

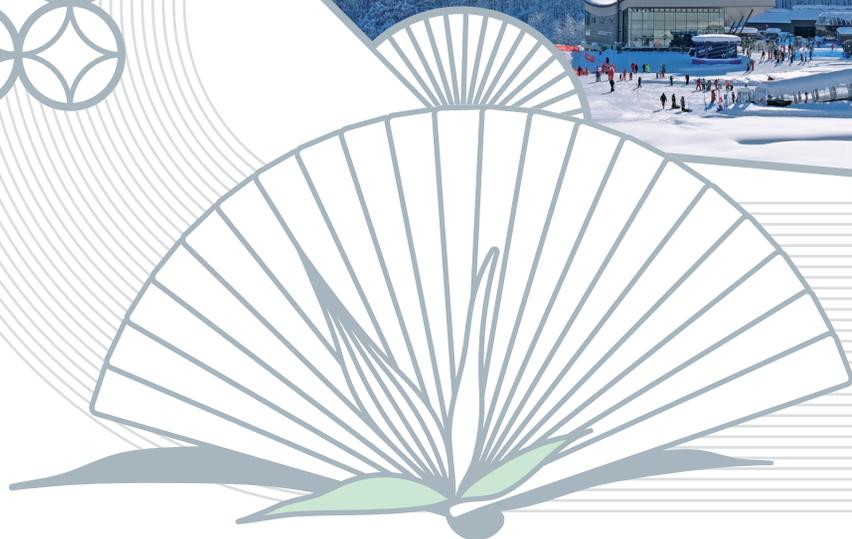


Pacific Century
Premium Developments
盈科大衍地產發展

STOCK CODE: 00432

ANNUAL REPORT 2025

Defining and Transforming The Future





The name **Pacific Century Premium Developments** signifies the company's sharp focus on the high-end segment of property markets in the region.

In Chinese, the name takes on a more aspirational meaning that invites reflection on the company's origins and progress to the present day, as well as its ambitions for the future.

The structure of the name contains a reference to rivers and streams leading to the sea. According to ancient literature, all such waterways share that destiny and tend to be individually active and dynamic in making their way to the coast, where they finally achieve success together.

The Chinese version of PCPD's name also symbolises vigorous growth into prosperity and can be likened to acorns developing into oak trees, which are well known for their towering size, solid stature and longevity. Interestingly, this analogy is very similar to the popular English saying: 'From tiny acorns do mighty oak trees grow'.

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Aquilla, Phang Nga, Thailand

CORPORATE PROFILE

Pacific Century Premium Developments Limited (“PCPD” or the “Group”, SEHK: 00432) is principally engaged in the development and management of premium-grade property and infrastructure projects as well as premium-grade property investments. PCCW Limited (“PCCW”, SEHK: 00008) is the single largest shareholder of the Group.

PROPERTY DEVELOPMENT AND INVESTMENT

PCPD develops high-end residential, office, and commercial properties across prominent markets in Asia including Hong Kong, Japan, Thailand and Indonesia. By tapping into the growing demand for high-quality infrastructure and premium developments in key locations, the Group consistently enhances the value of its real estate assets in prime locations, with the aim of generating long-term returns for its shareholders and other stakeholders.

Over the years, the Group has explored investment opportunities around the world and gradually built a diversified portfolio of premium-grade property projects in strategic locations with strong long-term demand.

Following the 2008 completion of the final phase of the Group’s signature project, Residence Bel-Air, which has since been recognised as one of the city’s most prestigious residential developments, the Group is currently redeveloping a prime site in Central, Hong Kong. The site will be transformed into Central Residence by the Park, a luxury residential project. It is expected to become another landmark project in Hong Kong for the Group, scheduled for completion in 2026.

The Group has also established a strong presence in Japan through Park Hyatt Niseko, Hanazono. This hospitality business in Niseko, Hokkaido, has been in operation since early 2020, and the sales of Park Hyatt Niseko Hanazono Residences have progressed substantially. The next phase of sizeable development, including the Park Hyatt branded villas in Niseko, is proceeding well.

The Group had acquired a site in Sudirman CBD, Jakarta, Indonesia, and developed it into a premium Grade A office building, Pacific Century Place, Jakarta. Completed in 2017, it has become a landmark business cluster for multinational corporations and financial institutions in the area.

In Thailand, development of the luxury resort Aquella in Phang Nga has commenced. The Aquella Golf & Country Club started operations in the second half of 2021, and phase one of the project features Aquella Lakeside Residences, a limited collection of award-winning private pool villas.

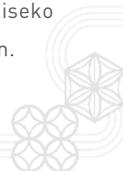
PROPERTY AND ASSET MANAGEMENT

Leveraging its extensive experience and expertise, the Group provides property and asset management services for a wide range of premises.





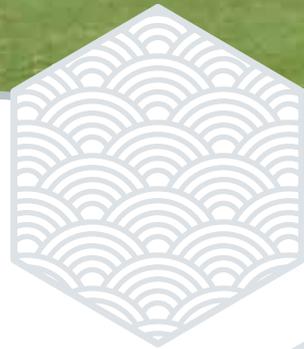
Enjoy world-class resort experience and untouched morning powder through the unique and exciting programme offered by Niseko International Snowsports School ("NISS"), Niseko Hanazono Resort, Japan.





