2

12. Pledge of assets

As at 30 June 2026, the assets with an aggregated amount of HK\$231,079.2 million (2025: HK\$159,787.2 million) were pledged as securities for certain banking facilities of the Group.

13. Financial guarantee and contingent liabilities

	2026	2025
	HK\$m	HK\$m
Financial guarantee contracts:		
Mortgage facilities for certain purchasers of properties	1,223.0	2,490.1
Guarantees for credit facilities granted to joint ventures	721.5	5,482.1
	1,944.5	7,972.2

DIVIDEND

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

BOOK CLOSE DATES FOR 2026 ANNUAL GENERAL MEETING

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

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

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

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

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

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

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

(B) Existing Notes

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

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

EMPLOYEES AND REMUNERATION POLICIES

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

AUDIT COMMITTEE AND REVIEW OF RESULTS

The Company's Audit Committee was established in accordance with requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and risk management (including but not limited to business, operation as well as environmental, social and governance related risks) and internal control systems. The Audit Committee has reviewed the framework and policy of risk management, the system of internal control and the financial statements for the year ended 30 June 2026.

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 30 June 2026 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

CORPORATE GOVERNANCE CODE

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

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

REQUIREMENT IN CONNECTION WITH PUBLICATION OF “NON-STATUTORY ACCOUNTS” UNDER SECTION 436 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622)

The financial information relating to the years ended 30 June 2026 and 30 June 2025 included in this preliminary announcement of annual results of 2025/2026 does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company had delivered the financial statements for the year ended 30 June 2025 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 30 June 2026 in due course.

The Company’s auditor had reported on the financial statements of the Group for both years. The auditor’s reports were unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports, and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

Dr. Cheng Kar-Shun, Henry
Chairman

Hong Kong, 30 September 2026

As at the date of this announcement, the Board of Directors of the Company comprises (a) eight executive directors, namely Dr. Cheng Kar-Shun, Henry, Ms. Huang Shaomei, Echo, Ms. Cheng Chi-Man, Sonia, Mr. Sitt Nam-Hoi, Ms. Chiu Wai-Han, Jenny, Mr. Ho Gilbert Chi-Hang, Mr. Lau Fu-Keung and Mr. Chan Yiu-Ho; (b) four non-executive directors, namely Mr. Doo Wai-Hoi, William, Mr. Cheng Kar-Shing, Peter, Mr. Cheng Chi-Heng and Mr. Cheng Chi-Ming, Brian; and (c) six independent non-executive directors, namely Mr. Lee Luen-Wai, John, Mr. Ip Yuk-Keung, Albert, Mr. Chan Johnson Ow, Mrs. Law Fan Chiu-Fun, Fanny, Ms. Lo Wing-Sze, Anthea and Ms. Wong Yeung-Fong, Fonia.