Hysan 希慎

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Hysan Development Company Limited

INTERIM REPORT 2026

VISION

To be the premier property company in its market of choice.

MISSION

Provide our stakeholders with sustainable and outstanding returns from a property portfolio that is strategically planned and managed by passionate, responsible and forward-looking professionals.

CONTENTS

Summary

- **Turnover stable, while Recurring Underlying Profit grew 1.7% year-on-year. Underlying Profit increased 7.4%, supported by fair value gains on Bamboo Grove units sold.**

- **Retail turnover increased by 1.4%. Rejuvenated portfolio continued to drive rental improvement, while tenant sales recorded high-teens growth in the first half.**

- **Office turnover and occupancy remained stable, with negative rental reversions continuing but showing early signs of improvement.**

- **Hong Kong's residential market saw further strengthening, driving stronger leasing and sales momentum for the Group during the period.**

- **The Lee Gardens connectivity project and Lee Garden Eight development are on schedule to complete by the second half of 2026. Lee Garden Eight pre-leasing continuing good progress on securing strategic office and retail anchors.**

- **HK$8 billion five-year capital recycling programme launched in 2025, with HK$4.5 billion collected as of June 2026, further strengthening the balance sheet and driving meaningful deleveraging.**

- **The Group maintained its first interim dividend of HK27 cents per share.**

Results

			Six months ended 30 June		
		Notes	**2026**	2025	Change
Turnover	HK$ million	1	**1,728**	1,730	–0.1%
Recurring Underlying Profit	HK$ million	2	**1,049**	1,031	+1.7%
Underlying Profit	HK$ million	3	**1,107**	1,031	+7.4%
Reported Profit	HK$ million	4	**73**	75	–2.7%
Basic Earnings per Share	HK cent		**7**	7	–
First Interim Dividend per Share	HK cent		**27**	27	–
			As at 30 June 2026	As at 31 December 2025	
Shareholders' Funds	HK$ million	5	**65,289**	65,456	–0.3%
Net Asset Value per Share	HK$	6	**63.6**	63.7	–0.2%

Notes:

1. **Turnover** comprises gross rental income from leasing of investment properties located in Hong Kong and Chinese Mainland and management fee income from the provision of property management services for the period.

2. **Recurring Underlying Profit**, a non-HKFRS Accounting Standards measure, is a performance indicator of the core property investment business of Hysan Development Company Limited (the "Company" or "Hysan") and its subsidiaries (the "Group") and is arrived at by excluding from Underlying Profit items that are non-recurring in nature.

3. **Underlying Profit**, a non-HKFRS Accounting Standards measure, is arrived at by adding (i) Reported Profit excluding unrealised fair value change of investment properties and items not generated from the Group's core property investment business; and (ii) Profit attributable to holders of perpetual capital securities.

4. **Reported Profit** is the profit attributable to owners of the Company. It is prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance.

5. **Shareholders' Funds** are the equity attributable to owners of the Company.

6. **Net Asset Value per Share** represents Shareholders' Funds divided by the number of issued shares at period/year-end.

Chairman's Statement

Hong Kong's economy was resilient in the first half of 2026, supported by steady activity across key sectors, recovery in tourism and more buoyant asset markets. Overall market sentiment showed improvements despite uncertainties in the global environment, shifts in consumer behaviour, and a persistently challenging office rental market.

Against this backdrop, Hysan remained focused on deepening tenant and customer engagement, leveraging the unique strengths of the Lee Gardens area, maintaining prudent financial discipline and advancing our Core and Pillars strategy. The progress achieved during the first half of the year underscores the enduring relevance of our Community Business Model.

Lee Gardens Rejuvenation: Bringing Harvest Phase to Full Realisation

Our Lee Gardens rejuvenation journey underwent a large-scale harvest phase during the period. In recent years, we have invested in asset enhancement, content curation and experiential offerings. The result of these efforts has since become increasingly visible across our Lee Gardens portfolio, consolidating the precinct's reputation as a compelling destination in Hong Kong.

Our positioning as the "home of luxury" continued to gain depth in the first half of 2026 with the phased completion of the renovated and expanded flagship maisons of luxury brands such as Hermès, Dior, Cartier, Chanel, Louis Vuitton, Van Cleef & Arpels, and Tiffany & Co. with its iconic Blue Box Café. These renovations represent more than individual store upgrades. They are a reflection of the confidence that leading global brands have in the long-term appeal of Lee Gardens and the rich experience offered by the precinct to local customers and tourists. At the same time, Hysan Place continued to evolve as a "trendsetter", introducing new retail and food and beverage concepts, pop-ups, events and offerings that resonate with today's consumers.

Lee Garden Eight: A New Hub where Work, Life and Community Come Together

Lee Garden Eight marks a key component of the rejuvenated Lee Gardens as a vibrant melting pot of work, play and life. On target for completion in the fourth quarter of 2026, this one-million-square-foot premium commercial development, designed in partnership with the world-renowned architectural firm Foster + Partners, will expand our Lee Gardens leasable portfolio by approximately 30%, with quality tenants secured for both retail and office segments.

The project is designed around people, supporting productivity, wellbeing, collaboration and community. Its 60,000-square-foot Lifestyle Park, 20,000-square-foot performing arts and cultural facilities, sustainability features and high-quality building specifications will heighten the competitiveness of the wider Lee Gardens and bring new experiences to the community.

Integrated Pedestrian Walkway System: Connectivity as a Catalyst for Growth

Connectivity is fundamental to our vision for Lee Gardens as a walkable neighbourhood where people can navigate with comfort. Progressing alongside Lee Garden Eight, the integrated pedestrian walkway system will connect the Lee Gardens area to Causeway Bay MTR station and create an all-weather elevated network that adds a second "street level", extending our retail space and experience to customers and commuters.

During the period, we marked an important milestone with the completion of the footbridge linking Lee Garden Three and Lee Garden Five, one of five new footbridges planned to be fully operational by the end of 2026.

Strategic Pillars: Support for Business and Geographic Diversification

Our strategic pillars continue to support business and geographic diversification. An extension of the Lee Gardens brand into the Chinese Mainland, Lee Gardens Shanghai brings together high-quality office tenants, retail offerings and lifestyle elements to create a rich business and social scene.

Our flex office business venture in partnership with the world's leading flex operator, IWG, continued to grow steadily across the Greater Bay Area and address structural changes in the region's office sector. Our healthcare investment through New Frontier Group supports our exposure to a sector aligned with long-term demographic and wellness trends. These strategic pillars are broadening our growth base while maintaining disciplined capital allocation.

Retail Portfolio: Turning Retail into Stories

Retail today is increasingly about memories, purpose and meaning. Customers are drawn to places that are engaging and resonate with their aspirations, tell stories they can relate to and want to be part of, and create moments worth sharing. For Lee Gardens, this reinforces our role as larger than a shopping destination: a place where brands and customers can build lasting emotional ties beyond the point of purchase.

In the first half of 2026, our retail portfolio recorded 17% growth in tenant sales and 8% growth in foot traffic, leading retail sales recovery in the Hong Kong market. Behind these numbers is a deeper shift: consumers are responding to retail environments that feel relevant, authentic and culturally alive.

We will continue to curate Lee Gardens as a living stage for brand storytelling and lifestyle discovery. Through luxury flagships, trendy brands, dining concepts, pop-ups, cultural programmes and tenant collaborations, we aim to keep refreshing the customer journey and ensure Lee Gardens remains emotionally engaging, commercially resilient and relevant to different generations.

Office Portfolio: Defending Occupancy with Quality and Flexibility

Hong Kong's office market remained competitive during the period, as companies continued to be cautious when evaluating their space requirements. Lee Gardens in Causeway Bay, as an attractive alternative for companies traditionally located in Central, offers strong connectivity, premium building specifications, professional property management, advanced sustainability features and diverse retail elements within the precinct. For companies seeking a workplace that supports brand presence and talent attraction, Lee Gardens offers a compelling proposition at the heart of one of Hong Kong's most dynamic districts.

This positioning has helped our office business remain resilient in the first half of the year and defend occupancy despite challenging market conditions. We continued to respond proactively to evolving workplace needs with enhanced offerings of fully furnished office space for immediate use, and combining quality traditional office space with flexible solutions, supported by our long-term partnership with the world's leading flex operator, IWG. As companies look beyond conventional locations and seek greater agility in how they use space, our platform spanning Hong Kong and the Greater Bay Area will continue to fuel our growth in a way that complements our traditional office portfolio.

Residential Portfolio: Turning Quality and Trust into Lasting Value

On the residential front, we are encouraged by the satisfactory sales performance of Bamboo Grove. The as-is sale of the two blocks reflects the market's trust in the Hysan brand, as well as recognition of the asset's inherent quality and the value created through our disciplined asset management over time. Our joint-venture residential projects, VILLA LUCCA and One Victoria Cove, continued to make steady progress during the period, further supporting our residential portfolio strategy.

Capital Recycling: Unlocking Value with Strategic Intent

Our capital recycling programme reflects Hysan's disciplined stewardship of capital and our commitment to unlocking value at the right time. Launched with clear strategic intent, the programme has made solid progress towards our HK$8 billion capital recycling target, with over 50% achieved in the first year since launch. By capitalising on positive market sentiment in the luxury residential sector, we have strengthened our balance sheet and reinforced our capacity to invest for sustainable growth.

Building for the Long-Term with Discipline and Confidence

The market is expected to remain dynamic in the second half of 2026. Global uncertainty, regional competition, changing consumer behaviour and office market pressures will continue to require vigilance and strong management. Our management team continues to demonstrate disciplined approach through effective and efficient execution as well as prudent time and cost control. With Lee Gardens rejuvenation nearing full realisation and Lee Garden Eight approaching completion, we are looking ahead to the next phase of growth with confidence and focus.

On behalf of the Board, I would like to extend my heartfelt appreciation to our staff for their dedication, professionalism and contributions. Their efforts have enabled Hysan to continue moving forward with purpose in an evolving environment. Together, we will continue to shape Lee Gardens as a place for all, one that brings people, businesses and communities together, while contributing to Hong Kong's sustainable development for generations to come.

Lee Irene Yun-Lien
Chairman

Hong Kong, 13 August 2026

Management's Discussion and Analysis

Review of Results

	Six months ended 30 June		
In HK$ million	**2026**	2025	Change
Turnover	**1,728**	1,730	−0.1%
– Retail	***874***	*862*	*+1.4%*
– Office	***754***	*750*	*+0.5%*
– Residential	***100***	*118*	*−15.3%*
Recurring Underlying Profit	**1,049**	1,031	+1.7%
Underlying Profit	**1,107**	1,031	+7.4%

Turnover was broadly stable year-on-year.

Our Hong Kong retail portfolio delivered strong growth in traffic and tenant sales, outperforming the overall market. New and expanded luxury flagships, together with a diverse selection of exciting, curated tenants and events, continue to enhance rental income. During the period, approximately 3% of our retail area was closed for the major enhancement works under the Lee Gardens connectivity project.

Our Hong Kong office portfolio remained under pressure, with negative rental reversions as the market continued to absorb oversupply, while the ramp-up of Lee Gardens Shanghai supported improvement in office revenue.

Residential rental income was lower following the sale of residential units in two blocks at Bamboo Grove.

Recurring Underlying Profit increased by 1.7% year-on-year, driven by disciplined cost-control measures and reduced finance costs following capital recycling and debt reduction.

Underlying Profit increased by 7.4% year-on-year, contributed by the realised gain on the sale of residential units in two blocks within Bamboo Grove.

The Board of Directors has declared a first interim dividend of HK27 cents per share (2025: HK27 cents) which will be payable in cash.

The reconciliation of Recurring Underlying Profit, Underlying Profit and Reported Profit is as follows:

	Six months ended 30 June	
	2026	2025
	HK$ million	HK$ million
Reported profit	**73**	75
Change in fair value of properties	**771**	673
Investment properties	**920**	964
Less: Effect of other non-controlling interests	**(156)**	(291)
Share of associates (net of tax)	**7**	–
Impairment loss of a joint venture	**–**	30
Other gains and losses	**1**	(1)
Profit attributable to perpetual capital securities holders	**262**	254
Underlying Profit	**1,107**	1,031
Fair value gain on disposed investment properties	**(58)**	–
Recurring Underlying Profit	**1,049**	1,031

Review of Operations

Retail

Turnover in the Group's retail portfolio increased by 1.4% to HK$874 million (2025: HK$862 million).

	Six months ended 30 June		
In HK$ million	**2026**	2025	Change
Retail	**874**	862	+1.4%
– Hong Kong	***861***	*851*	*+1.2%*
– Chinese Mainland	***13***	*11*	*+18.2%*

Hong Kong Portfolio

Turnover increased by 1.2% to HK$861 million (2025: HK$851 million). This included turnover rent of HK$66 million (2025: HK$61 million).

Retail occupancy was 96% as at 30 June 2026 (31 December 2025: 95%). Overall rental reversion rate on renewals, rent reviews and new lettings remained positive during the first half of 2026.

During the period, Hong Kong's retail market gained momentum, supported by sustained retail sales growth, improved inbound tourism and stronger consumer sentiment. While the recovery varied across segments, these trends reflect evolving consumer preferences and underscore the importance of a customer-centric approach to retail curation.

