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九龍建業有限公司
KOWLOON DEVELOPMENT COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 34)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2025

HIGHLIGHTS

- For the year ended 31 December 2025, underlying profit of the Group attributable to Shareholders amounted to HK\$628 million, compared to HK\$450 million in 2024, representing an increase of 39.6%. The underlying earnings per share for 2025 were HK\$0.48, compared to HK\$0.36 in 2024.
- Taking into account fair value changes on the Group's interests in the property development and revaluation losses on its investment properties, the Group's profit attributable to Shareholders for the year ended 31 December 2025 amounted to HK\$131 million, compared to HK\$116 million in 2024, representing an increase of 12.9%.
- Final dividend of HK\$0.14 per share is proposed. Full year dividend for 2025 amounts to HK\$0.24 per share.

GROUP RESULTS AND DIVIDENDS

For the year ended 31 December 2025, underlying profit of Kowloon Development Company Limited (the "Company") and its subsidiaries (collectively, the "Group") attributable to shareholders of the Company ("Shareholders") amounted to HK\$628 million, compared to HK\$450 million in 2024, representing an increase of 39.6%. The underlying earnings per share for 2025 were HK\$0.48, compared to HK\$0.36 in 2024.

Taking into account fair value changes on the Group's interests in the property development and revaluation losses on its investment properties, the Group's profit attributable to Shareholders for the year ended 31 December 2025 amounted to HK\$131 million, compared to HK\$116 million in 2024, representing an increase of 12.9%.

The Board of Directors of the Company (the “Board”) has recommended the payment of a final dividend of HK\$0.14 per share for the year ended 31 December 2025 (2024: HK\$0.12). Together with the 2025 interim dividend of HK\$0.10 per share (2024: HK\$0.10), the full year dividend for 2025 amounts to HK\$0.24 per share (2024: HK\$0.22).

The final dividend will be payable on Wednesday, 8 July 2026 to shareholders whose names appear on the register of members of the Company on Tuesday, 16 June 2026, subject to the approval of shareholders at the 2026 Annual General Meeting of the Company (the “2026 AGM”).

MARKET OVERVIEW AND BUSINESS REVIEW

In 2025, the Hong Kong residential property market experienced a trend of initial decline followed by a recovery. The market continued to face adjustment pressure in the first half of the year. However, entering the second half of the year, market conditions warmed up significantly, driven by two key factors: firstly, US dollar interest rates continued to fall, leading to a corresponding reduction in local mortgage rates; secondly, housing demand strengthened, with rents continuing to climb, stimulating end-users and investors to actively enter the market, resulting in a rise in both prices and transaction volume in the residential market during the second half of the year.

As for commercial buildings, both office rents and vacancy rates continued to face pressure in 2025. Although office demand became more active before the year-end, vacancy rates remained high. For retail shops, despite ongoing shifts in consumption patterns, rents and demand in core districts stabilised by the end of 2025, owing to both the moderate overall economic growth and the rebound in tourist arrivals.

In Mainland China, the effectiveness of the Central Government’s series of policies to stabilise the real estate market remains to be seen. In 2025, property prices in 100 cities continued to adjust, and market confidence was recovering slowly. It is hoped that more effective policies will be introduced in 2026.

Development Property Sales

In Hong Kong, the Group launched the presale of units at Upper Manor, a residential and commercial development project located on High Street in Sai Ying Pun where it holds a 60% interest, in July 2025. The presale was well received by the market, with all 111 residential units rapidly presold, achieving outstanding results. Together with the presale proceeds from Upper Manor, total presales/sales from the Group’s development projects amounted to approximately HK\$2.2 billion for the year under review, with presales/sales attributable to the Group of approximately HK\$1.8 billion based on its interests.

In Mainland China, total presales/sales of the Group’s development projects amounted to approximately RMB1.6 billion for the year ended 31 December 2025, with presales/sales attributable to the Group of approximately RMB1.3 billion based on its interests.