Enjoy the

**Pleasant
Summer
Breeze**





Park Hyatt Niseko Hanazono Residences and Park Hyatt Niseko Hanazono in Japan



Our all-season recreational business in Niseko, Hokkaido, Japan

STATEMENT FROM THE INDEPENDENT NON-EXECUTIVE CHAIRMAN

In the long run, we remain cautiously optimistic about the long-term outlook for property sectors in Hong Kong, Japan, Thailand and Indonesia. With PCPD's disciplined execution and proactive risk management, we have confidence in our ability to drive continued growth and deliver sustained value to shareholders and stakeholders in 2026 and beyond.

The year 2025 brought a complex and volatile global economic landscape. Trade disputes, lingering inflation pressures, geopolitical tensions and shifts in monetary policy created an environment of economic uncertainty. The volatility tested resilience and moderated overall growth. Nonetheless, PCPD charted a steady course. By harnessing our operational strengths and the sustained momentum in Asia-Pacific tourism, we achieved solid and consistent results.

Early in the year, elevated tariffs and the effects of political conflicts dampened international trade and investor sentiment. However, global growth eventually held up better than expected, thanks to lower-than-announced US tariff rates and improved financial conditions in several major economies. In the Asia-Pacific — our primary focus — growth remained relatively solid. According to the International Monetary Fund, the region will remain the biggest driver of global growth, contributed approximately 60% in 2025.

Looking ahead, the global economy is expected to maintain modest growth in 2026, yet the path will remain fragile amid geopolitical tensions, trade frictions and possible abrupt changes in interest-rate policies. While these uncertainties could affect growth momentum, tourism in the Asia-Pacific region will continue to stand out as a bright spot. With our operational resilience and presence in high-performing markets such as Japan, PCPD is well-positioned to navigate this mixed environment. We will stay focused on enhancing operational excellence and continuing to refine our portfolio. These priorities, together with our strong fundamentals, will sustain healthy profitability and deliver enduring value to our shareholders and stakeholders.

On behalf of the Board, I sincerely thank our valued shareholders and stakeholders for their steadfast support. I also extend my gratitude to all our staff and our management team in Hong Kong and overseas for their dedication and professionalism throughout the year.

Glamorous fireworks have been presented by Park Hyatt Niseko Hanazono and Niseko Hanazono Resort to make the sky even more spectacular every Saturday since 2021.

Richard Wong
Independent Non-Executive Chairman

February 9, 2026



STATEMENT FROM THE DEPUTY CHAIRMAN AND GROUP MANAGING DIRECTOR

The Group recorded a consolidated revenue of HK\$1,046 million for the financial year ended December 31, 2025, representing a year-on-year increase of 51% from HK\$695 million for the previous financial year.

The consolidated net loss attributable to equity holders of the company totalled HK\$69 million for 2025, compared to the consolidated net loss of HK\$230 million for 2024. Basic loss per share was 3.38 Hong Kong cents, compared to the basic loss per share of 11.29 Hong Kong cents for 2024.

The Board of Directors has not recommended a final dividend for the year ended December 31, 2025.

In 2025, we achieved robust full-year results, driven by the sustained surge in international travel across our key Asian markets, our operational strengths, and the continued recognition of our high-quality portfolio. This performance was underpinned predominantly by contributions from two segments: Park Hyatt Niseko, Hanazono, our hospitality business in Hokkaido, which delivered a notable rise in occupancy and revenue, and our ski and recreation operations in Niseko, Hokkaido, which also saw a surge in demand and revenue.

Pacific Century Place, Jakarta (“PCP Jakarta”), our premium commercial building in Jakarta, Indonesia, recorded a committed occupancy rate of 87% in 2025, compared with 85% in 2024. As Jakarta’s premium office market strengthened, this asset remained a consistent revenue contributor to the Group.

In Thailand, despite a more challenging tourism landscape in 2025, foreign visitor arrivals still reached 33 million for the whole year, and our operations in the country delivered a steady performance. During the year, we implemented a variety of sales and marketing activities to promote our villa development project in Phang Nga.



Pacific Century Place, Jakarta, Indonesia

STATEMENT FROM THE DEPUTY CHAIRMAN AND GROUP MANAGING DIRECTOR



Aquilla Golf & Country Club, Thailand



Progress on our luxury residential project at 3–6 Glenealy, Central, Hong Kong, remained firmly on track. The name of the project has been unveiled as “Central Residence by the Park”, reflecting the development’s prestigious location in Mid-Levels. Completion is scheduled for the first half of 2026. In recent months, the Hong Kong property market has shown signs of recovery. We will closely monitor market conditions and remain cautiously optimistic about the sector over the long run.

Looking ahead to 2026, the operating environment will remain uncertain amid ongoing challenges. We will continue to monitor risks closely while staying focused on enhancing our operational execution and positioning the Group to capture new opportunities as they emerge. We will maintain our prudent yet proactive approach, allocating resources carefully and

pursuing value-enhancing initiatives. Our priority remains to drive sustainable growth, improve profitability, and deliver solid returns to shareholders and stakeholders.

Benjamin Lam
Deputy Chairman and Group Managing Director

February 9, 2026



KEY BUSINESS STRATEGIES

The Group is principally engaged in the development and management of premium-grade property and infrastructure projects as well as premium-grade property investments. PCPD aims to create and enhance value for its shareholders through development projects, acquisitions and joint ventures.