Building on this progress, we further refined our retail portfolio at the Lee Gardens precinct, reinforcing its luxury positioning with new flagship maisons and enhanced customer experiences. New luxury highlights during the period included the renovated and expanded flagship maisons of Louis Vuitton and Van Cleef & Arpels, as well as Tiffany & Co. with its exclusive Blue Box Café. These additions further affirm Lee Gardens' status as home of luxury.

To diversify the retail mix, we continued to introduce trendsetting brands and quality dining offerings to cater for a broader range of consumer and lifestyle preferences. This strategy complements the precinct's luxury elements and broadens its appeal to different customer segments.

With significant progress made on Lee Gardens rejuvenation, we completed the façade enhancement works at Hysan Place and introduced a new mega screen at one of the busiest street frontages. These enhancements enabled us to create stronger market buzz and engagement for our pop-ups and events.

Construction of Lee Garden Eight and the integrated pedestrian walkway system proceeded on schedule, which when completed are expected to usher in a new chapter for the Lee Gardens area with heightened connectivity, greater accessibility and an improved overall customer experience.

Chinese Mainland Portfolio

During the period, Lee Gardens Shanghai recorded an occupancy rate of 67% (31 December 2025: 72%) with 70% of retail space committed to date, generated rental income of HK$13 million (2025: HK$11 million).

The introduction of new experiential concepts at Lee Gardens Shanghai, including a live performance venue and curated mix of hobby-focused retailers, was well received in the market. The strategic tenant mix reinforces Lee Gardens Shanghai's positioning as a dynamic business-social hub that seamlessly complements its office ecosystem.

Marketing Initiatives and Loyalty Programmes

During the first half of 2026, we continued to enrich the Lee Gardens area with large-scale experiential activities and marketing programmes. Both have strengthened our precinct's image as a premier lifestyle and cultural destination.

Notable headline events included our culturally immersive Chinese New Year street festival, based on a Canto movie theme, and the Doraemon activation event during Easter. Each drove strong engagement, footfall and high social visibility, and resonated strongly with audiences, particularly Gen Z, families and tourists. Another noteworthy event was the "Ascendant: The Sculptural Legacy of Yuyu Yang" exhibition and related cultural programming during Art Month in March. As a result of these events, we have deepened our engagement with the community and demonstrated our commitment to integrating art and culture for a more meaningful retail experience.

Brand-led dining experiences were another highlight of the period. The expansion of Louis Vuitton's flagship maison, featuring the Louis Vuitton x Bar Leone bar activation, and the opening of Tiffany & Co.'s exclusive Blue Box Café with Blue Book High Jewellery event, were highly visible and appealing experiences for customers. Through these additions to its luxury maison portfolio, Lee Gardens solidified its position as a premier retail destination in Hong Kong.

Alongside these offline activities, we made use of online channels such as RED and WeChat to broaden our engagement with the community and visitors. This included storytelling with the Lee Gardens characters as well as introductions to new F&B outlets and shopping guides for tourists. A more user-friendly WeChat interface implemented during the period has been especially helpful for streamlining registration and navigation, accessing shopping information and promotions, and enhancing the overall customer experience.

We also advanced our dual-engine customer relationship management strategy during the period by heightening engagement, expanding our membership reach and integrating our Club Avenue and hy! membership programmes.

Club Avenue continued deepening its partnerships with tenants and strategic brand partners to increase member acquisition, while also developing one-of-a-kind experiences to attract high-net-worth customers. To increase hy! membership, more emphasis was placed on community-focused initiatives that instilled a sense of belonging, as well as through member-to-member interactions and collaborations with local partners. By strengthening ties with the community and offering more shared experiences, hy! aims to increase visit frequency and encourage high-potential members to join Club Avenue tiers, with the objective of creating an integrated customer journey across the two membership programmes.

Building on this momentum, we will continue to scale our signature experiential campaigns, including street activations and outdoor activities to energise the Lee Gardens area and capture more footfall. We will carry on our collaborations with retail tenants and third-party partners to support initiatives that fortify Lee Gardens' reputation as the city's must-visit place for all.

Office

In the first six months of 2026, turnover of the Group's office portfolio experienced an increase of 0.5% to HK$754 million (2025: HK$750 million).

	Six months ended 30 June		
In HK$ million	**2026**	2025	Change
Office	**754**	750	+0.5%
– Hong Kong	***694***	*703*	*–1.3%*
– Chinese Mainland	***60***	*47*	*+27.7%*

Hong Kong Portfolio

During the first half of 2026, turnover decreased by 1.3% to HK$694 million, compared with HK$703 million in 2025. This includes a turnover rent of HK$4 million (2025: HK$5 million).

Hong Kong's office market entered an early recovery stage during the period. This was evident in the increased leasing momentum that occurred in an expanding financial sector, a revived initial public offering pipeline, and renewed demand from Chinese Mainland corporates. Transaction volumes and investment activity also picked up, reflecting the stronger market sentiment and capital deployment that prevailed during the first half of the year. Against this backdrop, Hysan's office portfolio proved relatively resilient due to its prime location, curated tenant mix and the ongoing "flight-to-quality" trend.

The average rental reversion rate on renewals, rent reviews and new lettings for Hysan's Lee Gardens portfolio remained negative. Nevertheless, occupancy stood at 93% as at 30 June 2026 (31 December 2025: 94%).

Lee Garden Eight is progressing positively, with encouraging market interest and active negotiations following extensive market outreach and show suite tours. The project stands out for its differentiated ESG features, integrated green spaces and connectivity within the Lee Gardens precinct, all of which underpin Lee Garden Eight's positioning as a next-generation workspace. We believe these qualities will support gradual absorption and a rental premium relative to competing decentralised stock.

As at 30 June 2026, the Banking, Finance and Wealth Management sector continued to occupy the largest share 20.7% (31 December 2025: 21.2%) of our tenant portfolio by floor area. The Co-work sector and Professional & Consulting sector were second and third, respectively.

Chinese Mainland Portfolio

Turnover of the Chinese Mainland's office portfolio increased to HK$60 million (2025: HK$47 million), driven by the improvement in occupancy to 83% (31 December 2025: 72%). Despite ongoing oversupply and intensifying competition in Shanghai's Grade A office leasing market, we have been upholding high property management standards and reinforcing our high-quality tenant base.

Our proactive leasing efforts continued to drive new tenancy signings and occupancy growth during the period. Offering fitted offices and subdivided premises that better serve tenant needs also enabled us to raise unit rents moderately and accelerate our leasing pace.

Residential

Hong Kong's luxury residential leasing market showed steady growth in the first half of 2026, driven by an influx of foreign talent, including expatriates relocating to Hong Kong and individuals arriving under various talent admission schemes.

Hysan's residential leasing portfolio turnover was HK$100 million (2025: HK$118 million). Occupancy was 90% as at 30 June 2026 (31 December 2025: 87%). The average rental reversion in the sector was positive for renewals, rent reviews and new lettings.

The Group's capital recycling programme currently encompasses the phased disposal of two blocks of Bamboo Grove, which comprises 124 apartments. It was well received amid favourable market sentiment. As at 30 June 2026, a total of 116 units had been contracted.

Core Expansion & Strategic Pillars

Commercial Property Development – Lee Garden Eight

Superstructure works for Lee Garden Eight, a strategic joint venture with Chinachem Group at Caroline Hill Road, is on schedule for completion in the fourth quarter of 2026 – an important milestone in our long-term growth plans. Once completed, it will reinforce the Lee Gardens precinct's reputation as one of Hong Kong's most unique and attractive destinations.

In recognition of its excellence in sustainable design as a next-generation workplace and retail development, Lee Garden Eight won the "Outstanding MiMEP Project (Design) Award" at the MiC/MiMEP Achievement Award 2025.

The project also achieved the "5-Star Award for Best Commercial Renovation/Redevelopment Hong Kong" in the Development category of the prestigious Asia Pacific Property Awards 2026, which is part of the International Property Awards. As a key component of our Lee Gardens rejuvenation project, Lee Garden Eight has contributed to revitalising this century-old commercial district into a vibrant destination integrating community, sustainability and Hong Kong's unique cultural identity.

With the Lee Garden Eight project, Hysan was named one of "Hong Kong's Top 10 Developers" once again at the Hubexo Asia Awards 2026. All these recognitions underscore the success of our vision to create an urban oasis and vibrant community in which to live, work and thrive.

Lee Garden Eight is included under "investment properties" in our condensed consolidated statement of financial position.

Residential Property Development – VILLA LUCCA and One Victoria Cove

VILLA LUCCA, our joint-venture luxury residential development in Tai Po, comprises 262 garden houses and apartments. As at 30 June 2026, a total of 187 units of the VILLA LUCCA project had been contracted.

Hong Kong's luxury residential market has entered a recovery phase, with transaction volumes rebounding and sentiment improving amid easing interest rates, supportive policy measures and renewed demand from Chinese Mainland buyers. During the period, VILLA LUCCA remained resilient, with steady pricing and a strategy of tightened discounts and enhanced product offerings.

In the mass residential market, Hysan owns a 25% stake in a joint venture to develop One Victoria Cove, a comprehensive mixed-use redevelopment project in Hung Hom under the Urban Renewal Authority's pioneering district-based redevelopment model. The project integrates residential towers comprising 1,296 residential units and a commercial podium with a retail mall and extensive carparking that will help to activate the Victoria Cove Area. As at 30 June 2026, a total of 654 units of the One Victoria Cove project had been contracted. Hysan oversees the design and operation of the retail portion of this project.

The Victoria Cove vision, as outlined in the Urban Renewal Authority's public commentary, frames renewal through a Cove – Waterfront – Inland approach that seeks to knit inland neighbourhoods to reconnect with a continuous, high-quality public Hung Hom waterfront.

By participating in this initiative, One Victoria Cove will establish a new benchmark for future urban renewal strategies and contribute to extending our expertise to other areas in Hong Kong. Superstructure construction is progressing on schedule, with estimated material completion in the third quarter of 2027. The retail podium is expected to open around the end of 2027 to early 2028. The residential units are currently on pre-sale.

The VILLA LUCCA Project and One Victoria Cove Project are included under "investment in joint ventures" in our condensed consolidated statement of financial position.

Shanghai Investment Property – Grand Gateway 66

The investment property, in which Hysan owns a 26% stake, demonstrated resilient performance during the period. The investment is included in "investments in associates" under our condensed consolidated statement of financial position.

Greater Bay Area Flex – Joint Venture with IWG plc

All IWG flexible workspace brands in Hong Kong and the Greater Bay Area are operated exclusively under a Hysan-IWG joint venture.

Demand for flexible working space continued to be supported during the period, as reflected in the joint venture's strong and stable occupancy and business performance. Leveraging our partnership with IWG, the world's leading flexible workspace platform, we are optimistic about the growth prospects of the Greater Bay Area Flex business.

In the first half of 2026, nine new locations were signed. The joint venture currently operates 54 centres across the Greater Bay Area. We are confident that our expanding network is well-positioned to capture demand for flexible working spaces in various cities across the Greater Bay Area.

The investment is included under "investments in joint ventures" in our condensed consolidated statement of financial position.

Medical and Health – New Frontier Group

New Frontier Group is a leading private healthcare services provider based in the Chinese Mainland. It operates an integrated healthcare ecosystem, including premium hospitals and clinics, rehabilitation services, home healthcare services, health insurance services and life sciences.

In the first half of 2026, New Frontier Group continued its business development with the support of favourable government policies and its nationwide healthcare network. As at 30 June 2026, New Frontier Group operated over 30 premium and rehabilitation hospitals in the Chinese Mainland, offering diversified healthcare services and specialist care across multiple disciplines. In addition to its hospital and clinic network, home healthcare services are now available in more than 40 cities, further extending the reach of its care delivery.

New Frontier Group is also strengthening its growth platform by pursuing emerging opportunities, including integrated oncology centres, health insurance, international medical services and frontier scientific research.

Hysan's minority stake investment in New Frontier Group provides strategic exposure to the Chinese Mainland's fast-growing healthcare sector.

The investment is included as part of the "other financial investments" in our condensed consolidated statement of financial position.

Capital Recycling Programme

In 2025, the Group initiated a HK$8 billion capital recycling programme through the strategic sale of non-core assets over a 5-year period. The programme aligns with our disciplined capital allocation strategy, strengthens our financial position, and positions us to deliver sustainable shareholder return.

The targeted assets primarily comprise two blocks within Bamboo Grove, together with built-to-sell units from the VILLA LUCCA and the One Victoria Cove residential projects. Capitalising on improving market sentiment in the residential sector, the Group has made good progress towards this target.

As at 30 June 2026, the Group had collected HK$4.5 billion, representing 56% of its HK$8 billion target. In addition, a further HK$0.6 billion in sales proceeds had been contracted and is expected to complete by end of 2026. Looking ahead, the Group will continue to prioritise deleveraging and redeploying capital toward strategic priorities.

Financial Review

Operating Costs

The Group's operating costs are generally classified as property expenses (direct costs and front-line staff wages and benefits) and administrative expenses (indirect costs largely representing payroll related costs of management and head office staff). The Group's gross profit margin was 82.5% (2025: 82.4%).

