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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 2024

HIGHLIGHTS

- For the year ended 31 December 2024, the Group's underlying profit attributable to Shareholders amounted to HK\$450 million, compared to HK\$573 million in 2023, representing a decrease of 21.5%. The underlying earnings per share for 2024 were HK\$0.36, compared to HK\$0.49 in 2023.
- Taking into account fair value changes on the Group's interests in the property development and financial investments, as well as revaluation losses on its investment properties, the Group's profit attributable to Shareholders for the year ended 31 December 2024 amounted to HK\$116 million, compared to HK\$337 million in 2023, representing a decrease of 65.6%.
- Final dividend of HK\$0.12 per share is proposed. Full year dividend for 2024 amounts to HK\$0.22 per share.

GROUP RESULTS AND DIVIDENDS

For the year ended 31 December 2024, the Group's underlying profit attributable to shareholders of the Company ("Shareholders") amounted to HK\$450 million, compared to HK\$573 million in 2023, representing a decrease of 21.5%. The underlying earnings per share for 2024 were HK\$0.36, compared to HK\$0.49 in 2023. Taking into account fair value changes on the Group's interests in the property development and financial investments, as well as revaluation losses on its investment properties, the Group's profit attributable to Shareholders for the year ended 31 December 2024 amounted to HK\$116 million, compared to HK\$337 million in 2023, representing a decrease of 65.6%.

The Board of Directors of the Company (the “Board”) has recommended the payment of a final cash dividend of HK\$0.12 per share for the year ended 31 December 2024 (2023: scrip dividend of HK\$0.57 by way of new fully paid shares of the Company). Together with the 2024 interim dividend of HK\$0.10 per share (2023: HK\$0.26), the full year dividend for 2024 amounts to HK\$0.22 per share (2023: HK\$0.83).

The final dividend will be payable on Wednesday, 9 July 2025 to shareholders whose names appear on the register of members of the Company on Tuesday, 17 June 2025, subject to the approval of shareholders at the 2025 Annual General Meeting of the Company (the “2025 AGM”).

MARKET OVERVIEW AND BUSINESS REVIEW

In 2024, ongoing geopolitical crisis and military conflicts prevented a quick recovery of the global supply chain, resulting in a slow decline in inflation in the United States and the delay in interest rate cuts consequently. The Federal Reserve only cut interest rates by 1% in 2024. Bank interest rates in Hong Kong also lowered in tandem with the US dollar interest rates, but with a smaller reduction, which was of limited help in boosting the demand for property purchases.

At the end of February 2024, the Hong Kong Government lifted all restrictions on residential property sales, which led to a temporary surge in transaction volume in March and April. However, the uptrend was short-lived and the transaction volume decelerated in the following months, with property prices declining over 7% at the end of December as compared to that of the corresponding period last year.

Although property sales have improved due to the positive effects of the lifting of stringent measures and interest rate cuts, the property market has not shown a sustained strong recovery. According to the statistics of the Housing Bureau as at the end of December 2024, the potential supply of first-hand private residential units in the next three to four years is over 100,000 units. Due to ample supply, it is expected that property prices will not rebound significantly in the future.

During the year, Hong Kong experienced weak overall economic activity. The demand for commercial properties slowed down, leading to the vacancy rate of commercial buildings reaching a new high in recent years, with an overall vacancy rate of approximately 17% at the end of the year. The number of newly completed but unsold residential units remained high, reaching over 25,000. During the period, a strong Hong Kong dollar and changes in local consumption behaviour after the pandemic affected retail performance, with the total value of retail sales falling by approximately 7.3% year-on-year, exerting downward pressure on shop rents.

Over the past year, Mainland China implemented a series of supportive policies for the property market, which were gradually strengthened. It is expected that these policies will help stabilise the property market and prevent further declines.

Development Property Sales

In Hong Kong, the Group continued to promote the sale of the remaining units of its wholly-owned residential development project, namely Manor Hill, in Tseung Kwan O. Over 1,380 residential units at Manor Hill, representing 88.7% of the total number of units in the project, have been sold since its launch of sale. Sale proceeds of approximately HK\$2.0 billion have been recognised for the year under review.