Property Development

For the year under review, the Group formed a joint venture with an independent third party. In accordance with the Land (Compulsory Sale for Redevelopment) Ordinance, the joint venture successfully unified the ownership of the lot located at Nos. 24, 26, 28 and 30 Fuk Chak Street, Kowloon, Hong Kong in February 2025. The site is proposed to be redeveloped into a high-rise commercial/residential composite building, adding an attributable gross floor area (“GFA”) of approximately 2,300 sq m to the Group’s readily developable landbank.

As at 31 December 2025, the Group’s landbank for development amounted to approximately 2.8 million sq m of attributable GFA. The Group’s major property projects under planning and development are set out as follows:

Major Property Projects under Planning and Development

Property Project	District/City	Usage	Approx. Total Site Area (sq m)	Approx. GFA (sq m)	Approx. GFA Booked** (sq m)	Group’s Interest	Project Status	Expected Date of Completion
Hong Kong								
Upper Manor	Sai Ying Pun, Hong Kong	Residential & commercial	500	4,600	—	60%	Superstructure works in progress	First half 2026
Clear Water Bay Road	Ngau Chi Wan, Kowloon	Residential & commercial	22,400	201,000	—	100%	Superstructure works in progress	2027 – 2029
Fuk Chak Street	Tai Kok Tsui, Kowloon	Residential & commercial	500	4,600	—	50%	Demolition works in progress	Second half 2028
Mainland China								
Le Cove City (Shenyang) 江灣城 (瀋陽)	Hun Nan Xin District, Shenyang	Residential & commercial	165,000	630,000	380,000	100%	Modification of planning for Phase 5A (approx. GFA of 40,000 sq m) in progress	Phase 5A to be determined
The Gardenia (Shenyang) 翠堤灣 (瀋陽)	Shenhe District, Shenyang	Residential & commercial	1,100,000	2,000,000	697,000	100%	Design approval for Phase 4 (approx. GFA of 249,000 sq m) in progress	Phase 4 to be determined
The Lake (Foshan) 山語湖 (佛山)	Nanhai District, Foshan	Residential & commercial	4,021,000	1,600,000	1,074,000	50%	Construction works for Phase 5 (approx. GFA of 83,000 sq m) completed	Remaining development to be determined

Major Property Projects under Planning and Development (Continued)

Property Project	District/City	Usage	Approx. Total Site Area (sq m)	Approx. GFA (sq m)	Approx. GFA Booked [*] (sq m)	Group's Interest	Project Status	Expected Date of Completion
Mainland China (Continued)								
City Plaza (Tianjin) 城市廣場 (天津)	Hedong District, Tianjin	Residential, commercial & office	136,000	850,000	473,000	49%	Superstructure works for Phase 3B (approx. GFA of 280,000 sq m) in progress	Phase 3B end-2027
Yangpu (Shanghai) 楊浦 (上海)	Yangpu District, Shanghai	Residential, commercial & office	21,000	75,000	—	40%	Preparations for foundation works in progress	End-2029
Polytec Luxury Mansion (Shanxi) 保利達·貴府 (山西)	Jiexiu	Residential & commercial	181,000	463,000	67,000	100%	Planning works for Phase 2 (approx. GFA of 143,000 sq m) in progress	Phase 2 to be determined
Hengda Guangchang (Zhuhai) 亨達廣場 (珠海)	Xiangzhou District, Zhuhai	Commercial, office & apartment	38,000	199,000	—	70%	Interior fitting-out works for Phase 1 (approx. GFA of 66,000 sq m) in progress	Phase 1 first half 2026

* Approx. GFA booked and recognised in the financial statements.

Property Investment

Gross rental income generated from the Group's investment property portfolio in Hong Kong for 2025 amounted to HK\$265 million, compared to HK\$286 million in 2024, representing a decrease of 7.3%.

PROSPECTS

Entering 2026, the Group continues to make full progress on the superstructure works for the Clear Water Bay Road development project in Ngau Chi Wan. With a GFA exceeding 2,000,000 sq ft, the project represents a sizeable undertaking and the Group's most strategically significant core development focus at present. It boasts a prime location with direct access to Choi Hung MTR Station and is connected to the Choi Hung East Station of the Smart and Green Mass Transit System in East Kowloon, which was approved for construction by the Government in August 2025. The project, upon completion, will become the core of a dual-rail interchange transportation hub in East Kowloon, drawing substantial transition passenger flows. This not only positions the project as an iconic new supply in the district but will also directly benefit from the business opportunities arising from the improved transportation network. Currently, the project is planned to be completed in phases, with the first phase targeted for completion in the first half of 2027.