	Six months ended 30 June		
In HK$ million	**2026**	2025	Change
Operating costs	**440**	447	–1.6%
– Hong Kong	***408***	*418*	*–2.4%*
– Chinese Mainland	***32***	*29*	*+10.3%*

Finance Costs

Finance costs decreased to HK$244 million, compared to HK$289 million in the first half of 2025, contributed by the lower interest cost and debt reduction during the period. The effective interest rate for the period was 3.5%, as compared to 3.8% in the same period in 2025.

Revaluation of Investment Properties

As at 30 June 2026, the investment properties of the Group were valued at HK$96,031 million (31 December 2025: HK$96,157 million).

The valuation of investment properties was carried out by Knight Frank Petty Limited, an independent professional valuer, based on open market value. A fair value loss on investment properties (after considering capital expenditure spent on the Group's investment properties) of HK$920 million (2025: HK$964 million) was recognised in the condensed consolidated statement of profit or loss for the period. This loss mainly reflects continued pressure on office rentals, as oversupply in the wider Hong Kong market is still being absorbed.

Investments in Associates and Joint Ventures

The Group's investments in associates are mainly represented by its interest in Shanghai Grand Gateway 66, a retail, office and residential complex in Shanghai, China. The share of results of associates decreased to HK$113 million (2025: HK$115 million).

The Group's investments in joint ventures mainly comprise interests in VILLA LUCCA, One Victoria Cove and the IWG Flex business. The share of profit from joint ventures was HK$31 million, compared with a share of loss of HK$7 million in 2025. The profit mainly reflects improved sales prices at VILLA LUCCA during the period.

Other Financial Investments

The Group extended its geographical and business reach through certain strategic minority stake investments. Investment in New Frontier Group was one of the key initiatives which provides strategic exposure for the Group in the fast-growing healthcare sector in the Chinese Mainland. As at 30 June 2026, other financial investments totalled HK$1,698 million (31 December 2025: HK$1,652 million).

Cash and Bank Deposits

As at 30 June 2026, the Group's time deposits, cash, and cash equivalents totalled HK$3,941 million (31 December 2025: HK$3,831 million). The increase mainly represents cash from the Group's capital recycling initiatives.

The interest income decreased to HK$62 million (2025: HK$92 million), mainly due to lower deposit rates.

Capital Expenditure

Total cash outlay on capital expenditure increased to HK$1,697 million during the six-month period (2025: HK$1,069 million). This was mainly related to the Lee Garden Eight development and the Lee Gardens connectivity project.

Treasury Policy

Capital Management

The Group strives to diversify its funding sources and maintain an appropriate debt maturity profile aligned with its overall use of funds. This approach ensures healthy liquidity, a strong financial position, and an optimised capital structure to support sustainable growth. Additionally, the Group aims to secure competitive borrowing margins relative to market conditions while implementing effective hedging and forex management strategies.

Funding Sources

The Group's total Gross Debt[1] as at 30 June 2026 decreased to HK$27,483 million (31 December 2025: HK$28,737 million), driven by the substantial progress of the capital recycling programme. The proceeds supported deleveraging and strengthened the Group's balance sheet.

As at 30 June 2026, bank loans accounted for approximately 51% of the Group's total Gross Debt with the remaining 49% from capital market financing (31 December 2025: 51%:49%).

The following table shows the Group's source of debt financing as at 30 June 2026 (in HK$ million):

	Available	**Drawn**	**Undrawn**
Secured bank loan[2]	11,951	9,744	2,207
Unsecured term loans	4,200	4,200	–
Committed revolving loans	8,529	157	8,372
Capital market issuances	13,382	13,382	–
Total committed facilities	**38,062**	**27,483**	**10,579**
Uncommitted revolving loans	1,876	–	1,876
Total source of debt financing	**39,938**	**27,483**	**12,455**

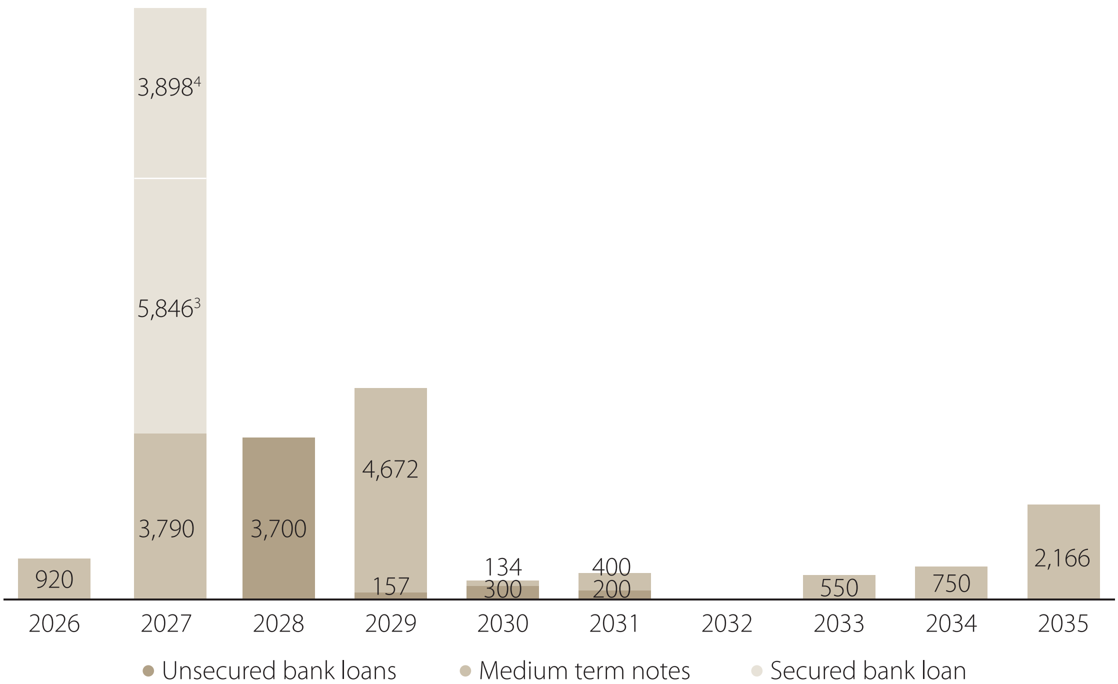
1 The Gross Debt represents the contractual principal payment obligations as at 30 June 2026. However, in accordance with the Group's accounting policies, the debt is measured at amortised costs, using the effective interest method. As disclosed in the Group's condensed consolidated statement of financial position as at 30 June 2026, the book value of the outstanding debt of the Group was HK$27,392 million (31 December 2025: HK$28,524 million).

2 Secured bank loan represent the contractual principal payment obligations of the project financing of Lee Garden Eight project.

Maturity Profile

The Group maintains a well-staggered debt maturity profile over the next 9 years to align with the nature of our assets and operations. As at 30 June 2026, the average maturity of debt portfolio was 2.4 years (31 December 2025: 2.8 years).

The following shows the debt maturity profile of the Group at 2026 interim period-end (in HK$ million):



Gearing Ratio and Net Interest Coverage

The Group's gearing ratio, as measured by Net Debt to Equity[5], was 30.9% at interim period-end 2026 (31 December 2025: 32.4%). The Group's Net Interest Coverage[6] was 7.4 times for interim period of 2026 (2025: 7.5 times).

3 60% secured bank loan of Lee Garden Eight project (guaranteed by Hysan).

4 40% secured bank loan of Lee Garden Eight project (guaranteed by Chinachem Group).

5 Net Debt to Equity is defined as borrowings less time deposits, cash and cash equivalents divided by total equity.

6 Net Interest Coverage is defined as gross profit less administrative expenses before depreciation divided by net interest expenses after interest capitalisation.

Credit Ratings

The Group maintains active dialogue with credit rating agencies and aims to maintain its investment-grade credit ratings. As of 30 June 2026, the Group's credit ratings were Baa2 from Moody's and BBB from Fitch with stable outlooks.

Liquidity Management

As of 30 June 2026, the Group had cash and bank deposits totalling HK$3,941 million (31 December 2025: HK$3,831 million) and investment-grade debt securities of HK$333 million (31 December 2025: HK$579 million).

The Group also maintained undrawn committed facilities provided by banks as an additional liquidity buffer.

Substantial cash balances and undrawn banking facilities provide the Group with sufficient financial resources to meet its ongoing commitments and working capital needs.

Interest Rate Management

Interest expense represents a key cost driver for the Group. The Group closely monitors its interest rate exposure and adopts an appropriate hedging strategy based on market conditions. The fixed-rate debt ratio (after accounting for interest rate swaps) as of 30 June 2026 was 53% (31 December 2025: 54%). The effective interest rate decreased to 3.5% as at 30 June 2026, down from 3.7% at year-end 2025, primarily reflecting a lower HIBOR.

Foreign Exchange Management

The Group maintains a prudent approach to currency exposure and does not speculate on currency movements for asset and liability management. It dynamically monitors and manages its foreign currency exposure, primarily in USD and RMB, applying systematic measures to mitigate foreign exchange risk.

Securities Repurchase

The Group regularly reviews its capital structure and liquidity requirements, and considers the refinancing, tendering, redemption, or repurchase of its issued securities as part of its ongoing capital management strategy. This approach aims to optimise funding costs, strengthen the balance sheet, and maintain a prudent capital structure.

During the interim period of 2026, the Group repurchased and cancelled part of the 4.85% Senior Guaranteed Perpetual Capital Securities in an aggregate principal amount of US$16 million with a cash consideration of US$12 million in the open market, representing approximately 3.2% of the principal amount of such securities. Following the cancellation, US$424 million in principal amount of such securities remained in issue.

Report on Review of Condensed Consolidated Financial Statements

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF
HYSAN DEVELOPMENT COMPANY LIMITED
希慎興業有限公司
(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Hysan Development Company Limited (the "Company") and its subsidiaries set out on pages 20 to 50, which comprise the condensed consolidated statement of financial position as of 30 June 2026 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, 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 HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

13 August 2026

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2026 (Unaudited)

	Notes	Six months ended 30 June 2026 HK$ million	Six months ended 30 June 2025 HK$ million
Turnover	3	**1,728**	1,730
Property expenses		**(302)**	(304)
Gross profit		**1,426**	1,426
Investment income		**66**	113
Other gains and losses		**(1)**	1
Administrative expenses		**(138)**	(143)
Finance costs	5	**(244)**	(289)
Change in fair value of investment properties		**(920)**	(964)
Fair value gain on disposed investment properties		**58**	–
Share of results (include impairment loss) of:			
associates		**113**	115
joint ventures		**31**	(7)
Profit before taxation		**391**	252
Taxation	6	**(156)**	(155)
Profit for the period	7	**235**	97
Profit (loss) for the period attributable to:			
Owners of the Company		**73**	75
Perpetual capital securities holders		**262**	254
Other non-controlling interests		**(100)**	(232)
		235	97
Earnings per share (expressed in HK cents)			
Basic	8	**7**	7
Diluted	8	**7**	7

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2026 (Unaudited)

	Six months ended 30 June	
	2026	2025
	HK$ million	HK$ million
Profit for the period	**235**	97
Other comprehensive income (expenses)		
Items that will not be reclassified subsequently to profit or loss:		
Losses on revaluation of properties held for own use (net of tax)	**(8)**	–
Change in fair value of equity instruments at fair value through other comprehensive income ("FVTOCI")	**41**	(80)
	33	(80)
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translation of subsidiaries	**86**	116
Net adjustments to hedging reserve	**226**	(175)
Share of translation reserve of an associate	**223**	86
	535	27
Other comprehensive income (expenses) for the period (net of tax)	**568**	(53)
Total comprehensive income for the period	**803**	44
Total comprehensive income (expenses) attributable to:		
Owners of the Company	**641**	22
Perpetual capital securities holders	**262**	254
Other non-controlling interests	**(100)**	(232)
	803	44

Condensed Consolidated Statement of Financial Position

As at 30 June 2026 (Unaudited)

	Notes	As at 30 June 2026 HK$ million	As at 31 December 2025 HK$ million (audited)
Non-current assets			
Investment properties	10	**96,031**	96,157
Property, plant and equipment		**867**	905
Investments in associates		**5,810**	5,474
Loans to associates		**8**	8
Investments in joint ventures		**370**	364
Loans to joint ventures		**3,036**	3,445
Other financial investments		**1,698**	1,652
Debt securities		**121**	159
Deferred tax assets		**100**	100
Other financial assets		**22**	10
Other receivables	11	**955**	945
		109,018	109,219
Current assets			
Accounts and other receivables	11	**415**	341
Debt securities		**212**	420
Other financial assets		**38**	–
Time deposits		**1,085**	–
Cash and cash equivalents		**2,856**	3,831
		4,606	4,592
Investment properties held for sale	18	**665**	1,611
		5,271	6,203
Current liabilities			
Accounts payable and accruals	12	**1,252**	1,701
Deposits from tenants		**295**	295
Amounts due to non-controlling interests	13	**182**	182
Borrowings	14	**14,440**	1,903
Other financial liabilities		**69**	4
Taxation payable		**120**	49
		16,358	4,134
Net current (liabilities) assets		**(11,087)**	2,069
Total assets less current liabilities		**97,931**	111,288

Condensed Consolidated Statement of Financial Position *continued*

As at 30 June 2026 (Unaudited)