In Mainland China, total presales/sales of the Group's development projects amounted to approximately RMB1.7 billion for the year ended 31 December 2024, with presales/sales attributable to the Group of approximately RMB1.4 billion based on its interests.

Property Development

For the year under review, the Group's related company completed the repurchase of 60% equity interest together with 60% shareholder's loan of Rideon Limited, a then wholly-owned subsidiary of the Company, at an aggregate consideration of HK\$1,391,957,000. Through the repurchase, the Group was able to enhance its liquidity and reduce its gearing.

In addition, the Company announced that the Group entered into two sale and purchase agreements with its related company in relation to the following acquisitions respectively on 13 December 2024:

- (1) 100% equity interest together with 100% shareholder's loan of a company holding various units of residential and commercial properties located on the Remaining Portion of Sub-Section 4 of Section M of Kowloon Marine Lot No. 28 (the "Lot") with a total saleable area of approximately 2,949 sq ft (equivalent to approximately 274 sq m) at a consideration of HK\$33,060,000; and
- (2) 100% equity interest together with 100% shareholder's loan of a company holding various units of residential properties located on the Lot with a total saleable area of approximately 6,560 sq ft (equivalent to approximately 609 sq m) at a consideration of HK\$55,804,000.

The acquisitions were completed on 13 December 2024.

As at 31 December 2024, the Group's landbank for development amounted to approximately 3.0 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								
Upper Manor	Sai Ying Pun, Hong Kong	Residential & commercial	500	4,600	—	60%	Superstructure works in progress	End-2025
Clear Water Bay Road	Ngau Chi Wan, Kowloon	Residential & commercial	22,400	201,000	—	100%	Basement and superstructure works in progress	2026 – 2028
Mainland China								
Le Cove City (Shenyang) 江灣城 (瀋陽)	Hun Nan Xin District, Shenyang	Residential & commercial	165,000	630,000	376,000	100%	Modification of planning for Phase 5A (approx. GFA of 40,000 sq m) in progress	Phase 5A 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)								
The Gardenia (Shenyang) 翠堤灣 (瀋陽)	Shenhe District, Shenyang	Residential & commercial	1,100,000	2,000,000	687,000	100%	Design for Phase 4 (approx. GFA of 249,000 sq m) in progress	Phase 4 to be determined
Le Cove Garden (Huizhou) 江灣南岸花園 (惠州)	Huicheng District, Huizhou	Residential & commercial	146,000	520,000	376,000	60%	Design for Phase 3 (approx. GFA of 96,000 sq m) in progress	Phase 3 to be determined
The Lake (Foshan) 山語湖 (佛山)	Nanhai District, Foshan	Residential & commercial	4,021,000	1,600,000	1,000,000	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	455,000	49%	Superstructure works for Phase 3B (approx. GFA of 280,000 sq m) in progress	Phase 3B end-2026
Yangpu (Shanghai) 楊浦 (上海)	Yangpu District, Shanghai	Residential, commercial & office	21,000	75,000	—	40%	Preliminary construction licence obtained; site formation works in progress	End-2029
Polytec Luxury Mansion (Shanxi) 保利達·貴府 (山西)	Jiexiu	Residential & commercial	181,000	463,000	—	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 & hotel apartment	38,000	199,000	—	70%	Superstructure works for Phase 1 (approx. GFA of 66,000 sq m) in progress	Phase 1 end-2025

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

Note: A property project in Mainland China, namely Le Cove City (Wuxi), was completed during the year under review.

Property Investment

Gross rental income generated from the Group's investment property portfolio in Hong Kong for 2024 amounted to HK\$286 million, compared to HK\$296 million in 2023, representing a decrease of 3.4%.

PROSPECTS

Entering 2025, the new US President has introduced a series of ground-breaking economic and trade policies after taking office, leading to an increase in the economic uncertainty and a higher likelihood of slower economic growth. This may result in accelerated pace of interest rate cuts, which can have a favourable impact on the Hong Kong property market.

According to the Budget Speech announced by the Financial Secretary of Hong Kong at the end of February this year, the applicable range of the HK\$100 stamp duty has been raised to properties valued at HK\$4,000,000 or below. It is estimated that this measure will revive transactions of lower-priced properties, attract prospective home buyers to speed up their purchases and improve market sentiment to a certain extent.

