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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)

2025 INTERIM RESULTS ANNOUNCEMENT

HIGHLIGHTS

- For the six months ended 30 June 2025, underlying profit of the Group attributable to Shareholders amounted to HK\$312 million, compared to HK\$289 million in the corresponding period of 2024, representing an increase of 8.0%. However, this increase was offset by the effect of the scrip dividend in July 2024, resulting in underlying interim earnings per share for 2025 of HK\$0.239, slightly lower than HK\$0.246 in 2024.
- Taking into account fair value changes on the Group's interests in the property development and revaluation losses on its investment properties, the Group's unaudited profit attributable to Shareholders for the first half of 2025 amounted to HK\$125 million, compared to HK\$113 million in the corresponding period of 2024, representing an increase of 10.6%.
- Interim dividend for 2025 amounts to HK\$0.10 per share (2024: HK\$0.10).

INTERIM RESULTS AND DIVIDEND

For the six months ended 30 June 2025, underlying profit of Kowloon Development Company Limited (the "Company") and its subsidiaries (collectively, the "Group") attributable to shareholders of the Company ("Shareholders") amounted to HK\$312 million, compared to HK\$289 million in the corresponding period of 2024, representing an increase of 8.0%. However, this increase was offset by the effect of the scrip dividend in July 2024, resulting in underlying interim earnings per share for 2025 of HK\$0.239, slightly lower than HK\$0.246 in 2024.

Taking into account fair value changes on the Group's interests in the property development and revaluation losses on its investment properties, the Group's unaudited profit attributable to Shareholders for the first half of 2025 amounted to HK\$125 million, compared to HK\$113 million in the corresponding period of 2024, representing an increase of 10.6%. However, this increase was offset by the effect of the scrip dividend in July 2024, resulting in the interim earnings per share for 2025 remaining at HK\$0.10, the same as HK\$0.10 for 2024.

The Board of Directors of the Company (the "Board") has declared an interim dividend of HK\$0.10 per share for 2025 (2024: HK\$0.10). The interim dividend will be payable on Wednesday, 7 January 2026 to shareholders whose names appear on the register of members of the Company on Tuesday, 16 December 2025.

MARKET OVERVIEW AND BUSINESS REVIEW

In Hong Kong, due to the high market interest rates coupled with a large number of first-hand residential property projects available for sale at the start of this year, and despite the ramping up of incentives by developers to actively promote sales, there was continuous downward pressure on residential property prices. Fortunately, due to the Hong Kong Government's full abolition of stamp duties on property transactions and transfers (excluding the standard rate) at the end of February 2024, property transactions have been more active than before.

Starting in May, a significant influx of hot money into Hong Kong's banking system led to an immediate sharp decrease in the Hong Kong Interbank Offered Rate ("HIBOR"). HIBOR remained at a recent low by the end of June, catalysing both residential property sales and prices.

As for commercial buildings, both rental and sales prices recorded declines in the first half of the year due to persistently high vacancy rates and relatively weak demand. Retail shops have generally shown downward trends in both prices and rents, influenced by changes in consumer behaviour.

In Mainland China, despite the fact that the Central Government has implemented various property market stabilisation policies aimed at stabilising property prices and stimulating demand, the market response has temporarily failed to keep pace over the past six months.

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. Since the launch of the sale of Manor Hill and up to the end of June 2025, over 1,480 residential units have been sold, representing approximately 95% of the total number of units in the project, with sale proceeds of approximately HK\$1.4 billion being recognised for the period under review.

In Mainland China, total presales/sales of the Group's development projects amounted to approximately RMB671 million for the six months ended 30 June 2025, with presales/sales attributable to the Group of approximately RMB518 million based on its interests. Based on the Group's interests, sale proceeds attributable to the Group of approximately RMB756 million were recognised during the period under review, though their contribution to the Group's profits during the corresponding period was limited.

Property Development

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 February 2025. The site is proposed to be redeveloped into a high-rise commercial/residential composite building with a gross floor area ("GFA") of approximately 4,600 sq m.