	Notes	**As at 30 June 2026 HK$ million**	As at 31 December 2025 HK$ million (audited)
Non-current liabilities			
Amounts due to non-controlling interests	13	**6,926**	5,907
Borrowings	14	**12,952**	26,621
Other financial liabilities		**255**	563
Deposits from tenants		**615**	597
Deferred tax liabilities		**1,411**	1,386
		22,159	35,074
Net assets		**75,772**	76,214
Capital and reserves			
Share capital		**7,723**	7,723
Reserves		**57,566**	57,733
Equity attributable to owners of the Company		**65,289**	65,456
Perpetual capital securities	15	**9,281**	9,404
Other non-controlling interests		**1,202**	1,354
Total equity		**75,772**	76,214

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2026 (Unaudited)

	Attributable to owners of the Company		
	Share capital HK$ million	Share options reserve HK$ million	General reserve HK$ million
As at 1 January 2026 (audited)	**7,723**	**42**	**96**
Profit (loss) for the period	**–**	**–**	**–**
Exchange difference on translation of subsidiaries	**–**	**–**	**–**
Net gain arising from hedging instruments	**–**	**–**	**–**
Reclassification adjustments for net gains included in profit or loss	**–**	**–**	**–**
Loss on revaluation of properties held for own use (Note a)	**–**	**–**	**–**
Change in fair value of equity instruments at FVTOCI	**–**	**–**	**–**
Share of translation reserve of an associate	**–**	**–**	**–**
Total comprehensive income (expenses) for the period	**–**	**–**	**–**
Recognition of equity-settled share-based payments	**–**	**2**	**–**
Vesting of equity-settled share-based payments	**–**	**(4)**	**–**
Repurchase of own shares	**–**	**–**	**–**
Dividends paid during the period (note 9)	**–**	**–**	**–**
Distribution to perpetual capital securities holders	**–**	**–**	**–**
Repurchase of perpetual capital securities (note 15)	**–**	**–**	**–**
As at 30 June 2026 (unaudited)	**7,723**	**40**	**96**
As at 1 January 2025 (audited)	7,723	40	96
Profit (loss) for the period	–	–	–
Exchange difference on translation of subsidiaries	–	–	–
Net losses arising from hedging instruments	–	–	–
Reclassification adjustments for net gains included in profit or loss	–	–	–
Change in fair value of equity instruments at FVTOCI	–	–	–
Share of translation reserve of an associate	–	–	–
Total comprehensive (expenses) income for the period	–	–	–
Recognition of equity-settled share-based payments	–	2	–
Vesting of equity-settled share-based payments	–	(2)	–
Repurchase of own shares	–	–	–
Dividends paid during the period (note 9)	–	–	–
Distribution to perpetual capital securities holders	–	–	–
Issue of perpetual capital securities (note 15)	–	–	–
Repurchase of perpetual capital securities (note 15)	–	–	–
As at 30 June 2025 (unaudited)	7,723	40	96

Note:

(a) Hysan Development Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group")'s leasehold land and buildings classified as property, plant and equipment were revalued as at 30 June 2026 and 2025 by Knight Frank Petty Limited, an independent qualified professional valuer, on market value basis. The valuation was derived from the basis of capitalisation of net income with due allowance for the reversionary income potential. A loss of HK$8 million on revaluation (2025: Nil) had been recognised and accumulated in properties revaluation reserve.

Attributable to owners of the Company								
Investments revaluation reserve HK$ million	Hedging reserve HK$ million	Properties revaluation reserve HK$ million	Translation reserve HK$ million	Retained profits HK$ million	Total HK$ million	Perpetual capital securities HK$ million	Other non-controlling interests HK$ million	Total HK$ million
202	**(549)**	**426**	**(419)**	**57,935**	**65,456**	**9,404**	**1,354**	**76,214**
–	**–**	**–**	**–**	**73**	**73**	**262**	**(100)**	**235**
–	**–**	**–**	**86**	**–**	**86**	**–**	**–**	**86**
–	**293**	**–**	**–**	**–**	**293**	**–**	**–**	**293**
–	**(67)**	**–**	**–**	**–**	**(67)**	**–**	**–**	**(67)**
–	**–**	**(8)**	**–**	**–**	**(8)**	**–**	**–**	**(8)**
41	**–**	**–**	**–**	**–**	**41**	**–**	**–**	**41**
–	**–**	**–**	**223**	**–**	**223**	**–**	**–**	**223**
41	**226**	**(8)**	**309**	**73**	**641**	**262**	**(100)**	**803**
–	**–**	**–**	**–**	**–**	**2**	**–**	**–**	**2**
–	**–**	**–**	**–**	**4**	**–**	**–**	**–**	**–**
–	**–**	**–**	**–**	**(4)**	**(4)**	**–**	**–**	**(4)**
–	**–**	**–**	**–**	**(832)**	**(832)**	**–**	**(52)**	**(884)**
–	**–**	**–**	**–**	**–**	**–**	**(262)**	**–**	**(262)**
–	**–**	**–**	**–**	**26**	**26**	**(123)**	**–**	**(97)**
243	**(323)**	**418**	**(110)**	**57,202**	**65,289**	**9,281**	**1,202**	**75,772**
125	(426)	437	(728)	58,726	65,993	9,437	1,999	77,429
–	–	–	–	75	75	254	(232)	97
–	–	–	116	–	116	–	–	116
–	(84)	–	–	–	(84)	–	–	(84)
–	(91)	–	–	–	(91)	–	–	(91)
(80)	–	–	–	–	(80)	–	–	(80)
–	–	–	86	–	86	–	–	86
(80)	(175)	–	202	75	22	254	(232)	44
–	–	–	–	–	2	–	–	2
–	–	–	–	2	–	–	–	–
–	–	–	–	(2)	(2)	–	–	(2)
–	–	–	–	(832)	(832)	–	(50)	(882)
–	–	–	–	–	–	(210)	–	(210)
–	–	–	–	–	–	5,800	–	5,800
–	–	–	–	(2)	(2)	(5,363)	–	(5,365)
45	(601)	437	(526)	57,967	65,181	9,918	1,717	76,816

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2026 (Unaudited)

	Six months ended 30 June	
	2026	2025
	HK$ million	HK$ million
Net cash from operating activities	**1,261**	1,142
Investing activities		
Payments in respect of investment properties	**(1,697)**	(1,069)
Purchases of property, plant and equipment	**(9)**	(12)
Proceeds from disposal of investment properties	**1,751**	–
Deposit received from disposal of investment properties	**145**	–
Repayment from joint ventures	**438**	67
Advances to joint ventures	**–**	(206)
Payments in respect of other financial investments	**(5)**	(5)
Proceeds upon maturity of debt securities	**250**	319
Interest received	**48**	65
Additions to time deposits with original maturity over three months	**(2,357)**	(2,263)
Proceeds upon maturity of time deposits with original maturity over three months	**1,272**	2,009
Net cash used in investing activities	**(164)**	(1,095)
Financing activities		
Payment for finance costs	**(455)**	(548)
Advance from non-controlling interest	**520**	3
New bank loans	**726**	5,641
Repayment of fixed rate notes	**(818)**	(1,000)
Repayment of bank loans	**(800)**	(2,602)
Issue of perpetual capital securities	**–**	5,800
Repurchase of perpetual capital securities	**(97)**	(5,365)
Payment of repurchase of own shares	**(4)**	(2)
Dividends paid	**(832)**	(832)
Distribution paid to perpetual capital securities holders	**(262)**	(210)
Dividends paid to non-controlling interests of a subsidiary	**(52)**	(50)
Net cash (used in) from financing activities	**(2,074)**	835
Net (decrease) increase in cash and cash equivalents	**(977)**	882
Cash and cash equivalents as at 1 January	**3,831**	1,564
Effect of foreign exchange rate changes	**2**	1
Cash and cash equivalents as at 30 June	**2,856**	2,447

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 June 2026 have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The financial information relating to the year ended 31 December 2025 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements 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 Hong Kong 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 Hong Kong Companies Ordinance.

As at 30 June 2026, the Group's current liabilities exceeded its current assets of HK$11,087 million. Taking into account the Group's internal resources, the ability to renew the existing secured bank loans, and undrawn committed facility of HK$10,579 million, the directors of the Company have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

2. MATERIAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2025.

The application of all the amendments to HKFRS Accounting Standards as issued by the HKICPA are disclosed below.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11

The application of the amendments to HKFRS Accounting Standards in the current interim period has had no material impact on the Group's financial position and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. TURNOVER

Turnover represents gross rental income from leasing of investment properties and management fee income from provision of property management services for the period.

The Group's principal activities are property investment, management and development, and its turnover and results are principally derived from investment properties located in Hong Kong and Chinese Mainland.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Rentals received with reference to turnover of tenants are recognised as income when they arise.

Contracts for property management services have various contractual periods for which the Group bills fixed amount of each month of the service period. Substantially all of the revenue from provision of property management services is recognised at the amount to which the Group has right to invoice which reflect the progress towards complete satisfaction of performance obligations satisfied over time. The categories for disaggregation of revenue from provision of property management services recognised over time in Hong Kong and Chinese Mainland are consistent with the segment disclosure under note 4.

4. SEGMENT INFORMATION

Based on the internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance, the Group's operating and reportable segments are as follows:

Retail segment – leasing of space and related facilities to a variety of retail and leisure operators

Office segment – leasing of high quality office space and related facilities

Residential segment – leasing of luxury residential properties and related facilities

Property development segment – development of properties for sale or leasing

4. SEGMENT INFORMATION *continued*

Segment turnover and results

The following is an analysis of the Group's turnover and results by operating and reportable segment.

	Retail HK$ million	Office HK$ million	Residential HK$ million	Property development HK$ million	Consolidated HK$ million
For the six months ended 30 June 2026 (unaudited)					
Turnover					
Leasing of investment properties	785	633	88	–	1,506
Provision of property management services	89	121	12	–	222
Segment revenue	874	754	100	–	1,728
Property expenses	(148)	(123)	(31)	–	(302)
Segment gross profit	726	631	69	–	1,426
Share of results of a joint venture	–	–	–	25	25
Segment profit	726	631	69	25	1,451
Investment income					66
Other gains and losses					(1)
Administrative expenses					(138)
Finance costs					(244)
Change in fair value of investment properties					(920)
Fair value gain on disposed investment properties					58
Share of results of:					
associates					113
a joint venture					6
Profit before taxation					391

4. SEGMENT INFORMATION *continued*

Segment turnover and results *continued*

	Retail HK$ million	Office HK$ million	Residential HK$ million	Property development HK$ million	Consolidated HK$ million
For the six months ended 30 June 2025 (unaudited)					
Turnover					
Leasing of investment properties	773	637	104	–	1,514
Provision of property management services	89	113	14	–	216
Segment revenue	862	750	118	–	1,730
Property expenses	(139)	(130)	(35)	–	(304)
Segment gross profit	723	620	83	–	1,426
Share of results of a joint venture	–	–	–	13	13
Segment profit	723	620	83	13	1,439
Investment income					113
Other gains and losses					1
Administrative expenses					(143)
Finance costs					(289)
Change in fair value of investment properties					(964)
Impairment loss of a joint venture					(30)
Share of results of:					
associates					115
a joint venture					10
Profit before taxation					252

4. SEGMENT INFORMATION *continued*

Segment turnover and results *continued*

All the segment turnover reported above is from external customers.

Segment profit represents the profit earned by each segment including share of results of a joint venture for investment in residential project. Segment profit is reported without allocation of items not specifically attributed to individual reportable segments including investment income, other gains and losses, administrative expenses (including central administration costs and directors' emoluments), finance costs, change in fair value of investment properties, fair value gain on disposed investment properties, impairment loss of a joint venture and share of results of associates and a joint venture. This is the measure reported to the chief operating decision maker of the Group for the purpose of resource allocation and performance assessment.

Included in the above are the turnover, property expenses and administrative expenses attributable to Lee Gardens Shanghai located in Chinese Mainland amounting to HK$73 million (2025: HK$58 million), HK$31 million (2025: HK$27 million), and HK$1 million (2025: HK$2 million) respectively.

4. SEGMENT INFORMATION *continued*

Segment assets

The following is an analysis of the Group's assets by operating and reportable segment.

	Retail HK$ million	Office HK$ million	Residential HK$ million	Property development HK$ million	Consolidated HK$ million
As at 30 June 2026 (unaudited)					
Segment assets	**32,694**	**32,446**	**7,575**	**26,396**	**99,111**
Investments in and loans to associates					**5,818**
Investment in a joint venture					**370**
Other financial investments					**1,698**
Investment properties held for sale					**665**
Other assets					**6,627**
Consolidated assets					**114,289**
As at 31 December 2025 (audited)					
Segment assets	32,691	33,092	8,134	25,725	99,642
Investments in and loans to associates					5,482
Investment in a joint venture					364
Other financial investments					1,652
Investment properties held for sale					1,611
Other assets					6,671
Consolidated assets					115,422

4. SEGMENT INFORMATION *continued*

Segment assets *continued*

Segment assets represented the investment properties and accounts receivable of each segment and investments in and loans to joint ventures engaged in property development business.

Unallocated assets include investments in and loans to associates, investment in a joint venture, other financial investments, investment properties held for sale and other assets which include property, plant and equipment, debt securities, other financial assets, deferred tax assets, other receivables, time deposits and cash and cash equivalents.

This is the measure reported to the chief operating decision maker of the Group for the purpose of monitoring segment performances and allocating resources between segments. The investment properties are included in segment assets at their fair values whilst the change in fair value of investment properties is not included in segment profit.