The superstructure works for the Group's 60%-owned residential and commercial development project located on High Street in Sai Ying Pun (Hong Kong), namely Upper Manor, are in progress. Located in proximity to the Sai Ying Pun MTR Station, the project connects the commercial core of Hong Kong Island and is at the heart of one of the best school catchments in Hong Kong, with high-rise units enjoying views of Victoria Harbour. It is anticipated that the project will have the potential to generate positive and strong market demand. The Group is working vigorously and aims to launch the project in the middle of this year.

The basement and superstructure works for the Clear Water Bay Road project located in Ngau Chi Wan (Hong Kong) are progressing in an orderly manner. With a GFA of over 2,000,000 sq ft, the project is not only connected to the entrances and exits of Choi Hung MTR Station, but also connected to many ground transportation options, providing great accessibility and expansive views. In addition to its enormous scale, this project also includes historical buildings, for which the Group shoulders the mission of cultural preservation. The project is intended to be completed in multiple phases, with the first phase expected to be ready for occupancy by 2027 or earlier.

In January 2025, 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 early February. The site is proposed to be redeveloped into a high-rise commercial/residential composite building with a GFA of approximately 46,700 sq ft (equivalent to approximately 4,336 sq m). The Group holds a 50% interest in the joint venture project, with construction scheduled to commence in 2025.

In Mainland China, the design for the Phase 3 residential development of Le Cove Garden in Huizhou is being modified in accordance with the new regulations and the construction will commence immediately after approval and obtaining the construction permit.

In Shenyang, the design for the Phase 4 development of The Gardenia is being coordinated in respect of the height restriction issues and the construction will commence immediately after the formalities are completed.

In Jiexiu, Shanxi, the Phase 1 development of Polytec Luxury Mansion, with a total of approximately 700 units, has achieved good sales results and is expected to be sold out within this year. The planning works for the Phase 2 development are in progress.

In Zhuhai, the construction for the Phase 1 development of Hengda Guangchang, with a total of approximately 900 units, is progressing smoothly and is expected to be ready for occupancy by the end of 2025.

The sale of the remaining units of the Group's joint venture development projects in Foshan and Tianjin will continue during this year. The construction works for the Phase 5 development of The Lake (Foshan) have been completed and the presale has been launched. With regard to City Plaza (Tianjin), the superstructure works for the Phase 3B development are in progress with completion anticipated by the end of 2026.

The Yangpu project in Shanghai is a joint venture development project in which the Group holds a 40% interest. The preliminary construction licence has been obtained and the site formation works are in progress.

The Group's development project, Le Cove City, in Wuxi has been completed and the sales are proceeding in an orderly manner.

In Hong Kong, the Group is actively promoting the sale of the remaining units of its development project, Manor Hill, in Tseung Kwan O. Around 510 units of this project have already been sold in 2024, which is a satisfactory result.

It is expected that the sale of the Group's development projects, namely Manor Hill (completed) and Upper Manor (anticipated to be completed by the end of this year), and rental income in Hong Kong will contribute the majority of the Group's results and earnings in 2025, barring any unforeseen circumstances.

Given the challenging outlook of the current property market and the Group's large-scale development project on Clear Water Bay Road being in full-scale construction stage, which requires substantial capital investment, the Group will implement a conservative dividend policy in the next two years in line with the principle of prudent operation. When the Clear Water Bay Road development project is completed in phases and market conditions permit, the Group will plan to gradually increase the dividend payout.

Despite the deepest adjustment in the property markets of Mainland China and Hong Kong in the past decade, the Group was still able to ensure profitability in 2024. This was due to the continued guidance and support from the fellow Directors as well as the good execution of our employees. As such, I would like to hereby express my sincerest gratitude!