For this purpose, we embrace two key business strategies:

1. *Maintain long-term growth and profitability by developing and investing in premium-grade properties*

We will focus on the development of our existing land bank in Hanazono, Niseko in Japan and Phang Nga, Thailand as well as our Glenealy site in Hong Kong. In addition, we are proactively seeking suitable premium development projects to generate favourable returns and sustain long-term growth for the Group.

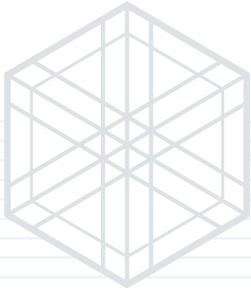
2. *Enhance our opportunities in real estate markets worldwide by leveraging on our experience, expertise, and brand established in developing and managing luxury residential, resort and hotel properties, and premium-grade buildings*

We intend to replicate our success and maximise the strengths of our brand through new projects. We would explore opportunities to participate in projects with the benefit of economies of scale and deploy our strength, and to acquire and upgrade properties for investment or sale, whether through establishing joint ventures or by setting up real estate funds.

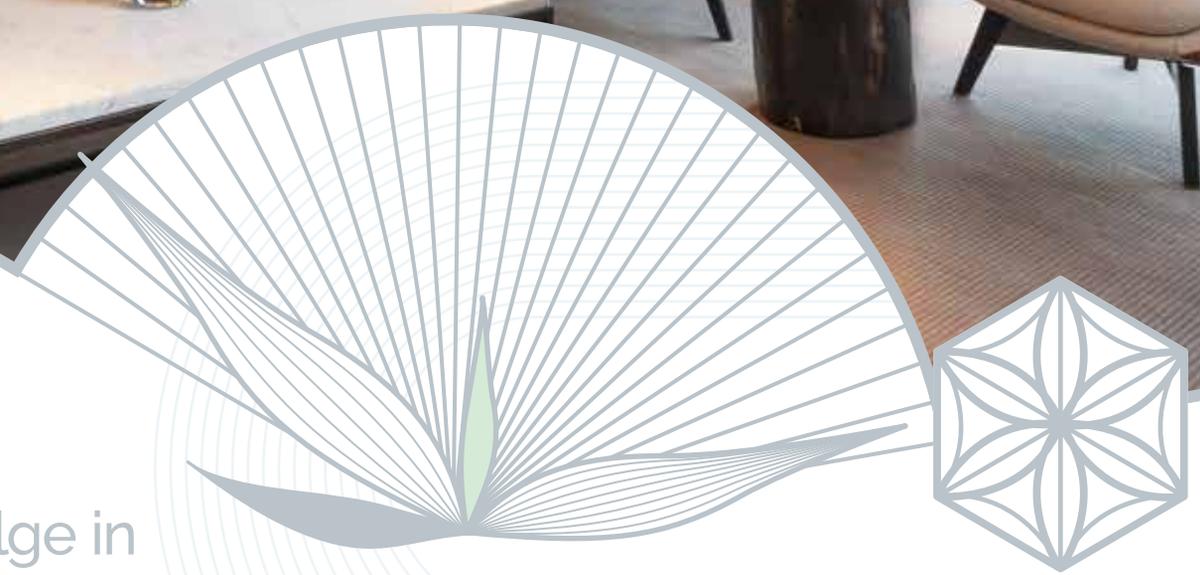
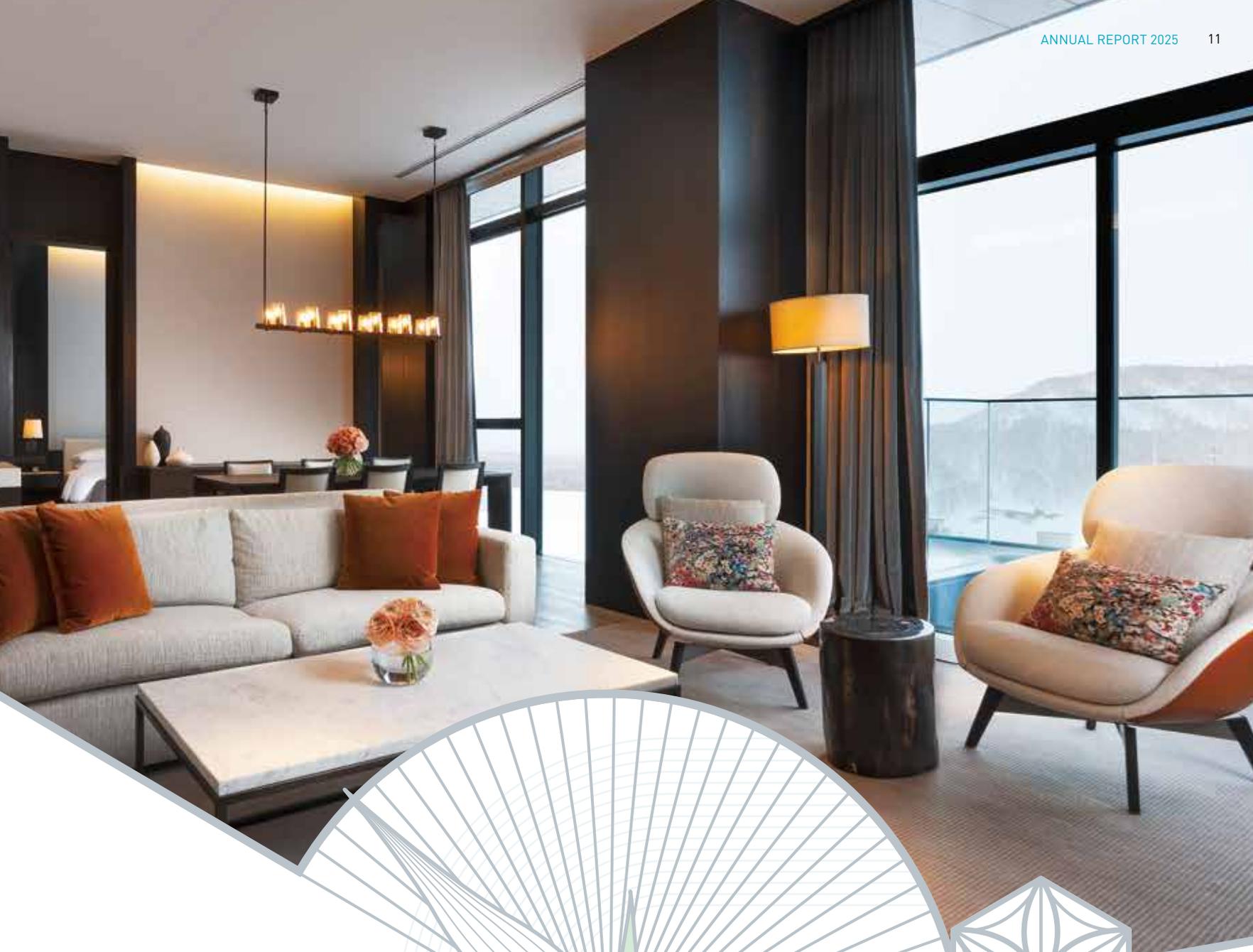


