九 龍 建 業 有 限 公 司
KOWLOON DEVELOPMENT COMPANY LIMITED

Stock Code 股份代號: 34

INTERIM REPORT
中期報告
2026

Kowloon Development Company Limited
九龍建業有限公司

Kowloon Development Company Limited (Stock Code: 34) has been engaged in property investment and investment holding with the operation of its business mainly in Hong Kong since its establishment. It has substantially broadened the areas of its business activity since the Polytec group gained the control of it in 2002. The Group is principally engaged in property development, property investment and property management in Hong Kong and Mainland China. It is determinedly committed to enhancing its competitive position, with its landbank amounting to approximately 2.7 million sq m of attributable gross floor area in Hong Kong and Mainland China as at 30 June 2026. The Group is also engaged in financial investments and investment holding.

九龍建業有限公司（股份代號：34）自成立以來一直從事物業投資及投資控股業務，其業務主要於香港營運。本公司自保利達集團於二零零二年入主起便大幅擴闊其業務範圍，集團主要於香港及中國大陸從事物業發展、物業投資及物業管理業務。集團致力提升本身之競爭優勢，於二零二六年六月三十日，其於香港及中國大陸土地儲備之應佔總樓面面積約2,700,000平方米。集團亦從事金融投資及投資控股業務。

Artist's Impression of 33 Clear Water Bay (Hong Kong)
33清水灣（香港）之電腦構想圖

Contents

Artist's Impression of 33 Clear Water Bay (Hong Kong)

Corporate Information

Board of Directors and Committees

Board of Directors

Executive Directors
Mr Or Wai Sheun *(Chairman)*
Mr Lai Ka Fai
Mr Or Pui Kwan
Mr Lam Yung Hei

Non-executive Directors
Ms Ng Chi Man
Mr Yeung Kwok Kwong

Independent Non-executive Directors
Mr Li Kwok Sing, Aubrey
Mr Lok Kung Chin, Hardy
Mr Hsu Duff Karman

Committees

Executive Committee
Mr Or Wai Sheun *(Chairman)*
Mr Lai Ka Fai
Mr Or Pui Kwan
Mr Lam Yung Hei
Mr Yeung Kwok Kwong

Audit Committee
Mr Hsu Duff Karman *(Chairman)*
Mr Li Kwok Sing, Aubrey
Mr Lok Kung Chin, Hardy
Mr Yeung Kwok Kwong

Nomination Committee
Mr Hsu Duff Karman *(Chairman)*
Mr Lok Kung Chin, Hardy
Ms Ng Chi Man

Remuneration Committee
Mr Lok Kung Chin, Hardy *(Chairman)*
Mr Li Kwok Sing, Aubrey
Mr Hsu Duff Karman
Mr Lai Ka Fai

Corporate and Shareholder Information

Company Secretary
Ms Tse Wah Ting, Wendy

Independent Auditor
KPMG
Public Interest Entity Auditor
registered in accordance with
the Accounting and Financial Reporting Council Ordinance

Authorised Representatives
Mr Lai Ka Fai
Ms Tse Wah Ting, Wendy

Legal Adviser
Sidley Austin

Share Registrar
Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Wan Chai, Hong Kong

Registered Office
23rd Floor, Pioneer Centre, 750 Nathan Road,
Kowloon, Hong Kong
Telephone : (852) 2396 2112
Facsimile : (852) 2789 1370
Website : www.kdc.com.hk
E-mail : enquiry@kdc.com.hk

Stock Code
The Stock Exchange of Hong Kong: 34

Principal Bankers
Bank of China
Bank of Communications
Bank of East Asia
China CITIC Bank International
China Construction Bank
Chong Hing Bank
Dah Sing Bank
DBS Bank
Hang Seng Bank
Tai Fung Bank
United Overseas Bank

Financial Calendar for Interim Results 2026

Interim results announcement	21 August 2026
Ex-dividend date for interim dividend	10 December 2026
Closure of register of members	
– Interim dividend	14 December 2026 – 15 December 2026 (both dates inclusive)
Record date	
– Interim dividend	15 December 2026
Interim dividend payable	6 January 2027

Group's Business Structure

KOWLOON DEVELOPMENT COMPANY LIMITED

(A member of the Polytec group)
Stock Code: 34

HONG KONG PROPERTY

Property Development
Major development projects:
- Clear Water Bay Road
- Fuk Chak Street

Development Landbank:
203,000 sq m

Property Investment
Flagship investment property:
- Pioneer Centre

Investment Landbank:
54,000 sq m

Property Management
Properties under management:
1,012,000 sq m

MAINLAND CHINA PROPERTY

Property Development
Major development projects:
- Le Cove City (Shenyang) 江灣城（瀋陽）
- The Gardenia (Shenyang) 翠堤灣（瀋陽）
- The Lake (Foshan) 山語湖（佛山）
- City Plaza (Tianjin) 城市廣場（天津）
- Yangpu (Shanghai) 楊浦（上海）
- Polytec Luxury Mansion (Shanxi) 保利達•貴府（山西）
- Hengda Guangchang (Zhuhai) 亨達廣場（珠海）

Development Landbank:
2,537,000 sq m

FINANCIAL INVESTMENTS

Fixed-income and equity investments in Hong Kong and other recognised financial markets