CONSOLIDATED RESULTS

The consolidated results of the Group for the year ended 31 December 2024 together with the comparative figures of 2023 are as follows:

Consolidated Income Statement

for the year ended 31 December 2024

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
Revenue	3	5,389,846	2,942,765
Cost of sales		(3,320,966)	(1,196,950)
Other revenue		54,248	54,178
Other net expenses	4(a)	(199,689)	(128,177)
Depreciation and amortisation		(18,036)	(20,461)
Staff costs		(651,757)	(606,516)
Selling, marketing and distribution expenses		(464,564)	(226,806)
Other operating expenses		(137,981)	(138,105)
Fair value changes on investment properties		(335,238)	(59,422)
Fair value changes on interests in property development		1,207	2,374
Profit from operations		317,070	622,880
Finance costs	4(b)	(204,654)	(178,736)
Share of profits of associated companies		21,713	37,750
Share of profits of joint ventures		126	10,823
Profit before taxation	4	134,255	492,717
Income tax	5	(19,735)	(166,415)
Profit for the year		114,520	326,302
Attributable to:			
Shareholders of the Company		115,662	337,195
Non-controlling interests		(1,142)	(10,893)
Profit for the year		114,520	326,302
Earnings per share — Basic and Diluted	6	HK\$0.09	HK\$0.29

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit for the year	<u>114,520</u>	<u>326,302</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	(130,707)	(71,284)
Release of exchange reserve on translation of financial statements of subsidiaries outside Hong Kong	17,082	–
Share of other comprehensive income of joint ventures and associated companies	<u>(70,719)</u>	<u>(46,142)</u>
	<u>(184,344)</u>	<u>(117,426)</u>
Total comprehensive income for the year	<u>(69,824)</u>	<u>208,876</u>
Attributable to:		
Shareholders of the Company	(67,676)	220,457
Non-controlling interests	<u>(2,148)</u>	<u>(11,581)</u>
Total comprehensive income for the year	<u>(69,824)</u>	<u>208,876</u>

Consolidated Statement of Financial Position

At 31 December 2024

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Investment properties		13,416,380	13,633,020
Property, plant and equipment		217,631	233,166
Interests in property development	8	1,239,499	1,261,835
Interest in joint ventures		1,898,578	1,938,154
Interest in associated companies		2,245,931	1,315,962
Other financial assets		–	27,119
Trade and other receivables	9	68,716	101,980
Loans and advances	9	178,250	204,736
Deferred tax assets		129,013	53,372
		19,393,998	18,769,344
Current assets			
Inventories		21,278,307	26,551,788
Interests in property development	8	451,132	427,589
Trade and other receivables	9	642,582	751,559
Loans and advances	9	17,132	17,810
Other financial assets		20,895	21,082
Amount due from a joint venture		112,883	112,883
Cash and bank balances		791,467	1,080,599
		23,314,398	28,963,310

Consolidated Statement of Financial Position *(continued)**At 31 December 2024*

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current liabilities			
Trade and other payables	<i>10</i>	3,231,671	4,880,826
Amount due to a joint venture		557,725	565,977
Amount due to an associated company		42,784	43,719
Bank loans		2,374,807	3,744,569
Current taxation		<u>301,250</u>	<u>198,595</u>
		<u>6,508,237</u>	<u>9,433,686</u>
Net current assets		<u>16,806,161</u>	<u>19,529,624</u>
Total assets less current liabilities		36,200,159	38,298,968
Non-current liabilities			
Loan from a related company		1,378,777	2,789,185
Bank loans		16,749,987	17,151,977
Deferred tax liabilities		<u>503,869</u>	<u>589,835</u>
		<u>18,632,633</u>	<u>20,530,997</u>
NET ASSETS		<u>17,567,526</u>	<u>17,767,971</u>
Capital and reserves			
Share capital		9,307,169	8,636,490
Reserves		<u>8,163,972</u>	<u>9,032,948</u>
Total equity attributable to the shareholders of the Company		17,471,141	17,669,438
Non-controlling interests		<u>96,385</u>	<u>98,533</u>
TOTAL EQUITY		<u>17,567,526</u>	<u>17,767,971</u>

1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, 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. The 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 2024 and 2023 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 2023 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 2024 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 amendments to HKFRSs 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 HKICPA has issued certain amendments to HKFRSs that are first effective for the current accounting period of the Group.