Hanazono Zipflight,
Niseko Hanazono Resort, Japan





Park Hyatt Niseko Hanazono, Japan



Indulge in
Spacious **Elegance** &
Refined comfort

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's discussion and analysis of the audited consolidated financial results and operations relating to the business of Pacific Century Premium Developments Limited ("Company") and its subsidiaries (together with the Company, "Group") for the year ended December 31, 2025 is set out below.

REVIEW OF OPERATIONS

Property investment and development



Property investment in Indonesia

In Jakarta, Indonesia, the occupancy of our premium commercial building, Pacific Century Place, Jakarta ("PCP Jakarta"), was stable throughout the year, and the project remained a consistent revenue contributor to the Group. As of December 31, 2025, the office space committed occupancy was 87%, compared to 85% in the previous year. The gross rental income amounted to HK\$208 million for 2025, compared to HK\$206 million in 2024. As at December 31, 2025, the assets and liabilities of the property investment business in Indonesia were reclassified as "Assets/Liabilities of disposal group held for sale".

Property development in Japan

The Group had a revenue of HK\$216 million recognised from property development in Japan for the year ended December 31, 2025, compared to nil for the same period in 2024.



Property development and golf operation in Thailand

In Phang Nga, Thailand, the Group has sold or reserved 40% of Phase 1A villas. The Group's revenue from its property development in Thailand totalled HK\$14 million for the year ended December 31, 2025, compared to no revenue in 2024.

We formed a strategic alliance with Hotel Properties Limited in Singapore to bring a Four Seasons Resort and Branded Residences to the prestigious integrated resort community of Aquella in Phang Nga. The move represents a significant milestone in PCPD's long-term vision of transforming Aquella into a visionary integrated resort destination that effortlessly blends luxury living, recreation and exceptional service.

Total revenue from our golf operations, Aquella Golf & Country Club amounted to HK\$10 million for the year ended December 31, 2025, compared to HK\$9 million for the same period in 2024.

Hotel operations, recreation and leisure operations in Japan



Hotel operations in Japan

Park Hyatt Niseko, Hanazono, our hotel operations in Hokkaido, delivered a robust performance in 2025, as the boom in Japan's tourism sector continued throughout the year, again with record-breaking tourist arrivals. The average occupancy rate of Park Hyatt Niseko increased by 4 percentage points. For the year ended December 31, 2025, the Group's revenue from its hotel operations in Japan amounted to HK\$402 million, compared to HK\$349 million in 2024.

Rendering of the Podium of the Development

Property development in Hong Kong

Development of the superstructure of the Group's project at 3-6 Glenealy, Central, Hong Kong, has been progressing well. We have reached a key structural milestone, with the superstructural work now completed and installation of the curtain walls progressing at pace. The name of the development has also been unveiled as "Central Residence by the Park", and its completion is scheduled for the first half of 2026.



Recreation and leisure operations in Japan

The Group's all-season recreational operation is located in Niseko, Hokkaido, Japan, which is one of the premium ski destinations in the world. There are various facilities and recreational activities operated by the Group, including "Hanazono EDGE" (a restaurant and entertainment centre), ski lifts, ski equipment rental, a ski school, snowmobile tours, snowshoe tours and snow tubing in winter, "Hanazono Zipflight", rafting tours, tree-trekking, e-bikes and golfing in the summer.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our Japan operations benefited consistently from the sustained strength of inbound tourism in Japan in all four quarters of 2025. During the winter season of 2024/2025, total ski-lift and gondola rides increased 9% year-on-year. The travel surge continued to drive robust demand for our recreational business in Niseko well beyond the cold months. Revenue from this segment climbed to HK\$254 million for the year ended December 31, 2025, compared with HK\$206 million for the year ended December 31, 2024.