Site demolition works for the Group's 50%-owned joint development project located on Fuk Chak Street in Tai Kok Tsui were completed in early 2026, with construction scheduled to commence in mid-2026.

All projects of the Group in Mainland China are currently progressing with caution.

In Shenyang, the design plan of the Phase 4 development of The Gardenia is currently in the approval stage.

In Jiexiu, Shanxi, the Phase 1 development of Polytec Luxury Mansion, featuring over 700 residential units, has achieved satisfactory sales results, with over 90% of the units already sold while the planning works for the Phase 2 development are underway.

In Zhuhai, the Phase 1 development of Hengda Guangchang offers 1,192 apartments and three-storey retail shops. Interior fitting-out works are currently underway, with completion and occupancy expected in the first half of 2026.

The sale of the remaining units of the Group's joint development projects in Foshan and Tianjin will continue during this year. The construction works for Phase 5 development of The Lake (Foshan) have been completed. As for City Plaza (Tianjin), the superstructure works for the Phase 3B development are in progress, with completion expected by the end of 2027.

The Yangpu project in Shanghai is the Group's 40%-owned joint development project. The preliminary construction licence has been obtained and site formation works have been completed. Preparations for foundation works are currently underway.

The Group's development project, Le Cove City, in Wuxi has been fully completed, with sales activities progressing steadily.

Barring unforeseen circumstances, the Group anticipates that sales from Upper Manor (expected to be completed in the first half of 2026), together with the Group's rental income, in Hong Kong will account for the majority of the Group's results and revenue in 2026.

Notwithstanding the deep adjustments experienced by the Hong Kong residential market in recent years, the Group's property sales performance was satisfactory in the year under review. In view of such success, the Group will actively seek suitable investment opportunities in the Hong Kong residential market, laying a solid foundation for future earnings growth.

In 2025, despite the ongoing challenges in the property development markets of Mainland China and Hong Kong, the Group nonetheless advanced steadily and ensured profitability. This was achieved through the visionary guidance of the Board and the dedicated efforts of our staff, for which I hereby express my sincere appreciation!

CONSOLIDATED RESULTS

The consolidated results of the Group for the year ended 31 December 2025 together with the comparative figures of 2024 are as follows:

Consolidated Statement of Profit or Loss for the year ended 31 December 2025

	<i>Note</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue	3	4,953,323	5,389,846
Cost of sales		(2,276,597)	(3,320,966)
Other revenue		53,471	54,248
Other net expenses	4(a)	(802,849)	(199,689)
Depreciation and amortisation		(11,472)	(18,036)
Staff costs		(588,890)	(651,757)
Selling, marketing and distribution expenses		(624,629)	(464,564)
Other operating expenses		(130,632)	(137,981)
Fair value changes on investment properties		(347,091)	(335,238)
Fair value changes on interests in property development		(148,464)	1,207
Profit from operations		76,170	317,070
Finance costs	4(b)	(138,673)	(204,654)
Share of profits of associated companies		84,354	21,713
Share of profits of joint ventures		27,952	126
Profit before taxation	4	49,803	134,255
Income tax	5	73,977	(19,735)
Profit for the year		<u>123,780</u>	<u>114,520</u>
Attributable to :			
Shareholders of the Company		130,575	115,662
Non-controlling interests		(6,795)	(1,142)
Profit for the year		<u>123,780</u>	<u>114,520</u>
Earnings per share – Basic and Diluted	6	<u>HK\$0.10</u>	<u>HK\$0.09</u>