Included in the property development segment is an investment property under development, which will be transferred to other segments upon completion of the development.

Included in the retail and office segment is an investment property located in Chinese Mainland of HK$632 million (31 December 2025: HK$636 million) and HK$2,627 million (31 December 2025: HK$2,697 million) respectively.

No segment liabilities analysis is presented as the Group's liabilities are monitored on a group basis.

5. FINANCE COSTS

	Six months ended 30 June	
	2026	2025
	HK$ million	HK$ million
Finance costs comprise:		
Interest on bank loans	**269**	300
Interest on fixed rate notes	**242**	267
Imputed interest on amounts due to non-controlling interests	**24**	23
Total interest expenses	**535**	590
Other finance costs	**30**	30
Less: amounts capitalised (Note)	**(357)**	(367)
	208	253
Net exchange losses on borrowings	**103**	127
Reclassification of net gains from hedging reserve on financial instruments designated as cash flow hedges	**(67)**	(91)
	244	289

Note:

During the period, interest expenses have been capitalised to investment properties under development at an average capitalisation rate of 3.1% (2025: 3.4%) per annum.

6. TAXATION

	Six months ended 30 June	
	2026	2025
	HK$ million	HK$ million
Current tax		
Hong Kong Profits Tax		
– current period	**129**	127
Deferred tax	**27**	28
	156	155

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

7. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2026	2025
	HK$ million	HK$ million
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**21**	22
Gross rental income from investment properties including rentals received with reference to turnover of tenants of HK$70 million (2025: HK$66 million)	**(1,506)**	(1,514)
Interest income (included in investment income)	**(62)**	(92)
Staff costs (including directors' emoluments)	**157**	164
Share of income tax of associates (included in share of results of associates)	**51**	52

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Earnings Six months ended 30 June	
	2026	2025
	HK$ million	HK$ million
Earnings for the purposes of basic and diluted earnings per share:		
Profit for the period attributable to owners of the Company	**73**	75

	Number of shares Six months ended 30 June	
	2026	2025
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,027,008,223**	1,027,008,223
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**–**	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,027,008,223**	1,027,008,223

The computation of diluted earnings per share does not assume the exercise of all (2025: all) of the Company's outstanding share options as the exercise prices of those options were higher than the average market price for shares.

9. DIVIDENDS

(a) Dividends recognised as distribution during the period:

	Six months ended 30 June	
	2026	2025
	HK$ million	HK$ million
2025 second interim dividend paid – HK81 cents per share	**832**	–
2024 second interim dividend paid – HK81 cents per share	**–**	832
	832	832

(b) Dividends declared after the end of the reporting period:

	Six months ended 30 June	
	2026	2025
	HK$ million	HK$ million
First interim dividend declared – HK27 cents per share (2025: HK27 cents per share)	**277**	277

The first interim dividend for 2026 is not recognised as a liability as at 30 June 2026 because it has been declared after the end of the reporting period. It will be payable in cash.

10. INVESTMENT PROPERTIES

	Fair value HK$ million
As at 1 January 2026	96,157
Additions	1,799
Transfer from property, plant and equipment, net	17
Change in fair value recognised in profit or loss	(920)
Disposal	(587)
Reclassified as investment properties held for sale	(581)
Fair value gain on disposed investment properties	58
Exchange difference	88
As at 30 June 2026	**96,031**

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment properties as at 30 June 2026 and 31 December 2025 and as at the date of transfer from property, plant and equipment to investment properties has been arrived at on the basis of a valuation carried out on those dates by Knight Frank Petty Limited, an independent qualified professional valuer not connected with the Group. The Group's investment properties have been valued individually, on market value basis, which conforms to The Hong Kong Institute of Surveyors Valuation Standards. In estimating the fair value of the investment properties, the management of the Group has considered the highest and best use of the investment properties at their current use.

10. INVESTMENT PROPERTIES *continued*

Investment properties in Hong Kong

The value of the completed investment properties is derived from the basis of capitalisation of net income with due allowance for the reversionary income potential but without allowances for any expenses or taxation which may be incurred in effecting a sale, and where appropriate, cross reference by sale comparables.

For investment properties under development, residual method of valuation was adopted. The value is based on the development potential of the properties as if they were completed in accordance with the existing development proposal at the date of valuation. The value has also taken into consideration all costs of development and allowance of profit required for the development, which duly reflected the risks associated with the development.

There has been no change to the valuation technique during the period for completed properties and properties under development in Hong Kong.

As at 30 June 2026, the aggregate fair value of certain investment properties in Hong Kong pledged as securities for the Group's borrowings amounted to HK$23,360 million (31 December 2025: HK$22,280 million).

Investment properties in Chinese Mainland

As at 30 June 2026, the value of the completed investment properties in Chinese Mainland is derived from the basis of capitalisation of net income with due allowance for the reversionary income potential but without allowances for any expenses or taxation which may be incurred in effecting a sale, and where appropriate, cross reference by sale comparables (31 December 2025: income capitalisation approach – discounted cash flow ("DCF") analysis). The valuation technique is in line with market practice of property valuation for stabilised income-producing commercial assets which are the main asset class of the Group.

11. ACCOUNTS AND OTHER RECEIVABLES

	As at 30 June 2026 HK$ million	As at 31 December 2025 HK$ million
Accounts receivable	**44**	40
Interest receivable	**51**	44
Prepayments in respect of investment properties	**640**	606
Other receivables and prepayments	**635**	596
Total	**1,370**	1,286
Analysed for reporting purposes as:		
Current assets	**415**	341
Non-current assets	**955**	945
	1,370	1,286

The following is an ageing analysis of accounts receivable (net of allowance for credit losses) at the end of the reporting period. Accounts receivable mainly includes rents from leasing of investment properties, which are normally received in advance.

	As at 30 June 2026 HK$ million	As at 31 December 2025 HK$ million
Less than 30 days	**21**	15
31-90 days	**9**	13
Over 90 days	**14**	12
	44	40

12. ACCOUNTS PAYABLE AND ACCRUALS

	As at 30 June 2026 HK$ million	As at 31 December 2025 HK$ million
Accounts payable	**408**	650
Interest payable	**58**	77
Other payables	**786**	974
	1,252	1,701

As at 30 June 2026, accounts payable of the Group with carrying amount of HK$174 million (31 December 2025: HK$179 million) were aged less than 90 days.

13. AMOUNTS DUE TO NON-CONTROLLING INTERESTS

	As at 30 June 2026 HK$ million	As at 31 December 2025 HK$ million
Current (Note a)	**182**	182
Non-current (Note b)	**6,926**	5,907
	7,108	6,089

Notes:

(a) The balances are unsecured, interest-free and repayable on demand.

(b) The balance is unsecured, interest-free and for the development of a commercial site at Caroline Hill Road, Causeway Bay, Hong Kong.

14. BORROWINGS

The analysis of the carrying amounts of borrowings is as follows:

	Current		Non-Current	
	As at 30 June 2026 HK$ million	As at 31 December 2025 HK$ million	**As at 30 June 2026 HK$ million**	As at 31 December 2025 HK$ million
Secured bank loans	**9,738**	–	**–**	10,197
Unsecured bank loans	**–**	200	**4,329**	4,097
Unsecured fixed rate notes	**4,702**	1,703	**8,623**	12,327
	14,440	1,903	**12,952**	26,621

15. PERPETUAL CAPITAL SECURITIES

In 2020, the Group through a wholly owned subsidiary of the Company (the "Issuer") issued US$850 million (equivalent to approximately HK$6,604 million) 4.10% subordinated guaranteed perpetual capital securities (the "2020 Subordinated Securities"), which are unconditionally and irrevocably guaranteed by the Company. Further, the Issuer issued US$500 million (equivalent to approximately HK$3,875 million) 4.85% senior perpetual capital securities (the "Senior Securities"), which are unconditionally and irrevocably guaranteed by the Company. The proceeds of the capital securities are for general corporate purpose and the capital securities are listed on the Stock Exchange.

In 2025, the Group through the Issuer issued US$750 million (equivalent to approximately HK$5,800 million) 7.20% subordinated guaranteed perpetual capital securities (the "2025 Subordinated Securities"), which are unconditionally and irrevocably guaranteed by the Company. The proceeds of the capital securities are for general corporate purposes and refinancing of existing indebtedness. The capital securities are listed on the Stock Exchange.

Distribution on the 2020 Subordinated Securities, Senior Securities and 2025 Subordinated Securities (collectively the "Securities") are payable semi-annually in-arrear each year and can be deferred at the sole discretion of the Issuer, if the Issuer and the Company do not declare or pay dividends or repurchase, redeem, cancel, reduce or otherwise acquire any securities of lower or equal rank. The Securities have no fixed maturity and are redeemable at the Issuer's option on or after 3 June 2025, 25 August 2023 and 11 September 2030 respectively, at their principal amounts together with any distribution accrued to such date.

15. PERPETUAL CAPITAL SECURITIES *continued*

The Securities are classified as equity and initially recognised at the proceeds received in the condensed consolidated financial statements of the Group.

As at 30 June 2026, included in perpetual capital securities, the distribution accrued is amounted to HK$187 million (2025: HK$196 million).

During the period ended 30 June 2026, the Group had repurchased perpetual capital securities with principal amount of HK$123 million (2025: HK$5,363 million) with cash consideration of HK$97 million (2025: HK$5,365 million).

16. COMMITMENTS

As at 30 June 2026 and 31 December 2025, the Group had the following commitments in respect of its investment properties and property, plant and equipment:

	As at 30 June 2026 HK$ million	As at 31 December 2025 HK$ million
Capital commitment:		
Contracted but not provided for investment properties and property, plant and equipment	**1,903**	2,933

17. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Transactions and balances with related parties

During the period, the Group had transaction with related party including interest income on loans to joint ventures, imputed interest expense on interest-free amounts due to non-controlling interests as disclosed in notes 5 and 13. The imputed interest expense arising from the amounts due to non-controlling interests during the period has been fully capitalised into investment properties under development. The interest income on loans to joint ventures during the period is amounted to HK$4 million (2025: HK$23 million). At the end of the reporting period, the Group has several balances with related parties including loans to joint ventures and loans to associates as disclosed in the condensed consolidated statement of financial position. The Group has also granted guarantees to banks for facilities granted to a joint venture. The non-controlling interest of a subsidiary has granted guarantee to banks in relation to the Group's secured bank loan as disclosed in note 14.

17. RELATED PARTY TRANSACTIONS AND BALANCES *continued*

(a) Transactions and balances with related parties *continued*

In addition, the Group has the following transactions with other related parties during the period and has the following balances with them at the end of the reporting period:

	Gross rental income received from		Amounts due to	
	Six months ended 30 June 2026 HK$ million	Six months ended 30 June 2025 HK$ million	**As at 30 June 2026 HK$ million**	As at 31 December 2025 HK$ million
Non-controlling shareholder of subsidiaries (Note a (i) & (ii))	**37**	41	**7,108**	6,089
Joint venture and associate (Note b)	**49**	47	**–**	–

Notes:

(a) (i) The sum of transactions represents the aggregate gross rental income received from Hang Seng Bank Limited ("Hang Seng"), the intermediate holding company of Imenson Limited ("Imenson"), The Hongkong and Shanghai Banking Corporation Limited, the holding company of Hang Seng, and Jebsen and Company Limited, the holding company of Jebsen Capital Limited. Imenson and Jebsen Capital Limited are non-controlling shareholders with significant influence over Barrowgate Limited ("Barrowgate"), an indirect non-wholly-owned subsidiary of the Company.

(ii) The balance represents outstanding loans advanced to Patchway Holdings Limited ("Patchway") by Coastday Limited and Barrowgate by Imenson and Jebsen Capital Limited, as shareholder loans in proportion to their shareholding in Patchway and Barrowgate respectively. The amounts advanced to Barrowgate are unsecured, interest-free and repayable on demand. The amount advanced to Patchway is unsecured, interest-free and for the development of a commercial site at Caroline Hill Road, Causeway Bay, Hong Kong. Coastday Limited is a non-controlling shareholder with significant influence over Patchway, an indirect non-wholly-owned subsidiary of the Company.

(b) Rental income is charged in accordance with respective tenancy agreements.

17. RELATED PARTY TRANSACTIONS AND BALANCES *continued*

(b) Compensation of key management personnel

The remuneration of directors of the Company and other members of senior management of the Group are as follows:

	Six months ended 30 June	
	2026	2025
	HK$ million	HK$ million
Directors' fees, salaries and other short-term employee benefits	**26**	26
Share-based payments	**1**	1
Retirement benefits scheme contributions	**–**	–
	27	27

The remuneration of the directors of the Company and senior management is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

18. INVESTMENT PROPERTIES HELD FOR SALE

In 2025, the Group launched the capital recycling programme through partial sales of two blocks of Bamboo Grove. For the residential units with sale and purchase agreements as at 30 June 2026, the directors of the Company considered that the held-for-sale criteria as set out in Hong Kong Financial Reporting Standard 5 "Non-current Assets Held for Sale and Discontinued Operations" were met, by taking into account the fact that the subject investment properties were immediately available for sale, and the sale was highly probable as appropriate level of management had committed to a plan to sell the investment properties. Accordingly, the subject investment properties were classified as investment properties held for sale as at 30 June 2026.