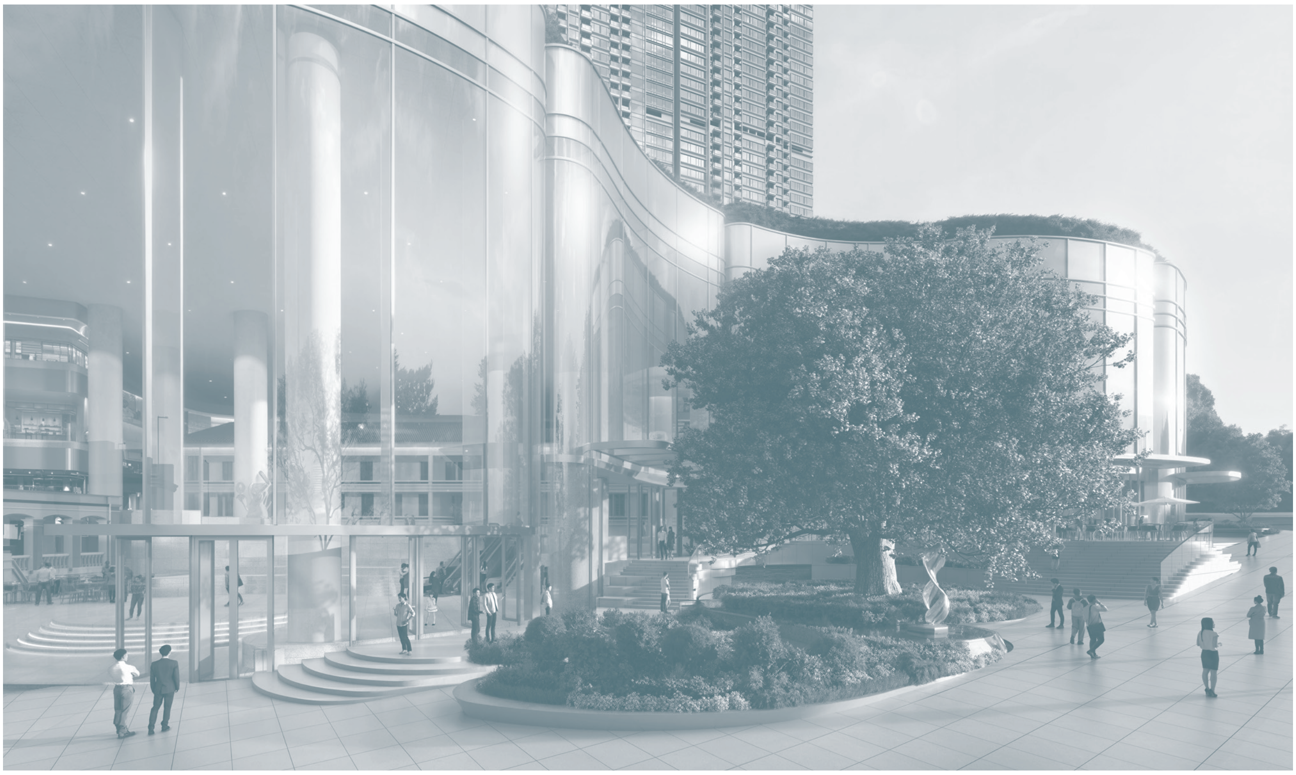
Highlights

- For the six months ended 30 June 2026, the unaudited profit of the Group attributable to Shareholders amounted to HK$131 million, compared to HK$125 million in the corresponding period of 2025, representing an increase of 4.8%. The interim earnings per share for 2026 remained at HK$0.10, the same as HK$0.10 for 2025.

- Interim dividend for 2026 amounts to HK$0.10 per share (2025: HK$0.10).

Artist's Impression of 33 Clear Water Bay (Hong Kong)

Chairman's Statement



Artist's Impression of 33 Clear Water Bay (Hong Kong)

Interim Results and Dividend

For the six months ended 30 June 2026, the unaudited profit of Kowloon Development Company Limited (the "Company") and its subsidiaries (collectively, the "Group") attributable to shareholders of the Company ("Shareholders") amounted to HK$131 million, compared to HK$125 million in the corresponding period of 2025, representing an increase of 4.8%. The interim earnings per share for 2026 remained at HK$0.10, the same as HK$0.10 for 2025.

The fair value of the Group's investment properties remained broadly stable in the first half of 2026, recording revaluation gains of HK$6 million, compared to revaluation losses of HK$187 million recorded in the corresponding period of 2025. Excluding the effects of such revaluation on investment properties and fair value changes on interests in the property development, the Group's underlying profit attributable to Shareholders for the first half of 2026 amounted to HK$126 million, compared to HK$312 million in the corresponding period of 2025, representing a decrease of 59.6%. The underlying interim earnings per share for 2026 was HK$0.10, compared to HK$0.239 for 2025.

The Board of Directors of the Company (the "Board") has declared an interim dividend of HK$0.10 per share for 2026 (2025: HK$0.10). The interim dividend will be payable on Wednesday, 6 January 2027 to shareholders whose names appear on the register of members of the Company on Tuesday, 15 December 2026.

Market Overview and Business Review

In the first half of 2026, the overall residential property market in Hong Kong showed signs of bottoming out, stabilising and staging a modest recovery. Favourable factors, including the US Federal Reserve maintaining interest rate stability and local banks offering relatively low mortgage rates during the period, attracted buyers to the market. At the same time, the continuous influx of top talent and robust inelastic housing demand in Hong Kong drove residential rents to extend their upward trajectory seen since late last year, further stimulating tenants to transition from renting to buying and spurring long-term investors to enter the market. According to the latest figures released by the Rating and Valuation Department, the residential property price index for June stood at 323.2, with property prices rising by over 7.8% from the beginning of the year to the end of June. During the first half of the year, the residential property market overall exhibited momentum in both price and transaction volume growth, with purchasing power being released in an orderly manner.

As for commercial buildings, the office market remained under pressure from new supply in the first half of the year. Fortunately, net absorption bounced back and vacancy rates moderated, and office rents in core business districts also edged up slightly, whereas rents in non-core business districts stayed under pressure. On the retail shop front in the first half of the year, benefiting from the sustained recovery in inbound tourism and the revival of local consumer sentiment, leasing demand and rental levels in prime retail districts stayed relatively stable, with modest growth recorded in certain new leases.

In Mainland China, the Central Government introduced a series of policies to stabilise the real estate market, aimed at exerting a positive impact on the market. During the period, transaction volumes of secondary residential properties in major cities picked up. Nevertheless, overall market confidence remained at a low level and was in a stage of gradual recovery. It is hoped that more proactive policy measures on the real estate front will be rolled out by the Central Government in the second half of 2026 to further consolidate the foundation for the market to bottom out and stabilise.

Development Property Sales

In Hong Kong, Upper Manor, a residential and commercial development project located on High Street in Sai Ying Pun in which the Group holds a 60% interest, was completed with the Occupation Permit issued in April 2026. For the period under review, 60 of the total 111 sold-out residential units at the project were delivered to buyers. Total sale proceeds from the Group's development projects of approximately HK$456 million were recognised, which included the Group's attributable share of sale proceeds of approximately HK$334 million from the 60 delivered units at Upper Manor. At present, the remaining 51 sold residential units at Upper Manor have also been delivered, and the corresponding sale proceeds will be recognised in the second half of the year.