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2025

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Profit for the year	<u>123,780</u>	<u>114,520</u>
Other comprehensive income for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong	38,842	(130,707)
Release of exchange reserves on translation of financial statements of subsidiaries outside Hong Kong	–	17,082
Share of other comprehensive income of joint ventures and associated companies	<u>113,653</u>	<u>(70,719)</u>
	<u>152,495</u>	<u>(184,344)</u>
Total comprehensive income for the year	<u><u>276,275</u></u>	<u><u>(69,824)</u></u>
Attributable to :		
Shareholders of the Company	281,938	(67,676)
Non-controlling interests	<u>(5,663)</u>	<u>(2,148)</u>
Total comprehensive income for the year	<u><u>276,275</u></u>	<u><u>(69,824)</u></u>

Consolidated Statement of Financial Position

At 31 December 2025

	<i>Note</i>	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Investment properties		13,186,630	13,416,380
Property, plant and equipment		209,114	217,631
Interests in property development	8	762,068	1,239,499
Interest in joint ventures		1,605,797	1,898,578
Interest in associated companies		2,442,825	2,245,931
Trade and other receivables	9	65,819	68,716
Loans and advances	9	147,384	178,250
Deferred tax assets		294,942	129,013
		18,714,579	19,393,998
Current assets			
Inventories		19,390,724	21,278,307
Interests in property development	8	780,099	451,132
Trade and other receivables	9	589,982	642,582
Loans and advances	9	14,818	17,132
Other financial assets		7,947	20,895
Amount due from a related company	8	758,767	–
Amount due from a joint venture		56,675	112,883
Cash and bank balances		1,172,587	791,467
		22,771,599	23,314,398

Consolidated Statement of Financial Position (continued)

At 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
Current liabilities			
Trade and other payables	10	2,525,255	3,231,671
Amount due to a joint venture		–	557,725
Amount due to an associated company		43,865	42,784
Bank loans		1,685,978	2,374,807
Current taxation		<u>274,018</u>	<u>301,250</u>
		<u>4,529,116</u>	<u>6,508,237</u>
Net current assets		<u>18,242,483</u>	<u>16,806,161</u>
Total assets less current liabilities		36,957,062	36,200,159
Non-current liabilities			
Loan from a related company		2,112,220	1,378,777
Bank loans		16,840,811	16,749,987
Deferred tax liabilities		<u>447,596</u>	<u>503,869</u>
		<u>19,400,627</u>	<u>18,632,633</u>
NET ASSETS		<u>17,556,435</u>	<u>17,567,526</u>
Capital and reserves			
Share capital		9,307,169	9,307,169
Reserves		<u>8,158,544</u>	<u>8,163,972</u>
Total equity attributable to the shareholders of the Company		17,465,713	17,471,141
Non-controlling interests		<u>90,722</u>	<u>96,385</u>
TOTAL EQUITY		<u>17,556,435</u>	<u>17,567,526</u>

1 BASIS OF PREPARATION

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

The financial information relating to the financial years ended 31 December 2025 and 2024 included in this announcement of annual results does not constitute the Company’s statutory annual consolidated financial statements for those financial years but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2024 to the Registrar of Companies in accordance with 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 31 December 2025 in due course. The Company's auditor has reported on those financial statements 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 (3) of the Hong Kong Companies Ordinance.

The HKICPA has issued certain new or amended HKFRS accounting standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the financial statements.

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the amendments to HKAS 21, “The effects of changes in foreign exchange rates - Lack of exchangeability”, issued by the HKICPA to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

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

3 SEGMENT REPORTING

The Group manages its business by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's top management for the purposes of assessing segment performance and allocating resources between segments, the Group has identified the following reportable segments.

- Property development segment (Hong Kong/Mainland China): the development and sale of properties and interests in property development. Given the importance of the property development division to the Group, the Group's property development business is segregated further into two reportable segments on a geographical basis.
- Property investment segment: the leasing of properties to generate rental income and to gain from the appreciation in the properties' values in the long term.
- Other businesses segment: mainly includes the provision of property management services, the provision of finance services and treasury operations.

Revenue comprises mainly rental income from properties, gross proceeds from sale of properties, income from interests in property development, property management service income and interest income.

Reportable segment profit represents profit before taxation by excluding fair value changes on interests in property development and investment properties, finance costs and head office and corporate income/expenses.

Reportable segment assets include all tangible and current assets with the exception of deferred tax assets, cash and bank balances and other corporate assets.