As at 31 December 2025 and 30 June 2026, fair value of the investment properties classified as held for sale were determined by Knight Frank Petty Limited, an independent qualified professional valuer not connected with the Group, taking into consideration the contracted selling price, if any. No change in fair value of investment properties held for sale is recognised in profit or loss during the period ended 30 June 2026.

19. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

(a) Financial risk management

The Group's financial risk management objectives and policies are the same as those disclosed in the Group's annual consolidated financial statements for the year ended 31 December 2025.

(b) Fair value measurements

(i) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The fair values of financial assets and financial liabilities measured at amortised cost are determined in accordance with generally accepted pricing models based on DCF methodology taking into account the market interest rate and credit risk of the counterparties and of the Group as appropriate.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the condensed consolidated financial statements approximate their fair values, except for the carrying amount of HK$13,325 million (31 December 2025: HK$14,030 million) unsecured fixed rate notes (including interest payable) with fair value of HK$12,634 million (31 December 2025: HK$13,324 million).

The fair value of HK$8,292 million (31 December 2025: HK$8,174 million) of the unsecured fixed rate notes is categorised into Level 1 of the fair value hierarchy, in which the fair value was quoted prices in an active market translated at the spot foreign exchange rate of the respective currency at period end.

The fair value of HK$4,342 million (31 December 2025: HK$5,150 million) of the unsecured fixed rate notes is categorised into Level 2 of the fair value hierarchy, in which the fair value was measured using DCF methodology based on observable yield curves of the respective currency taking into account the credit margin of the Group as appropriate.

19. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *continued*

(b) Fair value measurements *continued*

(ii) Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

The following table provides an analysis of financial instruments that are measured at fair value on a recurring basis, grouped into Levels 1 to 3 based on the degree to which the inputs to the fair value measurements are observable.

- Level 1: fair value measurements are based on quoted prices (unadjusted) in active market for identical assets and liabilities that the entity can access at the measurement date.

- Level 2: fair value measurements are those derived from inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: fair value measurements are those derived from valuation techniques that include the lowest level inputs which are significant to the fair value measurement for the asset or liability that are not based on observable market data (significant unobservable inputs).

	As at 30 June 2026			
	Level 1 HK$ million	Level 2 HK$ million	Level 3 HK$ million	Total HK$ million
Financial assets				
Financial assets at FVTPL				
Unlisted club debenture	–	1	–	1
Financial assets at FVTOCI				
Unlisted investments in equity securities	–	–	1,698	1,698
Derivatives under hedge accounting				
Cross currency swaps	–	47	–	47
Interest rate swaps	–	12	–	12
Total	–	60	1,698	1,758
Financial liabilities				
Derivatives under hedge accounting				
Cross currency swaps	–	255	–	255
Interest rate swaps	–	69	–	69
Total	–	324	–	324

19. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *continued*

(b) Fair value measurements *continued*

(ii) Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis *continued*

	As at 31 December 2025			
	Level 1 HK$ million	Level 2 HK$ million	Level 3 HK$ million	Total HK$ million
Financial assets				
Financial assets at FVTPL				
Unlisted club debenture	–	1	–	1
Financial assets at FVTOCI				
Unlisted investments in equity securities	–	–	1,652	1,652
Derivatives under hedge accounting				
Cross currency swaps	–	9	–	9
Total	–	10	1,652	1,662
Financial liabilities				
Derivatives under hedge accounting				
Cross currency swaps	–	462	–	462
Interest rate swaps	–	105	–	105
Total	–	567	–	567

19. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *continued*

(b) Fair value measurements *continued*

(iii) Reconciliation of Level 3 fair value measurements of financial asset

	Unlisted investments in equity securities HK$ million
As at 1 January 2026	1,652
Addition	5
Fair value gain recognised in other comprehensive income	41
As at 30 June 2026	**1,698**

There was no transfer among Levels 1, 2 and 3 during the six months ended 30 June 2026.

(iv) Valuation techniques and inputs used in fair value measurements

Cross currency swaps and interest rate swaps are measured using DCF methodology based on observable spot and forward exchange rates as well as the yield curves of the respective currencies taking into account the credit risk of the counterparties and of the Group as appropriate.

Financial assets grouped in Level 3 are measured with reference to underlying assets and liabilities as at the end of the reporting period and/or other valuation techniques including market approach, taking into account different multiples such as enterprise value/revenue multiples of comparable listed companies, where relevant. If there is lack of marketability, a discount is applied in determining the fair value. A slight increase in lack of marketability discount would result in a slight decrease in the fair value of the unlisted investments in equity securities, vice versa.

(v) Valuation process of Level 3 fair value measurements of financial asset

At the end of the reporting period, the management of the Group obtains the valuation techniques and inputs for fair value measurements in relation to the financial assets grouped in Level 3 and their underlying assets and liabilities, where appropriate. The management of the Group also engages independent qualified professional valuer to perform valuation for investments in equity securities when necessary. Where there is a material change in the fair value of the financial assets grouped in Level 3, analysis will be performed and the causes of the fluctuations will be reported to the directors of the Company.

20. EVENT AFTER THE REPORTING PERIOD

On 3 July 2026, the Group has entered into the sale and purchase agreements to sell certain investment properties to its related parties at consideration in aggregate to HK$126 million.

Corporate Governance

Compliance with Corporate Governance Code

The board of directors (the "Board") and management of Hysan Development Company Limited (the "Company" or "Hysan", together with its subsidiaries, the "Group") are committed to maintaining high standards of corporate governance.

During the six months ended 30 June 2026 (the "Review Period"), the Company fully complied with the code provisions of the Corporate Governance Code as 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").

In addition to complying with applicable statutory requirements, the Company continually reviews and enhances the corporate governance practices of the Company in the light of local and international best practices. The Board has also adopted a Code of Corporate Governance to provide guidance on the application of corporate governance principles within the Company.

Further information on Hysan's corporate governance practices is available at the Company's website: www.hysan.com.hk/governance.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "Model Code") as its own code of conduct regarding the securities transactions of the directors of the Company (the "Directors"). All Directors have confirmed, following specific enquiries by the Company, that they have complied with the required standards set out in the Model Code throughout the Review Period.

Highlights for the first half of 2026

Hysan embraces good corporate governance as one of its core values and the foundation of achieving consistent and sustainable performance. We have been continuously seeking opportunities to enhance our corporate governance practices.

During the Review Period:

- **Hybrid Annual General Meeting:** the annual general meeting of the Company ("AGM") held on 5 June 2026 ("2026 AGM") was in a hybrid format, allowing shareholders of the Company ("Shareholders") to attend the meeting in person at a principal meeting place or via the live online webcast system. Holding hybrid AGMs enhances inclusivity, engagement and transparency, while facilitating Shareholders' participation by overcoming geographical and physical venue constraints. It also enables Shareholders to attend and interact with the Board, senior management and auditors remotely, thereby broadening access and providing greater flexibility for those unable or unwilling to attend in person.

Highlights for the first half of 2026 *continued*

- **Amendment of the Articles of Association of the Company (the "Articles"):** Amendments to the Articles ("Amendments") were approved and adopted at the 2026 AGM to, among other things, (i) align the Articles with the recently amended Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance") in relation to the implementation of the treasury share regime for Hong Kong incorporated listed issuers; (ii) bring the Articles in line with the Listing Rules amendments in relation to the expanded paperless listing regime, including without limitation, the electronic dissemination of corporate communications to Shareholders, and the options for the Shareholders to submit proxy-related documents electronically and to receive dividends by electronic means; and (iii) incorporate certain housekeeping changes.

- **Board Committee Meetings and Key Focus Areas:**

  - The audit and risk management committee of the Company (the "Audit and Risk Management Committee") held two meetings during the Review Period: one in February 2026, focusing on the annual financial reporting; and the second one in June 2026, focusing on risk management (including cyber security) agendas. In the June 2026 meeting, the Audit and Risk Management Committee also examined the artificial intelligence development in retail.

  - The remuneration committee of the Company (the "Remuneration Committee") considered and approved the compensation package of the executive Directors. It also reviewed the remuneration of the non-executive Directors, independent non-executive Directors, Board committee members and senior management of the Company, taking into account a number of factors including the level of responsibility, experience and abilities required, time commitment and market comparables (see pages 55 to 56 of this report).

- **Revision of Fees of the Chairmen and the Members of Certain Board Committees:** Following its review, the Remuneration Committee recommended, and the Board endorsed and proposed, the revision of fees payable to the chairmen and members of certain Board committees. The proposed revisions were approved by Shareholders at the 2026 AGM (see page 57 of this report).

Our Board and Board Committees

Board

As at 30 June 2026 and up to the date of this report, the composition of the Board is set out below:

Lee Irene Yun-Lien *(Chairman)*
Lui Kon Wai *(Executive Director and Chief Operating Officer)*
Chung Cordelia**
Churchouse Frederick Peter**
Wong Ching Ying Belinda**
Young Elaine Carole**
Zhang Yong**
Lee Anthony Hsien Pin* *(Lee Irene Yun-Lien as his alternate)*
Lee Chien*
Lee Tze Hau Michael*

* Non-Executive Director
** Independent Non-Executive Director

Ms. Lee Irene Yun-Lien, Ms. Chung Cordelia, Ms. Wong Ching Ying Belinda and Mr. Lee Chien who stood for re-election at the 2026 AGM were re-elected by the Shareholders at the meeting.

Board Committees

There were no changes in the composition of our Board Committees during the Review Period. The composition of our Board Committees as at 30 June 2026 and up to the date of this report is set out in the section "Corporate Information" in this report.

Risk Management and Internal Control

Details of Hysan's risk management and internal control systems were set out in the "Risk Management and Internal Control Report" on pages 108 to 116 of the Company's 2025 Annual Report.

The Audit and Risk Management Committee continued to review the Company's risk management and internal control systems, as well as the internal audit reports for the six months ended 30 June 2026 as submitted by the Internal Audit Department of the Company.

Updated Information on Directors Pursuant to Rule 13.51B(1) of the Listing Rules

Directors' Updated Biographical Details

Save for the changes to the Directors' other major offices as set out below, since the Company's 2025 Annual Report and up to the date of this report, there has not been any change in the information of the Directors that is required to be disclosed under Rule 13.51B(1) of the Listing Rules:

- Ms. Chung Cordelia was appointed as (i) the chairman of the board of directors of the Hong Kong Science and Technology Parks Corporation; and (ii) a non-official director of San Tin Technopole Company Limited, both with effect from 1 July 2026.

The biographical details of the Directors are available at the Company's website: www.hysan.com.hk/about/leadership.

Executive Directors' and Senior Management's Emoluments

The Group's approach is to provide a fair market level of remuneration to attract, retain and motivate high-quality executive Directors, senior management and employees. At the same time, rewards must be aligned with the Company's strategy, corporate culture, core values, performance and Shareholders' interests.

The following principles of remuneration for executive Directors and senior management have been established:

- The Remuneration Committee shall determine the overall amount of each component of remuneration, taking into account:

    (i) both quantitative and qualitative assessments of performance;

    (ii) the achievement of financial and operational key performance targets; and

    (iii) behavioural competencies that align with the Group's long-term strategy, corporate culture and core values;

- Remuneration policy and practices shall be as transparent as possible and reviewed regularly, independent of executive management;

- Grantees of share schemes of the Company shall develop significant personal shareholdings through executive share incentive schemes, in order to align their interests with those of the Shareholders;

- Remuneration packages shall be set at levels that ensure comparability and competitiveness with Hong Kong-based companies competing for a similar pool of talents, with special emphasis on the real estate industry. Independent professional advice is to be sought where appropriate; and

- Pay and employment conditions elsewhere in the Group shall be taken into account.

Executive Directors' and Senior Management's Emoluments *continued*

In reviewing and determining remuneration for executive Directors and senior management, the Remuneration Committee will take into account their overall achievements with respect to the following determining factors, each with a series of measures:

Components	Determining Factors
Fixed compensation	
Base salary and allowances	• Market trends: increments in line with general and real estate industry norms • Market benchmarks relevant to role and job scope • Company performance (with reference to the Group's turnover growth, occupancy rate, property expenses ratio, underlying profit, etc.) • Individual performance and contribution[Note a], measured against annual financial and operational targets (turnover, expense ratio, earnings per share ("EPS"), portfolio year-end occupancy, achievement of key strategic initiatives, etc.)
Variable compensation	
Performance bonus	• Company performance (with reference to the Group's turnover growth, occupancy rate, property expenses ratio, underlying profit, etc.) • Individual performance and contribution[Note a], measured against annual financial and operational targets (turnover, expense ratio, EPS, portfolio year-end occupancy, achievement of key strategic initiatives, etc.) • Actual bonus payouts range from 0–200% of target bonus, which is set as a percentage of annual base salary
Share incentives	• Company performance (with reference to the Group's turnover growth, occupancy rate, property expenses ratio, underlying profit, etc.) • Corporate KPIs[Note b], individual performance and potential, as well as long-term contribution[Note c] to the Company • Level of share options and/or share awards granted is based on a prescribed grant multiple of annual base salary[Note d]

Updated Information on Directors Pursuant to Rule 13.51B(1) of the Listing Rules *continued*

Executive Directors' and Senior Management's Emoluments *continued*

Notes:

a. Employees are required to undergo mid-year and annual performance appraisals, during which individual performance targets (financial and operational) are set. Performance is continually monitored throughout the year and evaluated against these performance targets semi-annually. Performance assessment on the achievement of performance targets and behavioural competencies that align with the Group's long-term strategy, corporate culture and core values were conducted, culminating in an individual performance rating that will determine the fixed and variable compensation outcomes.

b. The grant of share incentives is contingent upon the fulfilment of specific corporate level performance conditions, including the KPIs on the Group's turnover growth, occupancy rate, property expenses ratio, and underlying profit. Under the 2024 Share Award Scheme, the vesting of Performance Shares is determined by Company performance, measured as Total Shareholder Return. For details, please refer to the section headed "Long-term incentives: Share Schemes" below.

c. With the aim of incentivising a proper balance between business performance and long-term sustainable growth, long-term contribution is reviewed and evaluated based on, among others, the pre-determined long-term objectives and development plan, while also considering the alignment with the Group's long-term strategy, corporate culture and core values, etc.

d. The size of the grant will be determined based on a multiple of the base salary and relevant individual performance metrics. The Board regularly reviews both the grant and vesting structures to ensure alignment with the goals of the share incentive schemes, as well as the long-term strategy, corporate culture and core values of the Group.