Throughout the year, we rolled out numerous marketing and promotional initiatives to enhance the guest experience and reinforce Niseko's premium appeal. A highlight was the collaboration between Hanazono EDGE and Veuve Clicquot, the renowned champagne house. The initiative featured Veuve Clicquot-branded décor, a dedicated champagne-focused menu and upgraded lighting during après-ski hours. It created a more refined and festive ambience for affluent and sophisticated international guests while reinforcing Niseko's position as a leading luxury all-season resort.

Property and facilities management



Hong Kong

The Group provides property management and facilities management services in Hong Kong, and generated a revenue of HK\$30 million for the year ended December 31, 2025, compared to HK\$31 million in 2024.

Japan

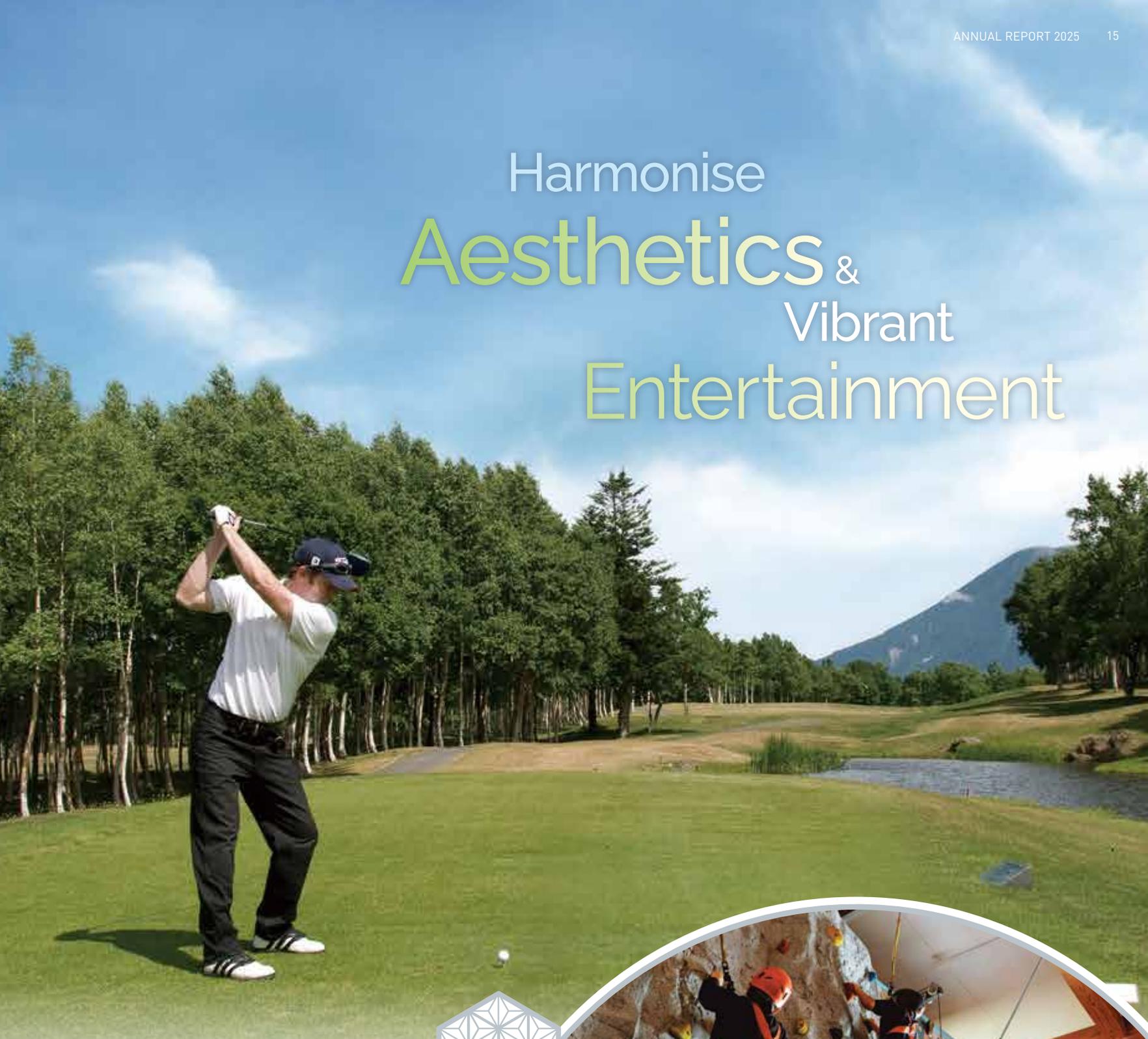
The Group provides property management in Japan, and generated a revenue of HK\$106 million for the year ended December 31, 2025, compared to HK\$87 million in 2024.

Other businesses

Other businesses of the Group mainly include property investment in Hong Kong. The revenue from these other businesses amounted to HK\$14 million for the year ended December 31, 2025, compared to HK\$12 million in 2024.



Harmonise Aesthetics & Vibrant Entertainment



Hanazono Golf Club, Japan



A wide array of facilities and recreational activities have been introduced by Niseko Hanazono Resort.



MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Review of results

The consolidated revenue of the Group from continuing operations was HK\$1,046 million for the year ended December 31, 2025, representing an increase of 51 per cent from HK\$695 million in 2024. The increase was mainly due to the increase in operating revenue from hotel operations and all-season recreational operations in Niseko, Hokkaido, Japan.