3 SEGMENT REPORTING (CONTINUED)

(a) Segment results and assets

Information regarding the Group's reportable segments as provided to the Group's top management for the purposes of resource allocation and assessment of segment performance for the year is set out below.

	2025				
	Property development				
	Total	Hong Kong	Mainland China	Property investment	Others (Remark 1)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	<u>4,953,323</u>	<u>2,199,815</u>	<u>1,907,237</u>	<u>264,690</u>	<u>581,581</u>
Reportable segment profit/(loss)	810,101	567,073	(13,609)	213,564	43,073
Fair value changes on investment properties	(347,091)	–	–	(347,091)	–
Fair value changes on interests in property development	(148,464)	–	(148,464)	–	–
Head office and corporate expenses	(126,070)				
Finance costs	<u>(138,673)</u>				
Profit before taxation	<u>49,803</u>				
Share of profits of associated companies	84,354	–	84,354	–	–
Share of profits/(losses) of joint ventures	27,952	(111)	28,063	–	–
Interest income	23,172	–	–	–	23,172
Depreciation and amortisation	(11,472)	–	–	–	(11,472)

Remark 1:

Others included revenue from property management services HK\$373,463,000 (2024: HK\$455,436,000) and the relevant segment loss of HK\$22,505,000 (2024: segment profit of HK\$7,674,000).

3 SEGMENT REPORTING (CONTINUED)

(a) Segment results and assets (continued)

	2024				
	<u>Property development</u>				
	Total	Hong Kong	Mainland China	Property investment	Others (Remark 2)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment assets	41,711,337	15,654,496	11,990,731	13,432,025	634,085
Deferred tax assets	129,013				
Cash and bank balances	791,467				
Head office and corporate assets	<u>76,579</u>				
Total assets	<u>42,708,396</u>				
Interest in associated companies	2,245,931	–	2,245,931	–	–
Interest in and amount due from joint ventures	2,011,461	–	2,011,461	–	–

(b) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets other than financial assets and deferred tax assets. The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of non-current assets is based on the physical location of the asset and, in case of interests in associated companies and joint ventures, the location of operations.

	Revenue		Non-current assets	
	2025	2024	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong (place of domicile)	2,990,849	2,993,063	13,551,445	13,632,823
Mainland China	1,908,004	2,375,924	3,892,921	4,145,697
Others	<u>54,470</u>	<u>20,859</u>	<u>–</u>	<u>–</u>
	<u>4,953,323</u>	<u>5,389,846</u>	<u>17,444,366</u>	<u>17,778,520</u>

In addition to the above non-current assets, the Group has interests in property development of HK\$762,068,000 (2024: HK\$1,239,499,000) in Mainland China.

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting) the amounts as set out below.

(a) Other net expenses

Other net expenses mainly represent fair value losses on other financial assets of HK\$2,196,000 (2024: fair value gains on other financial assets of HK\$100,000), write down of inventories of HK\$842,000,000 (2024: HK\$196,294,000), offset by the write back of construction cost accruals of HK\$41,450,000 (2024: Nil).

(b) Finance costs

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest on bank loans	696,173	1,040,782
Interest on loan from a related company	93,076	101,959
Less: Amount capitalised	<u>(650,576)</u>	<u>(938,087)</u>
	<u>138,673</u>	<u>204,654</u>

(c) Other items

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Depreciation and amortisation	11,472	18,036
Interest income	(23,172)	(49,255)
Staff costs	588,890	651,757
Total staff costs	615,060	668,018
Less: Amount capitalised	(26,170)	(16,261)

5 INCOME TAX

Taxation in the consolidated statement of profit or loss represents:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current tax		
Provision for profits tax		
– Hong Kong	114,020	125,810
– Outside Hong Kong	<u>19,573</u>	<u>53,207</u>
	133,593	179,017
Withholding tax	13,830	–
Land appreciation tax (“LAT”)	2,558	854
Deferred tax	<u>(223,958)</u>	<u>(160,136)</u>
	<u><u>(73,977)</u></u>	<u><u>19,735</u></u>

The provision for Hong Kong Profits Tax is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits for the year.