In Mainland China, total presales/sales from the Group's development projects amounted to approximately RMB437 million for the six months ended 30 June 2026, with presales/sales attributable to the Group of approximately RMB377 million based on its interests.

Market Overview and Business Review *(Continued)*

Property Development

As at 30 June 2026, the Group's landbank for development amounted to approximately 2.7 million sq m of attributable gross floor area ("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								
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%	Foundation works in progress	First quarter 2029
Mainland China								
Le Cove City (Shenyang) 江灣城（瀋陽）	Hun Nan District, Shenyang	Residential & commercial	165,000	630,000	381,000	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	701,000	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	1,085,000	50%	Construction works for Phase 5 (approx. GFA of 83,000 sq m) completed	Remaining development to be determined
City Plaza (Tianjin) 城市廣場（天津）	Hedong District, Tianjin	Residential, commercial & office	136,000	850,000	477,000	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%	Design modification plan in progress	End-2029
Polytec Luxury Mansion (Shanxi) 保利達•貴府（山西）	Jiexiu	Residential & commercial	181,000	463,000	81,000	100%	Construction of Phase 2 (approx. GFA of 143,000 sq m) residential segment expected to commence in third quarter 2026	Phase 2 residential segment 2028
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 third quarter 2026

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

Note: A property project in Hong Kong, namely Upper Manor, was completed during the period under review.

Property Investment
Gross rental income generated from the Group's investment property portfolio in Hong Kong amounted to HK$131 million in the first six months of 2026, compared to HK$132 million in the corresponding period of 2025, representing a decrease of 0.8%.

Prospects

In Hong Kong, structural works for the superstructure of the Group's Phase 1 development located at No. 33 Clear Water Bay Road are approaching completion. Sales preparations are currently in place, with the Group striving to launch sales to the market by the end of the third quarter of this year. As the Group's current core development project with a GFA of over 2,000,000 sq ft, it will provide more than 2,000 residential units alongside a large modern shopping arcade, representing a rare large-scale new development in the district. Situated in a prime location in East Kowloon with excellent transport connectivity, the project is directly connected to Choi Hung MTR Station and is expected to be well received by the market. The Phase 1 development is scheduled for completion and delivery to buyers between the second and third quarters of 2027.

Foundation works for the Group's 50%-owned joint development project located on Fuk Chak Street in Tai Kok Tsui are currently in progress.

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

In Jiexiu, Shanxi, over 700 residential units in the Phase 1 development of Polytec Luxury Mansion have been substantially sold out, with satisfactory sales results, while planning approval for the Phase 2 development has been granted, under which construction of the residential segment is scheduled to commence in the third quarter of 2026, with completion expected in 2028.

In Zhuhai, the Phase 1 development of Hengda Guangchang, comprising apartments and three-storey retail shops, was granted the Completion and Acceptance Filing Certificate in July 2026. The retail segment is close to completing all presales, while interior fitting-out works for the apartments are currently underway. In-depth collaboration with a renowned hotel brand to upgrade part of the project area into a hotel is planned, which is expected to provide long-term and stable income in the future.

The sale of the remaining units of the Group's joint development projects in Foshan and Tianjin will continue during the year. The construction works for the 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, site formation works have also been completed and the design modification plan is currently underway.

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

All of the Group's projects in Mainland China are currently advancing in a prudent manner, with sales of the remaining residential units, retail shops and parking spaces continuing.

Prospects *(Continued)*

In the first half of 2026, the Group recorded only modest profit growth due to fewer sales projects eligible for revenue recognition in Hong Kong. Looking ahead to the second half of the year, following the phased sales launch of the Clear Water Bay Road development project, if sales proceed smoothly, the substantial cash inflows generated are expected to significantly improve the Group's gearing ratio and further drive its future earnings growth.

Barring unforeseen circumstances, the Group anticipates that in Hong Kong, sales revenue from Upper Manor (which is fully sold out with an Occupation Permit issued), together with the Group's rental income, will serve as the primary sources of results and revenue in the second half of 2026.

I hereby express my deepest gratitude to the members of the Board for their foresight and full support, as well as our staff for their dedication and hard work!

Or Wai Sheun
Chairman

Hong Kong, 21 August 2026

Artist's Impression of 33 Clear Water Bay (Hong Kong)

Financial Review

Financial Resources and Bank Borrowings

As at 30 June 2026, the Group's total bank borrowings amounted to HK$18,308 million, a reduction from HK$18,527 million in 2025, comprising of HK$11,473 million repayable within one year and HK$6,835 million repayable after one year. Included in short-term borrowings is a syndicated project loan granted for the development of the Clear Water Bay Road project. This loan has been reclassified as current liabilities due to its maturity falling in the first half of 2027. The Group has maintained proactive, continuous and close communication with the syndicate banks. Benefiting from the project's prime location with direct access to key transportation hubs, with confidence in the current residential market in Hong Kong together with the Group's long and well established creditability, the syndicate banks remain supportive of the loan facility. Looking ahead, upon the launch of presales for Phase 1 of the Clear Water Bay Road project, the Group's financial position will be further strengthened and the management is confident to complete the refinancing smoothly before the maturity of the said syndicated project loan.

With cash and bank balances totalling HK$1,160 million, the Group's net bank borrowings have reduced to HK$17,148 million as at 30 June 2026. Loan from a related company is recorded at HK$2,236 million as at the same date. The Group's gearing ratio (calculated on the basis of net bank borrowings over total equity) was 97.1% as at 30 June 2026 (31 December 2025: 98.8%).

During the period, sales of the property projects in Hong Kong contributed cash inflows of approximately HK$421 million to the Group, mainly from sales and presales of Manor Hill and Upper Manor. Furthermore, the Group recorded approximately HK$367 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 total, non-core assets amounting to over HK$700 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, with the Group's upcoming launch of presales for its large-scale residential project on Clear Water Bay Road in Hong Kong, together with the presales and sales of various projects in Mainland China, further cash inflows are expected to be generated in the near term. These cash inflows will further strengthen the Group's liquidity and overall financial position, and the Group's gearing ratio is expected to improve in due course.