The consolidated gross profit of the Group from continuing operations for the year ended December 31, 2025 was HK\$738 million, representing an increase of 75 per cent from HK\$421 million in 2024. For the year ended December 31, 2025, the gross profit margin was 71% compared to 61% in 2024.

The general and administrative expenses were HK\$640 million for the year ended December 31, 2025, representing an increase of 13 per cent from HK\$568 million in 2024. The increase was mainly due to publicity and promotion on new project and depreciation of sales gallery.

The Group recorded higher finance costs of HK\$296 million for the year ended December 31, 2025 compared to HK\$238 million for 2024. The increase was mainly due to exchange loss on guaranteed notes. The consolidated net loss after taxation was HK\$69 million for the year ended December 31, 2025, as compared to HK\$230 million in 2024. Such decrease was mainly due to the improved performance in properties development, hotel business and all-season recreational operations in Niseko, Hokkaido, Japan. Basic loss per share from continuing operations during the year under review was 8.88 Hong Kong cents compared to basic loss per share of 11.92 Hong Kong cents in 2024.

Current assets and liabilities

As at December 31, 2025, the Group held current assets of HK\$5,156 million (December 31, 2024: HK\$4,537 million), mainly comprising properties under development/held for sale, cash and cash equivalent, prepayments, deposits and other current assets, and trade receivables, net. The increase in current assets is mainly attributable to addition in properties under development. Sales proceeds held in stakeholders' accounts amounted to HK\$8 million as at December 31, 2025 (December 31, 2024: HK\$8 million). The level of restricted cash decreased to HK\$34 million as at December 31, 2025 (December 31, 2024: HK\$71 million).

As at December 31, 2025, the Group's total current liabilities amounted to HK\$8,754 million, as compared to HK\$1,540 million as at December 31, 2024. The increase was mainly due to the increase in borrowings due within one year. As at December 31, 2025, the current ratio was 0.59 (December 31, 2024: 2.95).

Capital structure, liquidity and financial resources

As at December 31, 2025, the Group's borrowings amounted to HK\$9,163 million (December 31, 2024: HK\$9,841 million). The balance as at December 31, 2025 represented the amortised cost of financial liabilities in respect of the 5.125% guaranteed notes of US\$800 million issued (equivalent to HK\$6,214 million), Japanese Yen ("JPY") 14,500 million (equivalent to HK\$690 million) under JPY loan facility, together with HK\$2,259 million under the Hong Kong dollar loan facilities.

On June 18, 2021, PCPD Capital Limited ("PCPD Capital"), an indirect wholly-owned subsidiary of the Company, issued in an aggregate principal amount of US\$800 million 5.125 per cent guaranteed notes due 2026 ("Notes"), which are listed on the Singapore Exchange Securities Trading Limited. The estimated fair value of the option of the early redemption and repurchase rights are recognised as financial assets at fair value through profit or loss. The Notes are irrevocably and unconditionally guaranteed by the Company. The Notes rank pari passu among themselves and with all other present and future unsecured and unsubordinated obligations of PCPD Capital and the Company.

On April 13, 2021, a project development loan facility agreement was entered into by an indirect wholly-owned subsidiary of the Company under which the lenders agreed to make available a term loan facility up to an aggregate amount of HK\$1,382 million with a maturity of April 2026 or twelve months after occupation permit of the development project in Hong Kong being issued by the building authority, whichever is earlier. Such facility is secured by certain land and property, bank accounts, shares and other assets of the indirect non-wholly owned subsidiaries of the Company and subject to certain financial ratios covenants. As of December 31, 2025, none of the covenants were breached and the carrying value of the borrowing represents the loan drawdown of HK\$1,191 million (December 31, 2024: HK\$1,031 million) offset by the deferred loan arrangement costs of HK\$2 million (December 31, 2024: HK\$3 million).



On December 24, 2024, an indirect wholly-owned subsidiary of the Company entered into the term loan facility agreement under which the lender agreed to make available a term loan facility up to an aggregate amount of HK\$500 million. The maturity of the term loan facility is in June, 2028. Such facility is secured by corporate guarantee of the Company and subject to certain financial ratios covenants. As of December 31, 2025, none of the covenants were breached and the carrying value of the borrowing represents the loan drawdown of HK\$500 million (December 31, 2024: HK\$150 million) offset by the deferred loan arrangement costs of HK\$3 million (December 31, 2024: HK\$4 million).

On July 23, 2025, an indirect wholly-owned subsidiary of the Company entered into the term loan facility agreement under which the lender agreed to make available a term loan facility up to an aggregate amount of JPY23,500 million (equivalent to HK\$1,271 million) with a maturity in July, 2030. Such facility is secured by certain lands and properties, bank accounts, shares and other assets of certain indirect wholly-owned subsidiary of the Company and subject to certain financial ratios covenants. As of December 31, 2025, none of the covenants were breached and the carrying value of the borrowing represents the outstanding principal amount of JPY14,500 million (equivalent to HK\$724 million) (December 31, 2024: nil) offset by the deferred loan arrangement costs of JPY681 million (equivalent to HK\$34 million) (December 31, 2024: nil).