- Amendments to HKAS 1, “Presentation of financial statements - Classification of liabilities as current or non-current” and amendments to HKAS 1, “Presentation of financial statements - Non-current liabilities with covenants”
- Amendments to HKFRS 16, “Leases - Lease liability in a sale and leaseback”
- Amendments to HKAS 7, “Statement of cash flows” and HKFRS 7, “Financial instruments: Disclosures - Supplier finance arrangements”

None of these developments has had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. 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 financial investments, the provision of finance services, the provision of property management 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.

	2024				
	Total	Property development			Others (Remark 1)
Hong Kong		Mainland China	Property investment		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	<u>5,389,846</u>	<u>2,074,314</u>	<u>2,373,212</u>	<u>285,730</u>	<u>656,590</u>
Reportable segment profit	774,930	492,907	10,833	229,056	42,134
Fair value changes on investment properties	(335,238)	–	–	(335,238)	–
Fair value changes on interests in property development	1,207	–	1,207	–	–
Head office and corporate expenses	(101,990)				
Finance costs	<u>(204,654)</u>				
Profit before taxation	<u>134,255</u>				
Share of profits of associated companies	21,713	–	21,713	–	–
Share of profits of joint ventures	126	–	126	–	–
Interest income	49,255	–	–	–	49,255
Depreciation and amortisation	(18,036)	–	–	–	(18,036)

Remark 1:

Others included revenue from property management services and financial investments of HK\$455,436,000 and HK\$21,757,000 (2023: HK\$408,707,000 and HK\$104,207,000) respectively and the relevant segment profit/(loss) of HK\$7,674,000 and HK\$18,304,000 (2023: HK\$5,963,000 and (HK\$75,148,000)) respectively.

3 SEGMENT REPORTING (CONTINUED)

(a) Segment results and assets (continued)

	2023				
	Total	<u>Property development</u>			Others <i>(Remark 1)</i>
		Hong Kong	Mainland China	Property investment	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	<u>2,942,765</u>	<u>1,265,995</u>	<u>670,653</u>	<u>296,370</u>	<u>709,747</u>
Reportable segment profit/(loss)	813,446	447,152	166,198	228,399	(28,303)
Fair value changes on investment properties	(59,422)	–	–	(59,422)	–
Fair value changes on interests in property development	2,374	–	2,374	–	–
Head office and corporate expenses	(84,945)				
Finance costs	<u>(178,736)</u>				
Profit before taxation	<u>492,717</u>				
Share of profits of associated companies	37,750	–	37,750	–	–
Share of profits of joint ventures	10,823	–	10,823	–	–
Interest income	140,681	–	–	–	140,681
Depreciation and amortisation	(20,461)	–	–	–	(20,461)

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

Remark 2:

Others included reportable segment assets of property management services and financial investments amounting to HK\$157,465,000 and HK\$20,895,000 (2023: HK\$124,435,000 and HK\$48,201,000) respectively.

3 SEGMENT REPORTING (CONTINUED)

(a) Segment results and assets (continued)

	2023				
	Total	Property development			Others (Remark 2)
		Hong Kong	Mainland China	Property investment	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Reportable segment assets	46,516,807	15,600,452	16,607,442	13,645,455	663,458
Deferred tax assets	53,372				
Cash and bank balances	1,080,599				
Head office and corporate assets	<u>81,876</u>				
Total assets	<u>47,732,654</u>				
Interest in associated companies	1,315,962	–	1,315,962	–	–
Interest in and amount due from joint ventures	2,051,037	–	2,051,037	–	–

(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	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong (place of domicile)	2,993,063	2,163,097	13,632,823	13,864,069
Mainland China	2,375,924	676,310	4,145,697	3,256,233
Others	20,859	103,358	–	–
	<u>5,389,846</u>	<u>2,942,765</u>	<u>17,778,520</u>	<u>17,120,302</u>

In addition to the above non-current assets, the Group has interests in property development of HK\$1,239,499,000 (2023: HK\$1,261,835,000) 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 the fair value gains on other financial assets of HK\$100,000 (2023: impairment and fair value losses of HK\$178,795,000), write down of inventories of HK\$196,294,000 (2023: HK\$163,263,000), offset by the write back of construction cost of \$Nil (2023: HK\$217,014,000).