During the period, the Group has advanced its development projects in Hong Kong and Mainland China and expended a total of approximately HK$869 million for construction costs.

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 30 June 2026, the Group had commitments mainly in connection with the Group's investment properties amounting to HK$231 million.

Pledge of Assets

As at 30 June 2026, properties having a value of HK$27,276 million and deposits of HK$26 million were pledged to banks and insurance companies mainly to secure banking facilities and performance bonds extended to the Group.

Contingent Liabilities

As at 30 June 2026, the Group had given guarantees to financial institutions in respect of performance bonds entered into by a subsidiary to the extent of HK$40 million.

Independent Review Report of the Auditor

Review report to the board of directors of
Kowloon Development Company Limited
(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 14 to 34, which comprises the consolidated statement of financial position of Kowloon Development Company Limited (the "Company") and its subsidiaries (the "Group") as of 30 June 2026 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, "Interim financial reporting" as issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to express a conclusion, based on our review, on this interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity" as issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2026 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, "Interim financial reporting".

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

21 August 2026

Consolidated Statement of Profit or Loss

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2026 $'000 (unaudited)	 2025 $'000 (unaudited)
Revenue	3	**1,186,355**	2,428,801
Cost of sales		**(717,663)**	(1,275,466)
Other revenue		**22,488**	13,276
Other net income/(expenses)		**78,965**	(582)
Depreciation and amortisation		**(5,680)**	(6,184)
Staff costs		**(250,476)**	(302,600)
Selling, marketing and distribution expenses		**(62,610)**	(359,402)
Other operating expenses		**(55,509)**	(70,832)
Fair value changes on investment properties	8	**6,199**	(186,798)
Fair value changes on interests in property development		**(762)**	(293)
Profit from operations		**201,307**	239,920
Finance costs	4(a)	**(37,996)**	(73,965)
Share of profits of associated companies		**9,095**	6,315
Share of (losses)/profits of joint ventures		**(2,345)**	23,531
Profit before taxation	4	**170,061**	195,801
Income tax	5	**(41,764)**	(80,680)
Profit for the period		**128,297**	115,121
Attributable to:			
Shareholders of the Company		**130,697**	124,556
Non-controlling interests		**(2,400)**	(9,435)
Profit for the period		**128,297**	115,121
Earnings per share - Basic and diluted	6	**$0.10**	$0.10

The notes on pages 20 to 34 form part of the interim financial report.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2026	2025
	$'000	$'000
	(unaudited)	(unaudited)
Profit for the period	**128,297**	115,121
Other comprehensive income for the period		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong	**40,970**	20,012
Share of other comprehensive income of joint ventures and associated companies	**132,031**	79,171
	173,001	99,183
Total comprehensive income for the period	**301,298**	214,304
Attributable to:		
Shareholders of the Company	**301,900**	223,038
Non-controlling interests	**(602)**	(8,734)
Total comprehensive income for the period	**301,298**	214,304

The notes on pages 20 to 34 form part of the interim financial report.

Consolidated Statement of Financial Position

(Expressed in Hong Kong dollars)

	Note	At 30 June 2026 $'000 (unaudited)		At 31 December 2025 $'000 (audited)	
Non-current assets					
Investment properties	8		**13,267,178**		13,186,630
Property, plant and equipment			**206,546**		209,114
Interests in property development	9		**761,306**		762,068
Interest in joint ventures			**1,654,309**		1,605,797
Interest in associated companies			**2,565,916**		2,442,825
Trade and other receivables	11		**65,892**		65,819
Loans and advances	11		**109,152**		147,384
Deferred tax assets			**283,269**		294,942
			18,913,568		18,714,579
Current assets					
Inventories	10	**19,775,774**		19,390,724	
Interests in property development	9	**780,099**		780,099	
Trade and other receivables	11	**622,164**		589,982	
Loans and advances	11	**8,142**		14,818	
Other financial assets		**7,012**		7,947	
Amount due from a related company		**–**		758,767	
Amount due from a joint venture		**56,675**		56,675	
Cash and bank balances		**1,159,651**		1,172,587	
		22,409,517		22,771,599	
Current liabilities					
Trade and other payables	12	**2,356,390**		2,525,255	
Amount due to an associated company		**45,616**		43,865	
Bank loans	14	**11,472,828**		1,685,978	
Current taxation		**288,238**		274,018	
		14,163,072		4,529,116	
Net current assets			**8,246,445**		18,242,483
Total assets less current liabilities			**27,160,013**		36,957,062

Consolidated Statement of Financial Position

(Expressed in Hong Kong dollars)

	Note	At 30 June 2026 $'000 (unaudited)		At 31 December 2025 $'000 (audited)	
Non-current liabilities					
Loan from a related company	13	**2,235,747**		2,112,220	
Bank loans	14	**6,835,246**		16,840,811	
Deferred tax liabilities		**420,831**		447,596	
			9,491,824		19,400,627
NET ASSETS			**17,668,189**		17,556,435
CAPITAL AND RESERVES					
Share capital			**9,307,169**		9,307,169
Reserves			**8,277,575**		8,158,544
Total equity attributable to the shareholders of the Company			**17,584,744**		17,465,713
Non-controlling interests			**83,445**		90,722
TOTAL EQUITY			**17,668,189**		17,556,435

Approved and authorised for issue by the board of directors on 21 August 2026.

The notes on pages 20 to 34 form part of the interim financial report.