On December 24, 2025, an indirect wholly-owned subsidiary of the Company entered into the term loan facility agreement under which the lender agreed to make available a term loan facility up to an aggregate amount of HK\$780 million. The maturity of the term loan facility is in June, 2030. Such facility is secured by corporate guarantee of the Company and subject to certain financial ratios covenants. As of December 31, 2025, none of the covenants were breached and no drawdown were made.

On December 29, 2025, an indirect wholly-owned subsidiary of the Company entered into an amendment agreement to the term loan facility agreement up to an aggregate amount of HK\$780 million. The facility was renewed with the maturity date in June 2026 at the latest outstanding amount of HK\$575 million. Such facility is secured by corporate guarantee of the Company, certain indirect wholly-owned subsidiaries of the Company and PCCW Limited ("PCCW") up to its percentage of interest of the issued share capital of the Company and subject

to certain financial ratios covenants. As of December 31, 2025, none of the covenants were breached and the carrying value of the borrowing represents the loan drawdown of HK\$575 million (December 31, 2024: HK\$780 million) offset by the deferred loan arrangement costs of HK\$1 million (December 31, 2024: HK\$2 million). Subsequent to December 31, 2025, full amount is repaid on January 30, 2026.

As at December 31, 2025, the net debt-to-equity ratio was 23,533 per cent (as at December 31, 2024: 13,912 per cent). The net debt is calculated from the aggregated amounts of borrowings of HK\$9,163 million less the aggregate of cash and cash equivalents of HK\$691 million.

The Group's borrowings were denominated in US dollars, Hong Kong dollars and Japanese Yen while the cash and bank deposits were held mainly in US dollars and Hong Kong dollars. The Group has foreign operations, and certain of its net assets are exposed to the risk of foreign currency exchange rate fluctuations. As at December 31, 2025, the assets of the Group in Indonesia, Thailand and Japan represented 30 per cent, 10 per cent and 30 per cent of the Group's total assets respectively. The Group's currency exposure with respect to these operations is subject to fluctuations in the exchange rates of Indonesian Rupiah, Thai Baht and Japanese Yen.

Cash generated from operating activities for the year ended December 31, 2025 was HK\$132 million compared to cash used in operating activities of HK\$75 million in 2024.

Income tax

The Group's income tax credit for the year ended December 31, 2025 was HK\$13 million, as compared to HK\$9 million in 2024.

Security on assets

As at December 31, 2025, certain assets of the Group with an aggregated carrying value of HK\$4,669 million were mortgaged and pledged to the banks as security for the loan facilities (December 31, 2024: HK\$7,765 million). Certain assets of disposal group held for sale with an aggregated carrying value of HK\$3,188 million were mortgaged and pledged to a bank as security for loan facilities included in the liabilities of disposal group held for sale.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Contingent liabilities

There was no contingent liabilities during the year ended December 31, 2025.

EMPLOYEES AND REMUNERATION POLICIES

As at December 31, 2025, the Group employed a total number of 1,466 staff in Hong Kong and overseas (inclusive of property management staff borne by owners' account and seasonal staff employed overseas) (2024: 1,403 staff). The remuneration policies of the Group are in line with prevailing industry practices. Bonuses are paid on a discretionary basis taking into account factors such as performance of individual employees and the Group's performance as a whole. The Group provides comprehensive employee benefits, including medical insurance, a choice of provident fund or mandatory provident fund and training programmes. The Group is also a participating member of the PCCW employee share incentive award schemes.

The Company operates a share option scheme which was adopted by its shareholders at the Company's annual general meeting held on May 14, 2025 ("2025 Scheme"). Under the 2025 Scheme, the Board shall be entitled to offer to grant share options to any eligible participant (including employee of the Group) whom the Board may, at its absolute discretion, select.

DIVIDENDS AND DISTRIBUTION

The Board did not recommend the payment of a final dividend to shareholders nor a final distribution to bonus convertible noteholders for the year ended December 31, 2025 (2024: Nil).

The Board did not declare an interim dividend to shareholders nor an interim distribution to bonus convertible noteholders for the year ended December 31, 2025 (2024: Nil).

CLOSURE OF REGISTER OF MEMBERS AND CLOSURE OF REGISTER OF NOTEHOLDERS

The register of members and the register of noteholders of bonus convertible notes of the Company will be closed from May 15, 2026 to May 20, 2026, both days inclusive, during which period no transfer of shares and bonus convertible notes of the Company will be effected.

- (a) In the case of shares of the Company, in order to be entitled to attend and vote at the forthcoming annual general meeting of the Company, all transfers, accompanied by the relevant share certificates, should be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on May 14, 2026; and
- (b) In the case of bonus convertible notes of the Company, in order to be entitled to attend and vote at the forthcoming annual general meeting of the Company, the notice of conversion accompanied by the relevant note certificate and payment of the necessary amount should be surrendered to and deposited with the Company's registrar in respect of the bonus convertible notes, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for conversion into shares of the Company no later than 4:30 p.m. on March 27, 2026.



OUTLOOK

The global economic environment is likely to stay complex and unpredictable in the months to come, possibly shaped by trade headwinds, ongoing conflicts and fluctuating interest-rate cycles. That said, Asia Pacific is expected to remain a bright spot and continue its strong upward trajectory.

PCPD will focus on sharpening the performance and long-term value creation of our Japan and Thailand operations, ensuring they remain among the key drivers of our growth. Across all our markets, we will execute focused sales and marketing programmes to strengthen partnerships and attract high-quality tenants, travellers and buyers. We will also actively explore new projects with sustainable growth potential.