(b) Finance costs

	2024	2023
	HK\$'000	HK\$'000
Interest on bank loans	1,040,782	1,097,777
Interest on loan from a related company	101,959	94,977
Less: Amount capitalised	(938,087)	(1,014,018)
	<u>204,654</u>	<u>178,736</u>

(c) Other items

	2024	2023
	HK\$'000	HK\$'000
Depreciation and amortisation	18,036	20,461
Interest income	(49,255)	(140,681)
Staff costs	651,757	606,516
Total staff costs	668,018	621,279
Less: Amount capitalised	(16,261)	(14,763)

5 INCOME TAX

Taxation in the consolidated income statement represents:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax		
Provision for profits tax		
– Hong Kong	125,810	108,037
– Outside Hong Kong	<u>53,207</u>	<u>57,795</u>
	179,017	165,832
Land appreciation tax (“LAT”)	854	3,779
Deferred tax	<u>(160,136)</u>	<u>(3,196)</u>
	<u>19,735</u>	<u>166,415</u>

The provision for Hong Kong Profits Tax is calculated at 16.5% (2023: 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\$115,662,000 (2023: HK\$337,195,000) and the weighted average number of ordinary shares in issue during the year of 1,236,271,186 (2023: 1,176,631,296).

(b) Diluted earnings per share

There were no dilutive potential shares in existence during the years ended 31 December 2024 and 2023.

7 DIVIDENDS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interim dividend declared of HK\$0.10 (2023: declared of HK\$0.26) per share	130,621	305,924
Final dividend proposed after the end of the reporting period of HK\$0.12 (2023: HK\$0.57) per share	<u>156,745</u>	<u>670,680</u>
	<u>287,366</u>	<u>976,604</u>

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

Remark:

The Board of Directors has recommended the payment of a Final Dividend of HK\$0.57 per share for the year ended 31 December 2023 by way of Scrip Shares. A circular containing further details of the Scrip Dividend Scheme was despatched by the Company to the Shareholders on 9 July 2024.

8 INTERESTS IN PROPERTY DEVELOPMENT

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At 1 January	1,689,424	2,687,050
Change in fair value recognised in profit or loss	1,207	2,374
Return of investment during the year	<u>–</u>	<u>(1,000,000)</u>
At 31 December	<u>1,690,631</u>	<u>1,689,424</u>
Representing:		
Non-current assets	1,239,499	1,261,835
Current assets	<u>451,132</u>	<u>427,589</u>
	<u>1,690,631</u>	<u>1,689,424</u>

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 2023, pursuant to the co-investment agreements, return of investment in relation to the property project at Huizhou of HK\$1,000,000,000 was made by Polytec Holdings and settled through the loan from a related company (non-cash transaction).

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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current	368,761	444,648
Within 3 months	39,186	22,122
3 months to 6 months	568	3,587
More than 6 months	<u>17,002</u>	<u>17,255</u>
Trade receivables and loans and advances	425,517	487,612
Utility and other deposits	18,937	17,048
Prepaid tax	85,087	83,966
Other receivables and prepayments	<u>377,139</u>	<u>487,459</u>
	<u>906,680</u>	<u>1,076,085</u>
Representing:		
Non-current assets	246,966	306,716
Current assets	<u>659,714</u>	<u>769,369</u>
	<u>906,680</u>	<u>1,076,085</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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Not yet due or on demand	2,006,034	2,125,394
Within 3 months	<u>293</u>	<u>107</u>
Trade payables	2,006,327	2,125,501
Rental and other deposits	80,413	78,543
Other payables and accrued expenses	620,285	778,061
Contract liabilities – deposits received on sale of properties	<u>524,646</u>	<u>1,898,721</u>
	<u>3,231,671</u>	<u>4,880,826</u>

FINANCIAL REVIEW

Financial resources and bank borrowings

As at 31 December 2024, the Group's total bank borrowings amounted to HK\$19,125 million, a reduction from HK\$20,897 million in 2023, comprising of HK\$2,375 million repayable within one year and HK\$16,750 million repayable after one year. With cash and bank balances totaling HK\$791 million, the Group's net bank borrowings have reduced to HK\$18,334 million as at 31 December 2024. Loan from a related company is recorded at HK\$1,379 million as of the same date. The Group's gearing ratio (calculated on the basis of net bank borrowings over total equity) was 104.4% as at 31 December 2024 (31 December 2023: 111.5%).