Consolidated Statement of Changes in Equity

(Expressed in Hong Kong dollars)

	Note	Attributable to shareholders of the Company						
		Share capital $'000	Capital reserve $'000	Exchange reserves $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2025		9,307,169	(176,595)	(453,001)	8,793,568	17,471,141	96,385	17,567,526
Changes in equity for the six months ended 30 June 2025								
Profit for the period		–	–	–	124,556	124,556	(9,435)	115,121
Other comprehensive income		–	–	98,482	–	98,482	701	99,183
Total comprehensive income		–	–	98,482	124,556	223,038	(8,734)	214,304
Dividends approved in respect of the previous year	7(b)	–	–	–	(156,745)	(156,745)	–	(156,745)
At 30 June 2025 and 1 July 2025		9,307,169	(176,595)	(354,519)	8,761,379	17,537,434	87,651	17,625,085
Changes in equity for the six months ended 31 December 2025								
Profit for the period		–	–	–	6,019	6,019	2,640	8,659
Other comprehensive income		–	–	52,881	–	52,881	431	53,312
Total comprehensive income		–	–	52,881	6,019	58,900	3,071	61,971
Dividends approved in respect of the current year	7(a)	–	–	–	(130,621)	(130,621)	–	(130,621)
At 31 December 2025		9,307,169	(176,595)	(301,638)	8,636,777	17,465,713	90,722	17,556,435
(unaudited) At 1 January 2026		**9,307,169**	**(176,595)**	**(301,638)**	**8,636,777**	**17,465,713**	**90,722**	**17,556,435**
Changes in equity for the six months ended 30 June 2026								
Profit for the period		**–**	**–**	**–**	**130,697**	**130,697**	**(2,400)**	**128,297**
Other comprehensive income		**–**	**–**	**171,203**	**–**	**171,203**	**1,798**	**173,001**
Total comprehensive income		**–**	**–**	**171,203**	**130,697**	**301,900**	**(602)**	**301,298**
Dividend approved in respect of the previous year	7(b)	**–**	**–**	**–**	**(182,869)**	**(182,869)**	**–**	**(182,869)**
Dividend paid to non-controlling interests		**–**	**–**	**–**	**–**	**–**	**(6,675)**	**(6,675)**
At 30 June 2026		**9,307,169**	**(176,595)**	**(130,435)**	**8,584,605**	**17,584,744**	**83,445**	**17,668,189**

The notes on pages 20 to 34 form part of the interim financial report.

Condensed Consolidated Cash Flow Statement

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2026 $'000 (unaudited)	 2025 $'000 (unaudited)
Net cash generated from operating activities		**623,318**	836,699
Investing activities			
Net cash inflows from disposal of subsidiaries	15	**–**	–
Additions to investment properties		**(48,774)**	(33,645)
Other cash flows arising from investing activities		**2,542**	4,109
Net cash used in investing activities		**(46,232)**	(29,536)
Financing activities			
Drawdown of bank loans		**3,228,000**	7,024,200
Repayment of bank loans		**(3,446,715)**	(7,408,564)
Interest paid		**(325,610)**	(411,411)
Increase in loan from a related company		**88,533**	282,506
Dividend paid to shareholders of the Company		**(130,472)**	(130,469)
Dividend paid to non-controlling interests		**(6,675)**	–
Net cash used in financing activities		**(592,939)**	(643,738)
Net (decrease)/increase in cash and cash equivalents		**(15,853)**	163,425
Cash and cash equivalents at 1 January		**1,172,587**	791,467
Effect of foreign exchange rate changes		**2,917**	1,920
Cash and cash equivalents at 30 June		**1,159,651**	956,812
Analysis of balances of cash and cash equivalents at 30 June			
Cash and bank balances		**1,159,651**	956,812

The notes on pages 20 to 34 form part of the interim financial report.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars)

1 Basis of Preparation

The unaudited interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2026 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2025 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 13.

The financial information relating to the financial year ended 31 December 2025 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year 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 2025 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

2 Changes in Accounting Policies

The HKICPA has issued a number of amendments to HKFRS Accounting Standards that are first effective for the current accounting period. Of these, only the amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: Disclosures – Amendments to the classification and measurement of financial instruments, are relevant to the Group's financial statements.

The amendments do not have a material impact on this interim report. 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) Disaggregation of revenue

	Six months ended 30 June 2026 $'000	2025 $'000
Revenue from contracts with customers within the scope of HKFRS 15:		
Sale of properties	**816,570**	2,019,276
Property management service income	**162,888**	194,268
Others	**67,202**	71,011
	1,046,660	2,284,555
Revenue from other sources:		
Rental income	**131,231**	132,151
Others	**8,464**	12,095
	1,186,355	2,428,801

(b) 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 period is set out below.

	Six months ended 30 June 2026				
		Property development			
	Total	Hong Kong	Mainland China	Property investment	Others *(Remark 1)*
	$'000	$'000	$'000	$'000	$'000
Revenue	1,186,355	455,690	360,880	131,231	238,554
Reportable segment profit	250,237	123,796	5,508	119,716	1,217
Fair value changes on investment properties	6,199	–	–	6,199	–
Fair value changes on interests in property development	(762)	–	(762)	–	–
Head office and corporate expenses	(47,617)				
Finance costs	(37,996)				
Profit before taxation	170,061				
Share of profits of associated companies	9,095	–	9,095	–	–
Share of (losses)/profits of joint ventures	(2,345)	–	(2,384)	–	39

Remark 1: Others included revenue from property management services of $162,888,000 (six months ended 30 June 2025: $194,268,000) and the relevant segment profit of $907,000 (six months ended 30 June 2025: segment loss of $19,541,000) respectively.

3 Segment Reporting *(Continued)*

(b) Segment results and assets *(Continued)*

	Six months ended 30 June 2025				
		Property development			
	Total	Hong Kong	Mainland China	Property investment	Others *(Remark 1)*
	$'000	$'000	$'000	$'000	$'000
Revenue	2,428,801	1,419,027	600,249	132,151	277,374
Reportable segment profit/(loss)	498,697	364,467	46,460	102,532	(14,762)
Fair value changes on investment properties	(186,798)	–	–	(186,798)	–
Fair value changes on interests in property development	(293)	–	(293)	–	–
Head office and corporate expenses	(41,840)				
Finance costs	(73,965)				
Profit before taxation	195,801				
Share of profits of associated companies	6,315	–	6,315	–	–
Share of profits of joint ventures	23,531	–	23,531	–	–

	At 30 June 2026				
		Property development			
	Total	**Hong Kong**	**Mainland China**	**Property investment**	**Others *(Remark 2)***
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Reportable segment assets	**39,809,549**	**16,097,254**	**9,921,505**	**13,273,635**	**517,155**
Deferred tax assets	**283,269**				
Cash and bank balances	**1,159,651**				
Head office and corporate assets	**70,616**				
Total assets	**41,323,085**				
Interest in associated companies	**2,565,916**	**–**	**2,565,916**	**–**	**–**
Interests in and amount due from joint ventures	**1,710,984**	**130,267**	**1,580,376**	**–**	**341**

Remark 2: Others included reportable segment assets of property management services amounting to $133,558,000 (31 December 2025: $120,192,000).