As at 30 June 2025, the Group's landbank for development amounted to approximately 2.9 million sq m of attributable GFA. The Group's major property projects under planning and development are set out as follows:

Major Property Projects under Planning and Development

Property Project	District/City	Usage	Approx. Total Site Area (sq m)	Approx. GFA (sq m)	Approx. GFA Booked* (sq m)	Group's Interest	Project Status	Expected Date of Completion
Hong Kong								
Upper Manor	Sai Ying Pun, Hong Kong	Residential & commercial	500	4,600	—	60%	Superstructure works in progress	First half 2026
Clear Water Bay Road	Ngau Chi Wan, Kowloon	Residential & commercial	22,400	201,000	—	100%	Superstructure works in progress	2027 – 2029
Fuk Chak Street	Tai Kok Tsui, Kowloon	Residential & commercial	500	4,600	—	50%	Ready for demolition	To be determined
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
The Gardenia (Shenyang) 翠堤灣 (瀋陽)	Shenhe District, Shenyang	Residential & commercial	1,100,000	2,000,000	690,000	100%	Design approval for Phase 4 (approx. GFA of 249,000 sq m) in progress	Phase 4 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)								
Le Cove Garden (Huizhou) 江灣南岸花園 (惠州)	Huicheng District, Huizhou	Residential & commercial	146,000	520,000	376,000	60%	Modification of design plan for Phase 3 (approx. GFA of 96,000 sq m) completed	Phase 3 to be determined
The Lake (Foshan) 山語湖 (佛山)	Nanhai District, Foshan	Residential & commercial	4,021,000	1,600,000	1,041,000	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	459,000	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; preparations for foundation works in progress	End-2029
Polytec Luxury Mansion (Shanxi) 保利達•貴府 (山西)	Jiexiu	Residential & commercial	181,000	463,000	55,000	100%	Planning works for Phase 2 (approx. GFA of 143,000 sq m) in progress	Phase 2 to be determined
Hengda Guangchang (Zhuhai) 亨達廣場 (珠海)	Xiangzhou District, Zhuhai	Commercial, office & apartment	38,000	199,000	—	70%	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.

Property Investment

Gross rental income generated from the Group's investment property portfolio in Hong Kong amounted to HK\$132 million in the first six months of 2025, compared to HK\$148 million in the corresponding period of 2024, representing a decrease of 10.8%.

PROSPECTS

In the event that HIBOR remains relatively low and Hong Kong's overall economy can achieve healthy growth in the second half of the year, potential homebuyers and investors who have been hesitant may be encouraged to enter the market. The transaction volumes are expected to improve significantly, and prices may stabilise or even rise. In contrast, commercial buildings and retail shops are expected to continue adjusting in the second half of the year due to the pressure of an imbalanced market supply and demand.

In Hong Kong, Manor Hill, the Group's development project located in Tseung Kwan O, is expected to substantially complete the sale of its residential units in the second half of the year.

The Group will launch the sale of units at Upper Manor, a residential and commercial development project located on High Street in Sai Ying Pun where it holds a 60% interest, in the second half of the year. The project benefits from an outstanding location adjacent to the Sai Ying Pun MTR Station near Bonham Road, and is only two stops from Central's bustling financial and business hub. The neighbourhood is home to renowned educational institutions, including the University of Hong Kong within walking distance, and is also close to King George V Memorial Park. Higher-floor units offer stunning panoramic views of Victoria Harbour, perfectly balancing urban vibrancy and tranquil living. It is estimated that the sale of the project will be well received by the market.

The Group is working diligently to advance the superstructure works for the Clear Water Bay Road development project in Ngau Chi Wan. The project, with a GFA exceeding 2,000,000 sq ft, is currently the Group's foremost development project. Although the need to implement additional construction and administrative procedures to accommodate the development of the Government's proposed Smart and Green Mass Transit System in East Kowloon has deferred some of the works, the Group will do its utmost to catch up on the progress. Currently, the project is intended to be completed in phases with staged occupancy, striving for the first phase to be completed and occupied in the first half of 2027 or earlier.