Tax levied in jurisdictions outside Hong Kong is charged at the appropriate current rates of taxation ruling in relevant jurisdictions.

Under the Provisional Regulations on LAT in Mainland China, all gains arising from the transfer of real estate property in Mainland China are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditure including the cost of land use rights, borrowing costs and all property development expenditure.

6 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share are based on the profit attributable to shareholders of the Company of HK\$130,575,000 (2024: HK\$115,662,000) and the weighted average number of ordinary shares in issue during the year of 1,306,206,058 (2024: 1,236,271,186).

(b) Diluted earnings per share

There were no dilutive potential shares in existence during the years ended 31 December 2025 and 2024.

7 DIVIDENDS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interim dividend declared of HK\$0.10 (2024: declared of HK\$0.10) per share	130,621	130,621
Final dividend proposed after the end of the reporting period of HK\$0.14 (2024: HK\$0.12) per share	<u>182,869</u>	<u>156,745</u>
	<u>313,490</u>	<u>287,366</u>

The final dividend declared after the year end has not been recognised as a liability at 31 December.

8 INTERESTS IN PROPERTY DEVELOPMENT

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
At 1 January	1,690,631	1,689,424
Distribution	(758,767)	–
Change in fair value recognised in profit or loss	610,303	1,207
Net changes in fair value	<u>(148,464)</u>	<u>1,207</u>
At 31 December	<u>1,542,167</u>	<u>1,690,631</u>
Representing:		
Non-current assets	762,068	1,239,499
Current assets	<u>780,099</u>	<u>451,132</u>
	<u>1,542,167</u>	<u>1,690,631</u>

8 INTERESTS IN PROPERTY DEVELOPMENT (CONTINUED)

Interests in property development represent the Group's interests in the development of various properties located at Huizhou and Zhuhai in Mainland China under co-investment agreements with a related company, Polytec Holdings International Limited ("Polytec Holdings"). Details of the funding arrangements and other key terms of the co-investment agreements were disclosed in the Company's Circulars dated 30 October 2013 and 30 June 2022. Interests in property development are stated at fair value at the end of the reporting period.

During the year ended 31 December 2025, pursuant to the co-investment agreement in relation to a property development project, distribution of HK\$758,767,000 (2024: Nil) made by Polytec Holdings to the Group was recognised in profit or loss.

As at 31 December 2025, the amount due from a related company of HK\$758,767,000 (31 December 2024: Nil) was arisen from the distribution from the interest in property development. The amount is unsecured, interest-free and subsequently settled after the year end.

9 TRADE AND OTHER RECEIVABLES/LOANS AND ADVANCES

The following is an ageing analysis (based on the due date) of trade receivables and loans and advances (net of loss allowance) at 31 December:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current	290,800	368,761
Within 3 months	34,424	39,186
3 months to 6 months	608	568
More than 6 months	<u>18,318</u>	<u>17,002</u>
Trade receivables and loans and advances	344,150	425,517
Utility and other deposits	14,587	18,937
Prepaid tax	89,393	85,087
Other receivables and prepayments	<u>369,873</u>	<u>377,139</u>
	<u>818,003</u>	<u>906,680</u>
Representing:		
Non-current assets	213,203	246,966
Current assets	<u>604,800</u>	<u>659,714</u>
	<u>818,003</u>	<u>906,680</u>

The Group maintains a defined credit policy. An ageing analysis of trade receivables and loans and advances is prepared on a regular basis and is closely monitored to minimise any credit risk associated with receivables and loans and advances.

10 TRADE AND OTHER PAYABLES

The following is an ageing analysis (based on the due date) of trade payables at 31 December:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Not yet due or on demand	1,504,405	2,006,034
Within 3 months	<u>243</u>	<u>293</u>
Trade payables	1,504,648	2,006,327
Rental and other deposits	79,380	80,413
Other payables and accrued expenses	434,867	620,285
Contract liabilities – deposits received on sale of properties	<u>506,360</u>	<u>524,646</u>
	<u><u>2,525,255</u></u>	<u><u>3,231,671</u></u>

FINANCIAL REVIEW

Financial resources and bank borrowings

As at 31 December 2025, the Group's total bank borrowings amounted to HK\$18,527 million, a reduction from HK\$19,125 million in 2024, comprising of HK\$1,686 million repayable within one year and HK\$16,841 million repayable after one year. With cash and bank balances totalling HK\$1,173 million, the Group's net bank borrowings have reduced to HK\$17,354 million as at 31 December 2025. Loan from a related company is recorded at HK\$2,112 million as of the same date. The Group's gearing ratio (calculated on the basis of net bank borrowings over total equity) was 98.8% as at 31 December 2025 (31 December 2024: 104.4%).