3 Segment Reporting *(Continued)*

(b) Segment results and assets *(Continued)*

	At 31 December 2025				
		Property development			
	Total	Hong Kong	Mainland China	Property investment	Others *(Remark 2)*
	$'000	$'000	$'000	$'000	$'000
Reportable segment assets	39,949,338	15,587,295	10,609,625	13,203,815	548,603
Deferred tax assets	294,942				
Cash and bank balances	1,172,587				
Head office and corporate assets	69,311				
Total assets	41,486,178				
Interest in associated companies	2,442,825	–	2,442,825	–	–
Interests in and amount due from joint ventures	1,662,472	133,017	1,528,911	–	544

4 Profit Before Taxation

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

(a) Finance costs

	Six months ended 30 June	
	2026	2025
	$'000	$'000
Interest on bank loans	**305,786**	377,164
Interest on loan from a related company	**34,899**	45,692
Less: Amount capitalised *(Remark)*	**(302,689)**	(348,891)
	37,996	73,965

Remark: Borrowing costs were capitalised at rates of 2.98% – 4.18% (six months ended 30 June 2025: 1.89% – 6.98%) per annum.

4 Profit Before Taxation *(Continued)*

(b) Other items

	Six months ended 30 June 2026 $'000	Six months ended 30 June 2025 $'000
Rentals receivable under operating leases less outgoings	**(105,202)**	(104,215)
Rental income	**(131,231)**	(132,151)
Less: Outgoings	**26,029**	27,936
Depreciation and amortisation	**5,680**	6,184
Interest income	**(8,464)**	(12,095)

5 Income Tax

Taxation in the consolidated statement of profit or loss represents:

	Six months ended 30 June 2026 $'000	Six months ended 30 June 2025 $'000
Current tax		
Provision for profits tax		
– Hong Kong	**37,045**	75,780
– Outside Hong Kong	**13,161**	9,188
	50,206	84,968
Land appreciation tax ("LAT")	**593**	20
Withholding tax	**–**	13,830
Deferred tax	**(9,035)**	(18,138)
	41,764	80,680

The provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2025: 16.5%) of the estimated assessable profits for the six months ended 30 June 2026. 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 is based on the profit attributable to shareholders of the Company of $130,697,000 (six months ended 30 June 2025: $124,556,000) and the weighted average number of ordinary shares in issue during the period of 1,306,206,058 (six months ended 30 June 2025: 1,306,206,058).

(b) Diluted earnings per share

There were no dilutive potential shares in existence during the six months ended 30 June 2026 and 2025.

7 Dividends

(a) Dividends attributable to the interim period

	Six months ended 30 June	
	2026	2025
	$'000	$'000
Interim dividend declared after the interim period of $0.10 (six months ended 30 June 2025: $0.10) per share	**130,621**	130,621

The interim dividend declared after the interim period has not been recognised as a liability at the interim period end date.

(b) Dividends attributable to the previous financial year and approved during the interim period

	Six months ended 30 June	
	2026	2025
	$'000	$'000
Final dividend in respect of the previous financial year, approved during the interim period, of $0.14 (six months ended 30 June 2025: $0.12) per share	**182,869**	156,745

8 Investment Properties

The investment properties of the Group were revalued at 30 June 2026 by Vigers Appraisal and Consulting Limited, an external qualified professional valuer, who has appropriate qualifications and experience in the valuation of similar properties in the relevant locations. The Group's investment properties are revalued semi-annually by using the income capitalisation approach with reference to comparable sales transactions as available in the market. The Group's investment properties under development are revalued semi-annually by estimating the fair value of such properties as if they were completed in accordance with relevant development plan, which makes reference to the average selling prices based on certain comparable sales transactions in the market and adjusted for differences such as location, size, timing and other factors collectively, and then deducting the estimated cost to complete the construction.

A revaluation gain of $6,199,000 (six months ended 30 June 2025: revaluation loss of $186,798,000) was recognised in profit or loss during the six months ended 30 June 2026.

9 Interests in Property Development

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").

As at 30 June 2026, interests in property development of $780,099,000 (31 December 2025: $780,099,000) was expected to be recoverable within one year and was classified as current assets.

10 Inventories

	At 30 June 2026 $'000	At 31 December 2025 $'000
Properties held for future development	**828,669**	828,669
Properties under development	**16,575,653**	16,139,151
Properties held for sale	**2,368,204**	2,419,755
Trading goods and consumables	**3,248**	3,149
	19,775,774	19,390,724

The amount of properties held for future development and properties under development expected to be recovered after more than one year is $828,669,000 (31 December 2025: $828,669,000) and $16,575,653,000 (31 December 2025: $15,646,604,000) respectively. All of the other inventories are expected to be recovered within one year.

11 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 30 June 2026 $'000	At 31 December 2025 $'000
Current	**230,851**	290,800
Within 3 months	**32,574**	34,424
3 months to 6 months	**1,860**	608
More than 6 months	**12,111**	18,318
Trade receivables and loans and advances	**277,396**	344,150
Utility and other deposits	**15,226**	14,587
Prepaid tax	**96,683**	89,393
Other receivables and prepayments	**416,045**	369,873
	805,350	818,003
Representing:		
Non-current assets	**175,044**	213,203
Current assets	**630,306**	604,800
	805,350	818,003

Utility and other deposits of the Group of $8,352,000 (31 December 2025: $7,664,000) are expected to be recovered after more than one year.

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 the receivables and loans and advances.

12 Trade and Other Payables

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

	At 30 June 2026 $'000	At 31 December 2025 $'000
Not yet due or on demand	**1,376,862**	1,504,405
Within 3 months	**129**	243
Trade payables	**1,376,991**	1,504,648
Rental and other deposits	**81,864**	79,380
Other payables and accrued expenses	**456,461**	434,867
Contract liabilities – deposits received on sale of properties	**441,074**	506,360
	2,356,390	2,525,255

13 Loan from a Related Company

Loan from a related company is unsecured, interest bearing at Hong Kong Interbank Offered Rate ("HIBOR") plus a margin per annum and is not expected to be repaid within one year.