The site of the Group's 50%-owned joint venture development project located on Fuk Chak Street in Tai Kok Tsui is ready for demolition, with construction scheduled to commence in 2026.

In Mainland China, the modification of design plan for the Phase 3 residential development of Le Cove Garden in Huizhou has been completed in accordance with the new regulations. Construction will commence upon obtaining approval from the relevant authorities and receiving the construction permit.

In Shenyang, the design approval for the Phase 4 development of The Gardenia is currently underway.

In Jiexiu, Shanxi, the Phase 1 development of Polytec Luxury Mansion, featuring over 700 units, has achieved satisfactory sales results. Approximately 75% of the units have already been sold, and it is expected that sales will be substantially completed within this year. The planning works for the Phase 2 development are in progress.

In Zhuhai, the Phase 1 development of Hengda Guangchang offers 1,192 apartments and three-storey retail shops. Construction is progressing smoothly, with completion and occupancy expected 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. As for City Plaza (Tianjin), the superstructure works for the Phase 3B development are in progress, with completion expected by the end of 2026.

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

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

Barring any unforeseen circumstances, the Group expects that sales from the development project, Manor Hill (completed), and the Group's rental income in Hong Kong will account for the majority of the Group's results and revenue in the second half of 2025.

Due to the challenging business environment in the property industry and the substantial capital demands of the Group's large-scale Clear Water Bay Road development project, which is in full-scale construction, the Group must currently adopt a conservative dividend policy.

In the first half of 2025, despite the property development markets in Mainland China and Hong Kong remaining in a challenging adjustment phase, the Group was still able to ensure profitability, which is truly commendable! This achievement is attributable to the leadership and support of the Board, along with the dedication and perseverance of our employees. Therefore, I would like to hereby express my sincerest gratitude!

INTERIM RESULTS

The unaudited consolidated results of the Group for the six months ended 30 June 2025 together with the comparative figures for 2024 are as follows:

Consolidated Income Statement

		Six months ended 30 June	
		2025	2024
	<i>Note</i>	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	3	2,428,801	1,940,947
Cost of sales		(1,275,466)	(916,223)
Other revenue		13,276	25,960
Other net expenses		(582)	(2,792)
Depreciation and amortisation		(6,184)	(10,155)
Staff costs		(302,600)	(318,985)
Selling, marketing and distribution expenses		(359,402)	(206,929)
Other operating expenses		(70,832)	(66,839)
Fair value changes on investment properties		(186,798)	(189,846)
Fair value changes on interests in property development		(293)	14,050
Profit from operations		239,920	269,188
Finance costs	4(a)	(73,965)	(85,140)
Share of profits of associated companies		6,315	16,044
Share of profits/(losses) of joint ventures		23,531	(747)
Profit before taxation	4	195,801	199,345
Income tax	5	(80,680)	(86,241)
Profit for the period		115,121	113,104
Attributable to:			
Shareholders of the Company		124,556	113,453
Non-controlling interests		(9,435)	(349)
Profit for the period		115,121	113,104
Earnings per share – Basic and Diluted	6	HK\$0.10	HK\$0.10

Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period	<u>115,121</u>	<u>113,104</u>
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	20,012	(32,719)
Release of exchange reserves upon on disposal of subsidiaries	–	17,082
Share of other comprehensive income of joint ventures and associated companies	<u>79,171</u>	<u>(18,925)</u>
	<u>99,183</u>	<u>(34,562)</u>
Total comprehensive income for the period	<u><u>214,304</u></u>	<u><u>78,542</u></u>
Attributable to:		
Shareholders of the Company	223,038	78,987
Non-controlling interests	<u>(8,734)</u>	<u>(445)</u>
Total comprehensive income for the period	<u><u>214,304</u></u>	<u><u>78,542</u></u>