During the year, sales for the property projects in Hong Kong contributed cash inflows of approximately HK\$2,140 million to the Group, mainly from sales of Manor Hill. Furthermore, the Group recorded approximately HK\$1,132 million cash inflows from presales and sales of various development projects in Mainland China, mainly from presales and sales of Le Cove City, Wuxi.

In response to the current high interest rate environment, increasing challenges in the property development market and the expected timeframe to recoup its investment in the projects, the Group has accepted Polytec Holdings International Limited ("Polytec Holdings"), a related company of the Company, to repurchase its 60% equity interest together with the shareholder's loan in Rideon Limited (the "Repurchase") at a consideration of HK\$1,391,957,000.

Following the completion of the Repurchase in June 2024, the financial results of Rideon Limited and its subsidiaries are no longer consolidated but are accounted for under the equity method in the Group's consolidated financial statements. The consideration from the Repurchase has been allocated towards repaying borrowings and enhancing the Group's working capital, thereby strengthening its financial position and cash flow.

Our management has prioritised in reducing the Group's gearing ratio as part of its financial strategy in the current high interest rate environment. To achieve this, the Group has implemented a range of measures, including the strategic disposal of non-core assets with total amount of more than HK\$300 million during the years. By divesting these assets, the Group can sharpen its focus on core investments, which will not only lower debt levels but also enhance cash flow and create greater value for shareholders. Furthermore, the sale of the remaining unsold units at Manor Hill, along with the upcoming presale of Upper Manor and the Clear Water Bay Road project in Hong Kong, as well as presales and sales of various projects in Mainland China, are expected to generate additional cash inflows in the coming years. This will further strengthen the Group's 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\$1,406 million for construction costs.

Furthermore, the Group continues to replenish its landbank cautiously. In December 2024, the Group entered into agreements with Polytec Holdings to acquire 100% equity interest and shareholder loans in two companies (the "Acquisitions") that hold various properties located at Nos. 24, 26, 28, and 30 Fuk Chak Street, Hong Kong (the "Lot") for a total consideration of HK\$89 million. Following the completion of the Acquisitions, a joint venture formed by the Group with an independent third party achieved unified ownership of the Lot in February 2025 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. Using revenue and cash generated from the development projects in Mainland China and borrowings in RMB, 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 2024, the Group had commitments mainly in connection with the Group's investment properties amounting to HK\$78 million.

Pledge of assets

As at 31 December 2024, properties having a value of HK\$26,926 million and deposits of HK\$14 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 2024, 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 2024, the Group had a total of 2,476 employees (2023: 2,641 employees), of which 2,353 were Hong Kong staff and 123 were Mainland China staff. During the year, total staff costs increased to HK\$668 million (2023: HK\$621 million) due to the need for short-term manpower replacement for certain business operations and salary revisions in July 2024. 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 a Christmas lunch and lucky draw 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 2024, 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 2024 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 2024 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, 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 Provision C.2.1 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.

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 2024.

2025 AGM

The 2025 AGM will be held on Wednesday, 4 June 2025. The Notice of the 2025 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 2025 AGM, the register of members of the Company will be closed from Friday, 30 May 2025 to Wednesday, 4 June 2025, 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 2025 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 Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 pm (Hong Kong time) on Thursday, 29 May 2025. The shareholders whose names appear on the register of members of the Company on Wednesday, 4 June 2025, the record date of the 2025 AGM, will be entitled to attend and vote at the 2025 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, 16 June 2025 to Tuesday, 17 June 2025, 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, 13 June 2025. Subject to the approval by the shareholders at the 2025 AGM, the proposed final dividend will be payable to shareholders whose names appear on the register of members of the Company on Tuesday, 17 June 2025, being the record date for determination of entitlement to the proposed final dividend.

Publication of Annual Report

The Annual Report 2024 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 2025, 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, 21 March 2025

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.