In February 2026, the Remuneration Committee held a meeting to consider the annual base salaries of Ms. Lee Irene Yun-Lien and Mr. Lui Kon Wai. The Remuneration Committee approved and recommended for the Board's approval their 2026 annual fixed base salaries of HK$8,446,000 and HK$6,102,000, respectively, and 2025 performance-based bonus amounts of HK$11,124,000 and HK$5,953,000, respectively (see pages 124 to 135 and 188 of the Company's 2025 Annual Report).

Updated Information on Directors Pursuant to Rule 13.51B(1) of the Listing Rules *continued*

Remuneration Policy for Non-Executive Directors and Independent Non-Executive Directors

The fees payable to non-executive Directors and independent non-executive Directors are reviewed annually, taking into account a number of factors, including the level of responsibility, experience and abilities required of the Directors, the level of care and amount of time required, employment conditions elsewhere in the Group, as well as the fees offered for similar positions in comparable companies requiring the same talent.

Following its review in February 2026, the Remuneration Committee recommended, and the Board endorsed and proposed, revisions to the annual fees payable to all members of the Audit and Risk Management Committee, and to the chairmen and all members of the Remuneration Committee and sustainability committee of the Company ("Sustainability Committee"), for Shareholders' consideration and approval at the 2026 AGM (see pages 124 to 135 of the Company's 2025 Annual Report). The proposed revisions were subsequently approved by the Shareholders at the 2026 AGM and took effect from 1 July 2026, with the relevant fees payable on a pro-rata basis for the financial year ending 31 December 2026.

The Director fees for the non-executive Directors, independent non-executive Directors and Board committee members are set out below. Executive Directors do not receive any Director fees.

	Pre-revision annual fees (Per annum) HK$	**Annual fees with effect from 1 July 2026 (Per annum)** HK$
Board		
Non-Executive Director and Independent Non-Executive Director	280,000	280,000
Audit and Risk Management Committee		
Chairman	180,000	180,000
Member	108,000	120,000
Remuneration Committee		
Chairman	75,000	80,000
Member	45,000	50,000
Nomination Committee		
Chairman	50,000	50,000
Member	30,000	30,000
Sustainability Committee		
Chairman	50,000	55,000
Member	30,000	33,000

Directors' Interests in Shares, Underlying Shares and Debentures

As at 30 June 2026, the interests and short positions of the Directors in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO, 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:

Aggregate Long Positions in Shares and Underlying Shares of the Company

	Number of ordinary shares held					
Name	**Personal interests**	**Family interests**	**Corporate interests**	**Other interests**	**Total**	**% of the total no. of issued shares** (Note)
Lee Irene Yun-Lien	653,899	–	–	–	653,899	0.063
Lui Kon Wai	54,085	–	–	–	54,085	0.005
Young Elaine Carole	11,000	–	–	–	11,000	0.001
Lee Chien	1,100,000	98,000	–	–	1,198,000	0.116
Lee Anthony Hsien Pin	851	–	–	–	851	0.00008

Note:
The percentages were computed based on the total number of issued shares of the Company as at 30 June 2026 (i.e. 1,027,008,223 ordinary shares).

Aggregate Long Positions in Debentures of the Company

I. US$750,000,000 Subordinated Guaranteed Perpetual Capital Securities issued by ELECT GLOBAL INVESTMENTS LIMITED ("Elect Global"), a wholly owned subsidiary of the Company (Note)

	Amount of Debentures				
Name	**Personal interests**	**Family interests**	**Corporate interests**	**Other interests**	**Total**
Lee Irene Yun-Lien	US$3,000,000	–	–	–	US$3,000,000
Lee Chien	–	US$400,000	–	–	US$400,000

Note:
These debentures were issued by Elect Global in March 2025.

Directors' Interests in Shares, Underlying Shares and Debentures *continued*

Aggregate Long Positions in Debentures of the Company *continued*

II. US$17,000,000 Subordinated Guaranteed Fixed Rate Notes issued by Elect Global (Note)

	Amount of Debentures				
Name	Personal interests	Family interests	Corporate interests	Other interests	Total
Lee Irene Yun-Lien	US$2,000,000	–	–	–	US$2,000,000

Note:
These debentures were issued by Elect Global in September 2025.

Executive Directors have been granted (i) share options under the Company's share option scheme adopted on 15 May 2015 (the "2015 Share Option Scheme"); and (ii) share awards under the Company's share award scheme adopted on 19 January 2024 (the "2024 Share Award Scheme"). Please refer to the section headed "Long-term incentives: Share Schemes" below for details. These constitute interests in underlying shares of equity derivatives of the Company under the SFO.

Apart from the above, as at 30 June 2026, no other interest or short position in the shares, underlying shares or debentures of the Company or any associated corporations as defined in the SFO were recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Long-term Incentives: Share Schemes

The 2015 Share Option Scheme

The Company adopted the 2015 Share Option Scheme at its AGM held on 15 May 2015, which has a term of 10 years and expired on 14 May 2025. The purpose of the 2015 Share Option Scheme is to strengthen the connection between individual employees and Shareholders' interests. According to its scheme rules, the Board may, at its discretion, appoint a scheme administrator to administer, manage and implement the 2015 Share Option Scheme. The Remuneration Committee was authorised by the Board to administer the 2015 Share Option Scheme, including the granting of options to management staff below the executive Director level. The power to grant options to executive Directors is also vested in the Remuneration Committee, with endorsement by all independent non-executive Directors being required under the Listing Rules.

All outstanding options granted under the 2015 Share Option Scheme will continue to be valid and exercisable in accordance with the provisions of the 2015 Share Option Scheme. No further option will be granted under the 2015 Share Option Scheme.

Directors' Interests in Shares, Underlying Shares and Debentures *continued*

Long-term Incentives: Share Schemes *continued*

Movements of share options during the Review Period

Since the 2015 Share Option Scheme expired on 14 May 2025, no option was granted under the 2015 Share Option Scheme during the Review Period.

As at 30 June 2026, share options exercisable into a total of 5,662,400 ordinary shares of the Company ("Shares") granted and fully vested under the 2015 Share Option Scheme remained outstanding, representing approximately 0.55% of the total number of issued shares of the Company.

Details of options granted, exercised, lapsed, cancelled and outstanding under the 2015 Share Option Schemes during the Review Period are as follows:

Name	Date of grant	Exercise price HK$	Exercise period (Note a)	Outstanding options as at 1.1.2026	Changes during the Review Period: Granted	Exercised	Lapsed (Note b)	Cancelled (Note c)	Outstanding options as at 30.6.2026
2015 Share Option Scheme									
Executive Directors									
Lee Irene Yun-Lien	9.3.2016	33.15	9.3.2017 – 8.3.2026	375,000	–	–	(375,000)	–	–
	23.2.2017	36.25	23.2.2018 – 22.2.2027	300,000	–	–	–	–	300,000
	1.3.2018	44.60	1.3.2019 – 29.2.2028	373,200	–	–	–	–	373,200
	22.2.2019	42.40	22.2.2020 – 21.2.2029	494,200	–	–	–	–	494,200
	21.2.2020	29.73	21.2.2021 – 20.2.2030	650,000	–	–	–	–	650,000
	26.2.2021	33.05	26.2.2022 – 25.2.2031	664,000	–	–	–	–	664,000
	28.2.2022	23.25	28.2.2023 – 27.2.2032	819,000	–	–	–	–	819,000
Lui Kon Wai	29.3.2018	41.50	29.3.2019 – 28.3.2028	179,000	–	–	–	–	179,000
	29.3.2019	42.05	29.3.2020 – 28.3.2029	203,000	–	–	–	–	203,000
	31.3.2020	25.20	31.3.2021 – 30.3.2030	262,000	–	–	–	–	262,000
	31.3.2021	30.40	31.3.2022 – 30.3.2031	267,000	–	–	–	–	267,000
	28.2.2022	23.25	28.2.2023 – 27.2.2032	400,000	–	–	–	–	400,000
Other employee participants	31.3.2016	33.05	31.3.2017 – 30.3.2026	20,000	–	–	(20,000)	–	–
	31.3.2017	35.33	31.3.2018 – 30.3.2027	74,000	–	–	(5,000)	–	69,000
	29.3.2018	41.50	29.3.2019 – 28.3.2028	124,000	–	–	(11,000)	–	113,000
	29.3.2019	42.05	29.3.2020 – 28.3.2029	170,000	–	–	(34,000)	–	136,000
	31.3.2020	25.20	31.3.2021 – 30.3.2030	218,000	–	–	(42,000)	–	176,000
	31.3.2021	30.40	31.3.2022 – 30.3.2031	269,000	–	–	(41,000)	–	228,000
	31.3.2022	23.36	31.3.2023 – 30.3.2032	378,000	–	–	(49,000)	–	329,000
				6,239,400	–	–	(577,000)	–	5,662,400

Directors' Interests in Shares, Underlying Shares and Debentures *continued*

Long-term Incentives: Share Schemes *continued*

Movements of share options during the Review Period *continued*

Notes:

a. All options granted have a vesting period of three years in equal proportions, starting from the first anniversary of the grant and becoming fully vested on the third anniversary. "Exercise period" accordingly begins with the first anniversary of the date of grant.

b. Options lapsed during the Review Period in accordance with the rules of the 2015 Share Option Scheme.

c. Options cancelled during the Review Period in accordance with the rules of the 2015 Share Option Scheme.

Save as disclosed above, there is no further information which is required to be disclosed under Rule 17.07 of the Listing Rules.

The 2024 Share Award Scheme

Term & Purposes

The Company had on 19 January 2024 (the "Adoption Date") adopted the 2024 Share Award Scheme. With a term of 10 years from the Adoption Date, the 2024 Share Award Scheme shall remain in force until 18 January 2034, subject to any early termination as may be determined by the Board pursuant to the scheme rules. The purposes of the 2024 Share Award Scheme are (i) to attract and retain critical talents and drive long-term commitment; (ii) to drive performance and culture of excellence; and (iii) to instill a culture of accountability, engagement and sense of ownership in the Group.

Administration

The Board has delegated the administration of the 2024 Share Award Scheme to the Remuneration Committee, which consists solely of independent non-executive Directors. This delegation ensures proper governance when reviewing and deciding on proposed grants of the share awards, guaranteeing that the administrator of the 2024 Share Award Scheme shall not be a participant in the scheme, aligning the objectives of the 2024 Share Award Scheme with Shareholders' interests.

Eligible Participants

Pursuant to the 2024 Share Award Scheme, the Remuneration Committee, as authorised by the Board, may, from time to time, exercise its absolute discretion in selecting any employee (for this purpose only, including without limitation, any Director) of any member of the Group (other than any Excluded Employee (as defined in the Company's announcement dated 19 January 2024)) for participation (the "Selected Employee"), and grant such number of Shares (the "Awarded Shares") to any Selected Employee at no consideration and subject to such terms and conditions as it may in its absolute discretion determine.

Maximum number of Shares

The maximum number of Shares that may be awarded under the 2024 Share Award Scheme during its term is limited to 20,540,164 Shares, representing approximately 2% of the issued share capital of the Company as at the Adoption Date.

Directors' Interests in Shares, Underlying Shares and Debentures *continued*

Long-term Incentives: Share Schemes *continued*

The 2024 Share Award Scheme *continued*

Maximum entitlement

The maximum number of Awarded Shares that may be granted under the 2024 Share Award Scheme to any Selected Employee shall not exceed 0.5% of the issued share capital of the Company from time to time (being 5,135,041 Shares as at the date of this report).

Purchase of Shares by the Scheme Trustee

Shares under the 2024 Share Award Scheme will be purchased on the Stock Exchange at the prevailing market price, by BOCI Trustee (Hong Kong) Limited (the "Scheme Trustee"), the trustee of the 2024 Share Award Scheme, at the cost of the Company. The Awarded Shares will be held by the Scheme Trustee on trust for the relevant Selected Employee(s) under the 2024 Share Award Scheme until vesting.

During the Review Period, 196,000 Shares were purchased by the Scheme Trustee on the Stock Exchange for the purpose of the 2024 Share Award Scheme. As at 30 June 2026, 30,585 unvested Shares were held by the Scheme Trustee.