Consolidated Statement of Financial Position

		At 30 June 2025 HK\$'000 (unaudited)	At 31 December 2024 HK\$'000 (audited)
	<i>Note</i>		
Non-current assets			
Investment properties		13,295,290	13,416,380
Property, plant and equipment		212,271	217,631
Interests in property development	8	1,232,238	1,239,499
Interest in joint ventures		1,588,019	1,898,578
Interest in associated companies		2,320,253	2,245,931
Trade and other receivables	9	67,427	68,716
Loans and advances	9	162,195	178,250
Deferred tax assets		<u>132,146</u>	<u>129,013</u>
		19,009,839	19,393,998
Current assets			
Inventories		20,508,918	21,278,307
Interests in property development	8	458,100	451,132
Trade and other receivables	9	630,662	642,582
Loans and advances	9	15,891	17,132
Other financial assets		9,664	20,895
Amount due from a joint venture		56,674	112,883
Cash and bank balances		<u>956,812</u>	<u>791,467</u>
		<u>22,636,721</u>	<u>23,314,398</u>

Consolidated Statement of Financial Position (continued)

	<i>Note</i>	At 30 June 2025 <i>HK\$'000</i> (unaudited)	At 31 December 2024 <i>HK\$'000</i> (audited)
Current liabilities			
Trade and other payables	10	2,663,313	3,231,671
Amount due to a joint venture		–	557,725
Amount due to an associated company		43,445	42,784
Bank loans		1,709,454	2,374,807
Current taxation		<u>340,339</u>	<u>301,250</u>
		<u>4,756,551</u>	<u>6,508,237</u>
Net current assets		<u>17,880,170</u>	<u>16,806,161</u>
Total assets less current liabilities		36,890,009	36,200,159
Non-current liabilities			
Loan from a related company		1,744,006	1,378,777
Bank loans		17,030,976	16,749,987
Deferred tax liabilities		<u>489,942</u>	<u>503,869</u>
		<u>19,264,924</u>	<u>18,632,633</u>
NET ASSETS		<u>17,625,085</u>	<u>17,567,526</u>
Capital and reserves			
Share capital		9,307,169	9,307,169
Reserves		<u>8,230,265</u>	<u>8,163,972</u>
Total equity attributable to the shareholders of the Company		17,537,434	17,471,141
Non-controlling interests		<u>87,651</u>	<u>96,385</u>
TOTAL EQUITY		<u>17,625,085</u>	<u>17,567,526</u>

1 BASIS OF PREPARATION

The interim results set out in the announcement do not constitute the Group's interim report for the six months ended 30 June 2025 but are extracted from that report.

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 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 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.

The financial information relating to the financial year ended 31 December 2024 that is included in this announcement of interim results 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 2024 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 sections 406(2), 407(2) or (3) of the Companies Ordinance.

2 CHANGES IN ACCOUNTING POLICIES

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

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

3 SEGMENT REPORTING

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

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

3 SEGMENT REPORTING (CONTINUED)

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.

(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 period is set out below.

Six months ended 30 June 2025					
	Property development				
	Total	Hong Kong	Mainland China	Property investment	Others (Remark 1)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	<u>2,428,801</u>	<u>1,419,027</u>	<u>600,249</u>	<u>132,151</u>	<u>277,374</u>
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	<u>(73,965)</u>				
Profit before taxation	<u>195,801</u>				
Share of profits of associated companies	6,315	–	6,315	–	–
Share of profits of joint ventures	23,531	–	23,531	–	–

Remark 1:

Others included revenue from property management services of HK\$194,268,000 (six months ended 30 June 2024: HK\$232,300,000) and the relevant segment loss of HK\$19,541,000 (six months ended 30 June 2024: segment profit of HK\$3,454,000).