14 Bank Loans

At the end of the reporting period, bank loans were repayable as follows:

	At 30 June 2026 $'000	At 31 December 2025 $'000
Within 1 year or on demand	**11,472,828**	1,685,978
After 1 year but within 2 years	**6,835,246**	9,672,130
After 2 years but within 5 years	**–**	7,168,681
	6,835,246	16,840,811
	18,308,074	18,526,789

14 Bank Loans *(Continued)*

At the end of the reporting period, bank loans were secured and unsecured as follows:

	At 30 June 2026 $'000	At 31 December 2025 $'000
Bank loans		
– secured	**18,258,074**	18,484,789
– unsecured	**50,000**	42,000
	18,308,074	18,526,789

Interest on bank loans is charged at HIBOR plus a margin per annum in Hong Kong or by reference to interest rates for term loans published by the People's Bank of China.

With the ongoing relationships with major financial institutions, management expects the Group to maintain continuous and sufficient sources of funding to meet its anticipated liquidity requirements.

15 Notes to Condensed Consolidated Cash Flow Statement

	Six months ended 30 June 2025 $'000
Fair value of assets of subsidiaries disposed	
Inventories	274,065
Trade and other receivables	102
Tax recoverable	113
Trade and other payables	(19,307)
Net assets disposed and total consideration received on disposal of subsidiaries	254,973
Deposit received in prior year	(124,100)
Total consideration received on disposal of subsidiaries	130,873
Satisfied by:	
Fair value of interest recognised as "Interest in joint ventures" in the consolidated statement of financial position	130,873
Total consideration received on disposal of subsidiaries	130,873

On 23 January 2025, the Group had entered into agreements for the disposal of 100% equity interest of wholly owned subsidiaries together with the assignment of shareholder's loans for an aggregate consideration of $277,798,000. The completion of these disposals took place on the same date.

16 Fair Value Measurement of Financial Instruments

Financial assets and liabilities measured at fair value

The following table presents the carrying value of financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in HKFRS 13, "Fair value measurement", with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

– Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments

– Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data

– Level 3: fair values measured using valuation techniques in which any significant input is not based on observable market data

	At 30 June 2026 $'000	At 31 December 2025 $'000
Assets		
Level 2		
Other financial assets		
– Unlisted investment fund	**7,012**	7,947
Level 3		
Interests in property development	**1,541,405**	1,542,167

During the six months ended 30 June 2026, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (six months ended 30 June 2025: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The fair value of unlisted investment fund was determined with reference to the fair value of underlying investment portfolio and adjustments of related transaction costs.

16 Fair Value Measurement of Financial Instruments *(Continued)*

The movement during the period in the balance of Level 3 fair value measurement is as follows:

	At 30 June 2026 $'000	At 31 December 2025 $'000
At 1 January	**1,542,167**	1,690,631
Distribution	**–**	(758,767)
Changes in fair value recognised in profit or loss	**(762)**	610,303
Net changes in fair value	**(762)**	(148,464)
At 30 June/31 December	**1,541,405**	1,542,167

Interests in property development are stated at their fair value measured using a discounted cash flow model. In preparing the discounted cash flow model, management estimates the future cash flows expected to arise from the interests in property development and a suitable discount rate based on the past performance, current market conditions, development and building plans, sale and marketing plans and management's expectations for market development and terms provided under the co-investment agreements. Any adverse change in the key assumption could decrease the fair value.

The Group has a team reporting to the top management which performs the valuation of the interests in property development required for financial reporting purposes. Discussions of valuation processes and results are held between the top management and the team at least once every six months, in line with the Group's half-yearly reporting dates. The key unobservable market data used in the model of a development project at Huizhou and Zhuhai in Mainland China includes estimated selling prices of the underlying properties which are derived from observable market data, including average market prices of properties in Mainland China, with certain adjustments to reflect the impacts of those factors on the development. The adjustments to the average market selling price range from -10% to +10%.

The fair value measurement is positively correlated to adjustments to the selling prices of the underlying property. As at 30 June 2026, it is estimated that an increase/decrease of 5% in the expected/forecasted selling price of the underlying properties at Huizhou and Zhuhai of the Group's interests in property development, with all other variables held constant, would have increased/decreased the Group's retained profits by $55,295,000/$61,960,000 (31 December 2025: $59,113,000/$64,440,000).

17 Capital Commitments

Capital commitments outstanding at the end of the reporting period contracted but not provided for in the financial statements amounted to $230,500,000 (31 December 2025: $249,667,000).

18 Contingent Liabilities

As at 30 June 2026, the Group had given guarantees to financial institutions in respect of performance bonds entered into by a subsidiary to the extent of $39,574,000 (31 December 2025: $37,746,000).

19 Pledge of Assets

As at 30 June 2026, properties having a value of approximately $27,275,604,000 (31 December 2025: $26,379,405,000) and deposits of $25,909,000 (31 December 2025: $13,279,000) were pledged to banks and insurance companies mainly to secure banking facilities and performance bonds extended to the Group.

20 Material Related Party Transactions

In addition to the transactions and balances disclosed above, the Group also entered into the following material related party transactions:

(a) As at 30 June 2026, certain bank loans were secured by properties and shares of subsidiaries of Polytec Holdings and the Group having a total value of $2,668,605,000 (31 December 2025: $2,668,605,000) and guaranteed by these subsidiaries.

(b) As at 30 June 2026, loan to a joint venture of $23,122,000 (31 December 2025: $26,113,000) was unsecured, interest-free and was not expected to be repaid within one year. As at 30 June 2026, the amount due from a joint venture of $56,675,000 (31 December 2025: $56,675,000) was unsecured, interest-free and recoverable on demand.

(c) As at 30 June 2026, loan to an associated company of $1,688,394,000 (31 December 2025: $1,621,750,000) was unsecured, interest-free and was not expected to be repaid within one year. During the six months ended 30 June 2026, interest income of $10,169,000 was recognised in profit or loss and included in the share of profits of associated companies. As at 30 June 2026, accumulated accrued interest income of approximately RMB106,000,000 (31 December 2025: RMB116,000,000) due from an associated company had not been recognised as the Group considers that recovery of the amount was uncertain as at the end of the reporting period.

(d) As at 30 June 2026, properties with an aggregate value of $582,383,000 (31 December 2025: $582,383,000) were held on trust by the subsidiaries of Polytec Holdings.