During the year, sales of the property projects in Hong Kong contributed cash inflows of approximately HK\$2,421 million to the Group, mainly from sales and presales of Manor Hill and Upper Manor. Furthermore, the Group recorded approximately HK\$872 million cash inflows from presales and sales of various development projects in Mainland China, mainly from sales of Le Cove City, Wuxi and Polytec Luxury Mansion, Shanxi.

Over the past few years, the Group has continued to prioritise the reduction of its gearing ratio as part of its financial management strategy. To support this objective, the Group has implemented various initiatives, including the disposal of non-core assets. During the years, the Group disposed of certain offices, shops and car parking spaces in its residential projects in Mainland China. In addition, the Group disposed of its film distribution and related rights that had been held for decades, following interest expressed by a third party, with the transaction completed in July 2025. This one-off disposal enabled the Group to realise value from a legacy asset that has not been part of its active operations and contributed positively to cash flow. In total, non-core assets amounting to over HK\$655 million were realised during the years, further strengthening the Group's financial position.

By divesting these non-core assets, the Group is able to sharpen its focus on core business, which not only helps to reduce debt levels but also enhances cash flow and supports long-term value creation for shareholders. In addition, proceeds from the presale of Upper Manor and the forthcoming Phase 1 and Phase 2 launches of the Clear Water Bay Road project in Hong Kong, together with the presales and sales of various projects in Mainland China, are expected to generate further cash inflows in the near term. These cash inflows will further strengthen the Group's liquidity and overall financial position.

During the year, the Group has cautiously advanced its development projects in Hong Kong and Mainland China and expended a total of approximately HK\$1,282 million for construction costs. In February 2025, a joint venture formed by the Group with an independent third party achieved unified ownership of the various properties located at Nos. 24, 26, 28, and 30 Fuk Chak Street, Hong Kong through a compulsory sale successfully.

All the Group's borrowings are arranged on a floating rate basis. The Group will closely monitor and manage its exposure to interest rate fluctuations and will consider engaging in relevant hedging arrangements when appropriate.

With the investments in Mainland China, the Group is exposed to exchange fluctuations in RMB. Since revenue generated from the development projects in Mainland China funds local development costs which are also denominated in RMB, it serves as a natural hedge against the exchange rate risk of RMB.

With the financing facilities in place, recurrent income from investment properties, cash inflows from presales/sales of the Group's development projects and the financial support from a related company, the Group has sufficient financial resources to satisfy its commitments and future funding requirements.

Capital commitments

As at 31 December 2025, the Group had commitments mainly in connection with the Group's investment properties amounting to HK\$250 million.

Pledge of assets

As at 31 December 2025, properties having a value of HK\$26,379 million and deposits of HK\$13 million were pledged to banks and insurance companies mainly to secure banking facilities and performance bonds extended to the Group.

Contingent liabilities

As at 31 December 2025, the Group had given guarantees to financial institutions in respect of performance bonds entered into by a subsidiary to the extent of HK\$38 million.

HUMAN RESOURCES

As at 31 December 2025, the Group had a total of 1,992 employees (2024: 2,476 employees), of which 1,909 were Hong Kong staff and 83 were Mainland China staff. During the year, total staff costs decreased to HK\$615 million (2024: HK\$668 million). Salary levels of employees are competitive. Discretionary bonuses are granted based on the performance of the Group as well as the performance of individuals to attract, motivate and retain talented people.

The Group believes that the quality of its human resources is critical for it to maintain a strong competitive edge. The Group has conducted a range of training programmes through various institutions to strengthen employees' all-round skills and knowledge, aiming to well equip them to cope with their development in the ever-changing economy.