3 SEGMENT REPORTING (CONTINUED)

(a) Segment results and assets (continued)

Six months ended 30 June 2024					
	Property development				
	Total	Hong Kong	Mainland China	Property investment	Others (Remark 1)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	<u>1,940,947</u>	<u>1,174,307</u>	<u>271,326</u>	<u>147,555</u>	<u>347,759</u>
Reportable segment profit	497,394	346,022	5,024	118,469	27,879
Fair value changes on investment properties	(189,846)	–	–	(189,846)	–
Fair value changes on interests in property development	14,050	–	14,050	–	–
Head office and corporate expenses	(37,113)				
Finance costs	<u>(85,140)</u>				
Profit before taxation	<u>199,345</u>				
Share of profits of associated companies	16,044	–	16,044	–	–
Share of losses of joint ventures	(747)	–	(747)	–	–
At 30 June 2025					
	Property development				
	Total	Hong Kong	Mainland China	Property investment	Others (Remark 2)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	40,475,189	15,383,133	11,199,793	13,312,565	579,698
Deferred tax assets	132,146				
Cash and bank balances	956,812				
Head office and corporate assets	<u>82,413</u>				
Total assets	<u>41,646,560</u>				
Interest in associated companies	2,320,253	–	2,320,253	–	–
Interest in and amount due from joint ventures	1,644,693	136,723	1,507,970	–	–

Remark 2:

Others included reportable segment assets of property management services amounting to HK\$130,503,000 (31 December 2024: HK\$157,465,000).

3 SEGMENT REPORTING (CONTINUED)

(a) Segment results and assets (continued)

	At 31 December 2024				
	Property development				
	Total	Hong Kong	Mainland China	Property investment	Others (Remark 2)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	41,711,337	15,654,496	11,990,731	13,432,025	634,085
Deferred tax assets	129,013				
Cash and bank balances	791,467				
Head office and corporate assets	<u>76,579</u>				
Total assets	<u><u>42,708,396</u></u>				
Interest in associated companies	2,245,931	–	2,245,931	–	–
Interest in and amount due from joint ventures	2,011,461	–	2,011,461	–	–

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	
	2025	2024
	HK\$'000	HK\$'000
Interest on bank loans	377,164	543,149
Interest on loan from a related company	45,692	73,904
Less: Amount capitalised (Remark)	<u>(348,891)</u>	<u>(531,913)</u>
	<u><u>73,965</u></u>	<u><u>85,140</u></u>

Remark:

Borrowing costs were capitalised at rates of 1.89% - 6.98% (six months ended 30 June 2024: 4.98% - 6.98%) per annum.

4 PROFIT BEFORE TAXATION (CONTINUED)

(b) Other items

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Depreciation and amortisation	6,184	10,155
Interest income	<u>(12,095)</u>	<u>(36,425)</u>

5 INCOME TAX

Taxation in the consolidated income statement represents:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Current tax		
Provision for profits tax		
– Hong Kong	75,780	77,775
– Outside Hong Kong	<u>9,188</u>	<u>397</u>
	84,968	78,172
Withholding tax	13,830	–
Land appreciation tax (“LAT”)	20	818
Deferred tax	<u>(18,138)</u>	<u>7,251</u>
	<u>80,680</u>	<u>86,241</u>

The provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2024: 16.5%) of the estimated assessable profits for the six months ended 30 June 2025.

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 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\$124,556,000 (six months ended 30 June 2024: HK\$113,453,000) and the weighted average number of ordinary shares in issue during the period of 1,306,206,058 (six months ended 30 June 2024: 1,176,631,296).

(b) Diluted earnings per share

There were no dilutive potential shares in existence during the six months ended 30 June 2025 and 2024.

7 Dividends

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Interim dividend declared after the interim period of HK\$0.10 (six months ended 30 June 2024: HK\$0.10) per share	<u>130,621</u>	<u>130,621</u>

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

8 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"). Interests in property development are stated at fair value at the end of the reporting period.

As at 30 June 2025, interests in property development of HK\$458,100,000 (31 December 2024: HK\$451,132,000) was expected to be recoverable within one year and was classified as current assets.