Grant and Vesting

As delegated by the Board, the Remuneration Committee has the authority to determine the grant of Awarded Shares and their vesting period under the 2024 Share Award Scheme.

Awarded Shares comprise: (i) performance shares ("Performance Shares") and (ii) restricted shares ("Restricted Shares"). Generally, a higher proportion of Performance Shares would be granted to senior management to place greater emphasis on linking incentives with Hysan's long-term strategy and value creation for Shareholders. The Restricted Shares are intended to attract and retain critical talent, especially at the junior and middle levels. The vesting period and structure are carefully designed to promote these objectives:

(i) Performance Shares will vest on the third anniversary of the date of grant subject to the achievement of the Company's performance target. This target is measured by relative Total Shareholder Return ("TSR"), which takes into consideration share price performance and dividend, over a three-year performance period. Hysan's TSR is compared against a group of pre-determined peer companies to determine the percentile rank, which in turn establishes a direct linkage between the vesting percentage and shareholder value creation. The target performance level for TSR is the 50th percentile of peer companies' performance, while the maximum performance level is the 80th percentile or above of peer companies' performance, at which 150% of the target number of Performance Shares will vest.

(ii) Restricted Shares have a vesting period of three years in equal proportions, starting from the first anniversary of the grant and becoming fully vested on the third anniversary. This enhances attraction, motivation and retention of talent through time-vesting.

The 2024 Share Award Scheme incorporates clawback mechanisms to recover, cancel, forfeit or withhold any Awarded Shares for both good and bad leaver scenarios.

In determining the number of Awarded Shares granted to Selected Employees, the following key factors are considered: (i) individual performance rating, potential and expected long-term contribution to the Group, (ii) the financial condition and performance of the Group (such as turnover, expense ratio, EPS, portfolio year-end occupancy, achievement of key strategic initiatives, etc.), as well as (iii) alignment with the Group's long-term strategy, corporate culture and core values in the achievement of the pre-determined long-term objectives and development plan.

Directors' Interests in Shares, Underlying Shares and Debentures *continued*

Long-term Incentives: Share Schemes *continued*

The 2024 Share Award Scheme *continued*

Movement of Share Award

During the Review Period, a total of 7,266 Awarded Shares had been granted to Selected Employees at nil consideration under the 2024 Share Award Scheme. As at 30 June 2026, 19,246,137 Shares are available for grant under the 2024 Share Award Scheme, representing approximately 1.87% of the total number of issued Shares as at the date of this report.

Movements in the Awarded Shares during the Review Period are set out below:

						Changes during the Review Period				
Name	**Date of Grant**	**Vesting period**	**Fair Value per Awarded Share HK$** (Note a)	**Closing price of Shares immediately before the date of grant HK$**	**Unvested as at 1.1.2026**	**Granted**	**Vested** (Note e)	**Lapsed** (Note f)	**Cancelled** (Note g)	**Unvested as at 30.6.2026**
2024 Share Award Scheme										
Executive Directors										
Lee Irene Yun-Lien	1.4.2024	1.4.2025 – 1.4.2027	12.62	12.62	417,032	–	(46,337)	–	–	370,695
Lui Kon Wai	1.4.2024	1.4.2025 – 1.4.2027	12.62	12.62	242,933	–	(26,993)	–	–	215,940
Five highest paid individuals (excluding the executive Directors) during the Review Period ("Five Highest Paid Individuals")	1.4.2024	1.4.2025 – 1.4.2027	12.62	12.62	203,302	–	(26,925)	–	–	176,377
	1.4.2025	1.4.2026 – 1.4.2028	12.60	12.60	16,204	–	(1,620)	–	–	14,584
	1.4.2026	1.4.2027 – 1.4.2029	18.75 (Note b)	18.75	–	1,177 (Note c)	–	–	–	1,177
Other grantees	1.4.2024	1.4.2025 – 1.4.2027	12.62	12.62	229,966	–	(59,547)	(9,446)	–	160,973
	1.4.2025	1.4.2026 – 1.4.2028	12.60	12.60	30,896	–	(4,119)	–	–	26,777
	1.4.2026	1.4.2027 – 1.4.2029	18.75 (Note b)	18.75	–	6,089 (Note d)	–	–	–	6,089
					1,140,333	7,266	(165,541)	(9,446)	–	972,612

Notes:

a. The Group has adopted the accounting standard in accordance with HKFRS 2 – *Share-based Payment*. According to HKFRS 2, the fair value of the employee services received in exchange for the grant of the Awarded Shares is recognised as an expense, with a corresponding increase in equity, over the vesting period of the Awarded Shares. The amount recognised as an expense is adjusted to reflect the number of Awarded Shares for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of Awarded Shares that meet the related service and non-market performance conditions at the vesting date.

Directors' Interests in Shares, Underlying Shares and Debentures *continued*

Long-term Incentives: Share Schemes *continued*

The 2024 Share Award Scheme *continued*

Movement of Share Award *continued*

Notes: *continued*

b. The fair value of the Awarded Shares was calculated based on the closing price of the Shares immediately before the date of grant (i.e. 31 March 2026), which was HK$18.75 per Share.

c. Among the 1,177 Awarded Shares granted to the Five Highest Paid Individuals, 471 Awarded Shares are Restricted Shares and 706 Awarded Shares are Performance Shares.

d. Among the 6,089 Awarded Shares granted to other grantees, 2,436 Awarded Shares are Restricted Shares and 3,653 Awarded Shares are Performance Shares.

e. In respect of Awarded Shares which vested during the Review Period, the weighted average closing price of the Shares immediately before the relevant vesting dates (i.e. 31 March 2026) was HK$18.75 per Share.

f. Awarded Shares lapsed during the Review Period in accordance with the rules of the 2024 Share Award Scheme.

g. Awarded Shares cancelled during the Review Period in accordance with the rules of the 2024 Share Award Scheme.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares

As at 30 June 2026, the interests or short positions of substantial Shareholders and other persons, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to the Company, were as follows:

Aggregate long/short positions in shares and underlying shares of the Company

Name	Capacity	Long/short position	Number of ordinary shares held	% of the total no. of issued shares (Note)
Lee Hysan Company Limited	Beneficial owner	Long	433,130,735	42.17

Note:

The percentages were computed based on the total number of issued shares of the Company as at 30 June 2026 (i.e. 1,027,008,223 Shares).

Apart from the above, no other interest or short position in the shares or underlying shares of the Company was recorded in the register that is required to be kept under section 336 of the SFO as at 30 June 2026.

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

During the Review Period, the Group repurchased and cancelled part of the 4.85% Senior Guaranteed Perpetual Capital Securities (the "Securities") in an aggregate principal amount of US$16 million (the "Further Repurchased Securities") with a cash consideration of US$12 million in the open market, representing approximately 3.20% of the initial aggregate principal amount of the Securities. The Securities were issued in 2020 and are listed on the Stock Exchange. Together with the Further Repurchased Securities, the Group has repurchased US$76 million in aggregate principal amount of the outstanding Securities in the open market, representing approximately 15.17% of the initial aggregate principal amount of the Securities.

Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities during the Review Period.

Human Resources Practices

The Group aims to attract, retain and develop high-calibre individuals who are committed to attaining our objectives and aligning with Hysan's corporate culture and core values. The total number of employees of the Group as at 30 June 2026 was 497. The Group's human resources practices are aligned with our corporate objectives in order to maximise Shareholder value and achieve sustainable growth.

There has been no material change to the human resources practices, training and development programmes as set out in the "Sustainability Report 2025".

Shareholder Information

FINANCIAL CALENDAR

Interim results announced	13 August 2026
Ex-dividend date for first interim dividend	26 August 2026
Closure of register of members and record date for first interim dividend	28 August 2026
Dispatch of first interim dividend warrants	(on or about) 11 September 2026

FIRST INTERIM DIVIDEND

The Board declares the payment of a first interim dividend of HK27 cents per share. The first interim dividend will be payable in cash to Shareholders whose names appear on the register of members of the Company ("Register of Members") as at Friday, 28 August 2026.

The Register of Members will be closed on Friday, 28 August 2026, for the purpose of determining Shareholders' entitlement to the first interim dividend, on which date no transfer of shares will be registered. In order to qualify for the first interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's registrar, Tricor Investor Services Limited (the "Registrar") not later than 4:00 p.m. on Thursday, 27 August 2026.

Dividend warrants will be dispatched to Shareholders on or about Friday, 11 September 2026.

SHAREHOLDER SERVICES

For enquiries about share transfer and registration, please contact the Registrar:

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong
Telephone: (852) 2980 1333
Facsimile: (852) 2810 8185

Holders of the Company's ordinary shares should notify the Registrar promptly of any change of address.

This report (English and Chinese versions) is available on our website at www.hysan.com.hk (the "Company's Website") and the Stock Exchange's website at www.hkexnews.hk (the "Stock Exchange's Website").

To promote paperless corporate communications, the Company has adopted arrangement for dissemination of corporate communications[Note a] to Shareholders by electronic means through the Company's Website and the Stock Exchange's Website ("New Arrangement") pursuant to the Listing Rules, the Hong Kong Companies Ordinance and the Articles, after notifying Shareholders of this New Arrangement in late August 2026.

Shareholders and investors who would like to be notified when the Company publishes its corporate communications on the Stock Exchange's Website can register for the News Alerts service in the Market Data section of the Stock Exchange's Market website at www.hkex.com.hk/eng/invest/user/login_e.aspx. Shareholders may also submit their request for receiving email notification of the publication by providing their email address to the Company. Shareholders are encouraged to provide their email address to the Company for the purpose of receiving the Company's actionable corporate communication(s)[Note b] in electronic form.

Shareholders may, at any time, choose to receive this report or other corporate communications in printed form in either English or Chinese language or both, free of charge, and change[Note c] their choice of language and/or means of receipt[Note d] of the Company's future corporate communications. Shareholders can make the above request(s) by completing and returning the Request Form in the "Investor — Shareholder Services/Corporate Communications/Lost Share Certificate" section of the Company's Website at www.hysan.com.hk/investor/shareholder-services to the Registrars by post or by email to hysan14-ecom@vistra.com. Please refer to the "Dissemination of Corporate Communications" section on the same webpage for more information.

Notes:

a. The term "corporate communications" refers to all "corporate communications" as defined in the Listing Rules, including without limitation, Interim/Annual Reports, notices, circulars, proxy forms of the Company.
b. The term "actionable corporate communications" refers to any "actionable corporate communications" as defined in the Listing Rules, including without limitation, any corporate communications of the Company that seek instructions from the Shareholders on how they wish to exercise their rights or make elections.
c. The change request applies to the next batch of corporate communications if the Company has at least seven days written notice of the request, otherwise, it will apply to the subsequent batch of corporate communications.
d. A request to receive the Company's future corporate communications in printed form will remain valid until (i) the instruction is revoked or superseded, or (ii) the publication of the Company's next Annual Report in the following year, whichever is earlier.

INVESTOR RELATIONS

For enquiries relating to investor relations, please e-mail to investor@hysan.com.hk or write to the Company at:

Investor Relations
Hysan Development Company Limited
50/F Lee Garden One
33 Hysan Avenue Hong Kong
Telephone: (852) 2895 5777
Facsimile: (852) 2577 5153

Corporate Information

BOARD OF DIRECTORS

Lee Irene Yun-Lien *(Chairman)*
Lui Kon Wai
(Executive Director and Chief Operating Officer)
Chung Cordelia**
Churchouse Frederick Peter**
Wong Ching Ying Belinda**
Young Elaine Carole**
Zhang Yong**
Lee Anthony Hsien Pin*
(Lee Irene Yun-Lien as his alternate)
Lee Chien*
Lee Tze Hau Michael*

AUDIT AND RISK MANAGEMENT COMMITTEE

Churchouse Frederick Peter** *(Chairman)*
Zhang Yong**
Lee Anthony Hsien Pin*

REMUNERATION COMMITTEE

Chung Cordelia** *(Chairman)*
Churchouse Frederick Peter**
Young Elaine Carole**

NOMINATION COMMITTEE

Lee Irene Yun-Lien *(Chairman)*
Chung Cordelia**
Churchouse Frederick Peter**
Wong Ching Ying Belinda**
Lee Chien*

* Non-Executive Director
** Independent Non-Executive Director

SUSTAINABILITY COMMITTEE

Young Elaine Carole** *(Chairman)*
Wong Ching Ying Belinda**
Lee Tze Hau Michael*

COMPANY SECRETARY

Chow Lai Kwan

REGISTERED OFFICE

50/F Lee Garden One
33 Hysan Avenue
Hong Kong

OUR WEBSITE

Press releases and other information of the Group can be found at our website: www.hysan.com.hk.

SHARE LISTING

Hysan's shares are listed on the Stock Exchange. It has a sponsored American Depositary Receipts ("ADR") Programme in the New York market

STOCK CODE

Stock Exchange: 00014
Bloomberg: 14HK
Reuters: 0014.HK
Ticker Symbol for ADR Code: HYSNY
CUSIP reference number: 449162304

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants and
Registered Public Interest Entity Auditors
35/F, One Pacific Place
88 Queensway, Hong Kong

The English version shall prevail in the case of any discrepancy or inconsistency between the English and Chinese versions.

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