In addition, the Group established a recreation club and conducted lunch gatherings for employees during the year to promote team spirit and loyalty, and encourage communication among departments.

OTHER INFORMATION

Review by Audit Committee

The Audit Committee of the Company has reviewed and discussed with the Group's independent auditor, KPMG, Certified Public Accountants, the consolidated financial statements of the Group for the year ended 31 December 2025, including critical accounting policies and practices adopted by the Group.

Scope of Work of KPMG

The financial figures in respect of the Group's consolidated statement of financial position, consolidated income statement and consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2025 set out in the announcement have been compared by the Group's independent auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 December 2025 and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

Compliance with the Corporate Governance Code

Throughout the year ended 31 December 2025, the Company has complied with all code provisions set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), with the exception of Code Provisions C.2.1 and F.1.3 as explained below:

Code Provision C.2.1

Mr Or Wai Sheun has performed the combined role as the chairman of the Board and the chief executive taking charge of the overall operations of the Group. This combining of the roles enables the Company to make prompt and effective decisions. The corporate governance principles of the Company emphasise the importance of a quality Board and accountability to Shareholders. In ensuring proper ethical and responsible decision-making, the Board has established a series of mechanisms for formal review of particular aspects of the Company’s affairs. Important decisions, including those which may be expected to affect the long-term Shareholders’ interests, are made by the Board and applicable Board committees.

Code Provision F.1.3

Mr Or Wai Sheun, the chairman of the Board and the then chairman of the Nomination Committee of the Company (the “Nomination Committee”) (who ceased to act as the chairman of the Nomination Committee with effect from 1 July 2025), was unable to attend the Annual General Meeting of the Company held on 4 June 2025 (the “2025 AGM”) due to a medical treatment. In his absence, an Executive Director of the Company was invited to chair the 2025 AGM and the members of the Nomination Committee were invited to attend and were available to answer questions at the 2025 AGM.

Purchase, Sale or Redemption of the Company’s Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2025.

2026 AGM

The 2026 AGM will be held on Wednesday, 3 June 2026. The notice of the 2026 AGM will be published in due course.

Closure of Register of Members

For the purpose of determining shareholders' eligibility to attend and vote at the 2026 AGM, the register of members of the Company will be closed from Friday, 29 May 2026 to Wednesday, 3 June 2026, both dates inclusive. During the aforementioned period, no transfer of shares will be registered. In order to be eligible to attend and vote at the 2026 AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 pm (Hong Kong time) on Thursday, 28 May 2026. The shareholders whose names appear on the register of members of the Company on Wednesday, 3 June 2026, being the record date of the 2026 AGM, will be entitled to attend and vote at the 2026 AGM.

For the purpose of determining shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Monday, 15 June 2026 to Tuesday, 16 June 2026, both dates inclusive. During the aforementioned period, no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at the abovementioned address for registration not later than 4:30 pm (Hong Kong time) on Friday, 12 June 2026. Subject to the approval by the shareholders at the 2026 AGM, the proposed final dividend will be payable to shareholders whose names appear on the register of members of the Company on Tuesday, 16 June 2026, being the record date for determination of entitlement to the proposed final dividend.

Publication of Annual Report

The Annual Report 2025 containing all the information as required by the Listing Rules will be published on the website of "HKEXnews" at www.hkexnews.hk and the website of the Company at www.kdc.com.hk by the end of April 2026, while printed copies will be sent to Shareholders as requested.

By Order of the Board
Kowloon Development Company Limited
Or Wai Sheun
Chairman

Hong Kong, 20 March 2026

As at the date of this announcement, the Directors of the Company are Mr Or Wai Sheun (Chairman), Mr Lai Ka Fai, Mr Or Pui Kwan and Mr Lam Yung Hei as Executive Directors; Ms Ng Chi Man and Mr Yeung Kwok Kwong as Non-executive Directors; and Mr Li Kwok Sing, Aubrey, Mr Lok Kung Chin, Hardy and Mr Hsu Duff Karman as Independent Non-executive Directors.