21 Possible Impact of Amendments, New Standards, and Interpretations Issued but not yet Effective for the Six Months ended 30 June 2026

A number of amendments and new standards are not yet mandatory for annual periods beginning 1 January 2026. Earlier application is permitted; however, the Group has not early adopted any new or amended standards in preparing this interim financial report.

HKFRS 18, Presentation and disclosure in financial statements

HKFRS 18 will replace HKAS 1, "*Presentation of financial statements*", and is first effective for annual reporting periods beginning on or after 1 January 2027.

HKFRS 18 introduces new requirements for presentation and disclosure in financial statements, including new categories and defined subtotals in the statement of profit or loss, enhanced requirements for aggregation and disaggregation of information, and specific disclosures about management-defined performance measures. The Group is assessing the expected impact that the initial application of HKFRS 18 will have on its consolidated financial statements.

The Group expects that the adoption of HKFRS 18 will not change the Group's net assets or net profit. However, it is expected to affect the presentation of the Group's consolidated statement of profit or loss and related note disclosures.

Other Information

Compliance with the Corporate Governance Code

Throughout the six months ended 30 June 2026, the Company has complied with all the 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. The reason for deviation from the code provision was disclosed in the Annual Report 2025.

Code Provision F.1.3
Mr Or Wai Sheun, the chairman of the Board, was unable to attend the Annual General Meeting of the Company held on 3 June 2026 (the "2026 AGM") due to the need for eye treatment and care. In his absence, an Executive Director of the Company was invited to chair the 2026 AGM and was available to answer questions at the 2026 AGM.

Securities Trading Policy

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") (Appendix C3 to the Listing Rules) as a code of conduct regarding Directors' securities transactions. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the period under review and all the Directors have confirmed that they had fully complied with the required standard set out in the Model Code. The Company has also established written guidelines on employees' securities transactions. Relevant employees are required to obtain written preclearance before initiating a securities transaction during the blackout period.

Changes in Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the monthly salary of each of the following Directors has been adjusted with effect from 1 July 2026 and the details are set out below:

Name	1 January 2026 to 30 June 2026	From 1 July 2026
Mr Or Pui Kwan	HK$111,500	HK$114,300
Mr Lam Yung Hei	HK$111,500	HK$114,300
Mr Lai Ka Fai	HK$216,400	HK$221,800

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

Disclosure Pursuant to Rule 13.21 of the Listing Rules

During the six months ended 30 June 2026, the Company had no disclosure obligation pursuant to Rule 13.21 of the Listing Rules.

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 six months ended 30 June 2026.

Directors' Interests and Short Positions

As at 30 June 2026, the interests of the Directors or chief executive of the Company in the shares of the Company as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance ("SFO") (Chapter 571 of the Laws of Hong Kong), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code, are set out below:

Long positions in the shares of the Company

Name	Nature of interest	Number of ordinary shares	Percentage of shareholding (Note 1)	Note
Mr Or Wai Sheun	Corporate	959,588,243	73.46%	2
Mr Lok Kung Chin, Hardy	Founder and beneficiary of trusts	1,581,926	0.12%	3
Mr Lai Ka Fai	Personal	833,703	0.06%	
Mr Yeung Kwok Kwong	Personal	199,822	0.02%	
Mr Or Pui Kwan	Personal	48,290	0.00%	
Mr Lam Yung Hei	Personal	16,101	0.00%	

Notes:

(1) The percentage of shareholding is calculated based on 1,306,206,058 shares, being the total number of issued ordinary shares of the Company as at 30 June 2026.

(2) Such interest in shares is held by Intellinsight Holdings Limited ("Intellinsight"), a wholly-owned subsidiary of New Explorer Developments Limited which is wholly-owned by Mr Or Wai Sheun.

(3) Such interest in shares is owned by discretionary trusts of which Mr Lok Kung Chin, Hardy is the founder and a beneficiary respectively.

Save as disclosed above, as at 30 June 2026, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Substantial Shareholder's Interest

As at 30 June 2026, the substantial shareholder (other than the Directors or chief executive of the Company) who had an interest in the shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO is set out below:

Name	**Nature of interest**	**Number of ordinary shares**	**Percentage of shareholding** (Note 1)	Note
New Explorer Developments Limited	Corporate	959,588,243	73.46%	2

Notes:

(1) The percentage of shareholding is calculated based on 1,306,206,058 shares, being the total number of issued ordinary shares of the Company as at 30 June 2026.

(2) Such interest in shares is held by Intellinsight as described in note (2) under the section headed "Directors' Interests and Short Positions".

The interest disclosed above represents a long position in the shares of the Company.

Save as disclosed above, as at 30 June 2026, the Company had not been notified by any persons (other than the Directors or chief executive of the Company) who had any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Human Resources

As at 30 June 2026, the Group had a total of 2,072 employees (31 December 2025: 1,992 employees), of which 2,024 were Hong Kong staff and 48 were Mainland China staff. During the period, total staff costs decreased to HK$272 million (30 June 2025: HK$316 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 equip them well to develop alongside the Group in the ever-changing economic environment.

In addition, the Group established a recreation club and, during the period, organised the "Coffee Grounds Upcycling Workshop: Making Mosquito Repellent Cones" for employees. To celebrate Mother's Day and Father's Day, the Group also specially ordered "Caring Cookies" and "Handmade Matcha Cakes" from local social enterprises as gifts for all staff respectively. These initiatives aimed to enhance team spirit, loyalty and a sense of belonging, and to encourage communication among departments.

Closure of Register of Members

For the purpose of determining shareholders' entitlement to the interim dividend, the register of members of the Company will be closed from Monday, 14 December 2026 to Tuesday, 15 December 2026, both dates inclusive. During the aforementioned period, no transfer of shares will be registered. In order to qualify for the interim 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, for registration not later than 4:30 pm (Hong Kong time) on Friday, 11 December 2026. The interim dividend will be payable to shareholders whose names appear on the register of members of the Company on Tuesday, 15 December 2026, being the record date for determination of entitlement to the interim dividend.

Review of Interim Financial Report

The Audit Committee of the Company has reviewed the unaudited interim financial report of the Group for the six months ended 30 June 2026. The Group's independent auditor, KPMG, Certified Public Accountants, has conducted a review of the interim financial report in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants, whose review report is contained on page 13 of this interim report.

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