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 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Current	351,261	368,761
Within 3 months	11,640	39,186
3 months to 6 months	1,046	568
More than 6 months	<u>20,068</u>	<u>17,002</u>
Trade receivables and loans and advances	384,015	425,517
Utility and other deposits	14,813	18,937
Prepaid tax	83,645	85,087
Other receivables and prepayments	<u>393,702</u>	<u>377,139</u>
	<u>876,175</u>	<u>906,680</u>
Representing:		
Non-current assets	229,622	246,966
Current assets	<u>646,553</u>	<u>659,714</u>
	<u>876,175</u>	<u>906,680</u>

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

10 TRADE AND OTHER PAYABLES

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

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Not yet due or on demand	1,794,532	2,006,034
Within 3 months	<u>147</u>	<u>293</u>
Trade payables	1,794,679	2,006,327
Rental and other deposits	123,628	80,413
Other payables and accrued expenses	485,202	620,285
Contract liabilities – deposits received on sale of properties	<u>259,804</u>	<u>524,646</u>
	<u>2,663,313</u>	<u>3,231,671</u>

FINANCIAL REVIEW

Financial resources and bank borrowings

As at 30 June 2025, the Group's total bank borrowings amounted to HK\$18,740 million, a reduction from HK\$19,125 million in 2024, comprising of HK\$1,709 million repayable within one year and HK\$17,031 million repayable after one year. With cash and bank balances totalling HK\$957 million, the Group's net bank borrowings have reduced to HK\$17,783 million as at 30 June 2025. Loan from a related company is recorded at HK\$1,744 million as of the same date. The Group's gearing ratio (calculated on the basis of net bank borrowings over total equity) was 100.9% as at 30 June 2025 (31 December 2024: 104.4%).

During the period, sales for the property projects in Hong Kong contributed cash inflows of approximately HK\$1,367 million to the Group, mainly from sales of Manor Hill. Furthermore, the Group recorded approximately HK\$368 million cash inflows from presales and sales of various development projects in Mainland China, mainly from presales and sales of Le Cove City, Wuxi and Polytec Luxury Mansion, Shanxi.

Our management has prioritised in reducing the Group's gearing ratio as part of its financial strategy. 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\$350 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 units at Manor Hill, along with presales of Upper Manor (ready in the second half of the year) and the Clear Water Bay Road project (next year) 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 period, the Group has cautiously advanced its development projects in Hong Kong and Mainland China and expended a total of approximately HK\$657 million for construction costs.

During the period, a joint venture formed by the Group with an independent third party achieved unified ownership of the various properties located at Nos. 24, 26, 28, and 30 Fuk Chak Street, Hong Kong in February 2025 through a compulsory sale successfully and the demolition works will be commenced shortly.

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 30 June 2025, the Group had commitments mainly in connection with the Group's investment properties amounting to HK\$94 million.

Pledge of assets

As at 30 June 2025, properties having a value of HK\$26,421 million and deposits of HK\$13 million were pledged to banks and insurance companies mainly to secure banking facilities and performance bonds extended to the Group.

Contingent liabilities

As at 30 June 2025, the Group had given guarantees to financial institutions in respect of performance bonds entered into by a subsidiary to the extent of HK\$38 million.

OTHER INFORMATION

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 2025. 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.

Compliance with the Corporate Governance Code

Throughout the six months ended 30 June 2025, the Company has complied with all code provisions set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), with the exception of Code Provisions C.2.1 and F.2.2 (which has been renumbered to Code Provision F.1.3 with effect from 1 July 2025) 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 2024.

Code Provision F.2.2

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

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the six months ended 30 June 2025.

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, 15 December 2025 to Tuesday, 16 December 2025, 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, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration not later than 4:30 pm (Hong Kong time) on Friday, 12 December 2025. The interim dividend will be payable to shareholders whose names appear on the register of members of the Company on Tuesday, 16 December 2025, being the record date for determination of entitlement to the interim dividend.

Publication of Interim Report

The Interim Report 2025 containing all the information as required by the Listing Rules will be published on the website of “HKEXnews” at www.hkexnews.hk and the website of the Company at www.kdc.com.hk by the end of September 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, 22 August 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.