In the long run, we remain cautiously optimistic about the long-term outlook for property sectors in Hong Kong, Japan, Thailand and Indonesia. With PCPD's disciplined execution and proactive risk management, we have confidence in our ability to drive continued growth and deliver sustained value to shareholders and stakeholders in 2026 and beyond.



BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

LI Tzar Kai, Richard

Mr Li, aged 59, is an Executive Director of Pacific Century Premium Developments Limited (“PCPD”), the Chairman of PCPD’s Executive Committee of the board of directors (“Board”), a member of PCPD’s Remuneration Committee and Nomination Committee of the Board. He became a director of PCPD in May 2004. He was also the Chairman of PCPD from June 2004 to May 2019. He also holds positions in the following companies:

- (1) Chairman and Executive Director of PCCW Limited (“PCCW”);
- (2) Chairman of PCCW’s Executive Committee;
- (3) a member of PCCW’s Nomination Committee of the PCCW board;
- (4) Executive Chairman and Executive Director of HKT Limited (“HKT”) and HKT Management Limited, the trustee-manager of the HKT Trust;
- (5) Chairman of HKT’s Executive Committee;
- (6) a member of HKT’s Nomination Committee;
- (7) Chairman and Chief Executive of the Pacific Century Group;
- (8) Chairman and Executive Director of Singapore-based Pacific Century Regional Developments Limited (“PCRD”);
- (9) Chairman of PCRD’s Executive Committee;
- (10) Executive Director of FWD Group Holdings Limited (“FWD”); and
- (11) a member of FWD’s Compensation Committee.

Mr Li is a member of the Center for Strategic and International Studies’ International Councillors’ Group in Washington, D.C.. He was awarded the Lifetime Achievement Award by the Cable & Satellite Broadcasting Association of Asia in November 2011.

Benjamin LAM Yu Yee

Deputy Chairman and Group Managing Director

Mr Lam, aged 64, is an Executive Director, Deputy Chairman and Group Managing Director of PCPD, a member of PCPD’s Executive Committee of the Board and a director of certain PCPD subsidiaries. He became a director of PCPD in May 2019. He served PCPD as Chief Operating Officer in September 2004 and was Deputy Chief Executive Officer, Chief Financial Officer and Executive Director from September 2007 to November 2014.

Prior to joining PCPD in September 2004, Mr Lam was the Chief Financial Officer of Asia Pacific Resources International Limited in Singapore in 2003 and was appointed as the President of China Operations in April 2004. Between 1999 to 2003, Mr Lam was an Executive Director and Group Chief Financial Officer of Sino Land Company Limited (“Sino Land”). Prior to joining Sino Land, he had worked in various financial institutions for over 13 years and had substantial experience in corporate finance and investment banking.

Mr Lam holds a Bachelor of Science degree in Industrial Engineering from The University of Hong Kong and a Master of Business Administration degree from the Manchester Business School.



NON-EXECUTIVE DIRECTOR

Dr Allan ZEMAN, GBM, GBS, JP

Dr Zeman, aged 77, is a Non-Executive Director of PCPD, a member of PCPD's Nomination Committee of the Board and a director of certain PCPD subsidiaries. He became a director of PCPD in June 2004.

Dr Zeman is the Chairman of Lan Kwai Fong Group, a major property owner and developer in Hong Kong's Lan Kwai Fong, one of Hong Kong's popular tourist attractions and entertainment districts. Dr Zeman is also an Independent Non-Executive Director of Sino Land Company Limited, Tsim Sha Tsui Properties Limited and Television Broadcasts Limited (all of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange")) and a board member of The "Star" Ferry Company, Limited. Besides all the board appointments in Hong Kong, Dr Zeman is also the Non-Executive Chairman and Independent Non-Executive Director of Wynn Macau, Limited (which is listed on the Stock Exchange), a prominent gaming company in Macau. Dr Zeman was formerly an Independent Non-Executive Director of Fosun Tourism Group (withdrawal of listing of its shares on the Stock Exchange since March 19, 2025) from November 2018 to March 2025.

Having lived in Hong Kong for over 55 years, Dr Zeman has been very involved in Government services as well as community activities. Dr Zeman is a member of the Hong Kong Special Administrative Region ("HKSAR") Chief Executive's Council of Advisors, a member of the HKSAR Task Force on Promoting and Branding Hong Kong and a member of the HKSAR Culture Commission. He is also a board member of WestK Enterprise Limited. It is established to enhance the long-term financial sustainability of the West Kowloon Cultural District Authority ("Authority") and to drive commercialisation and explore new revenue sources, leveraging the Authority's assets, resources and expertise. He is a member of the Board of Governors of The Canadian Chamber of Commerce in Hong Kong. Dr Zeman is also a board member of The Hong Kong Entrepreneurs Fund of Alibaba Group which was launched in November 2015. Dr Zeman was the board member of the Airport Authority Hong Kong from June 2015 to June 2022. He was also the Chairman of Hong Kong Ocean Park from July 2003 to June 2014 and the honorary advisor to the Ocean Park from July 2014 to June 2022.

Dr Zeman holds the Honorary Doctorate of Laws Degree conferred by The University of Western Ontario, Canada and the Honorary Doctorate Degrees of Business Administration conferred by City University of Hong Kong, The Hong Kong University of Science and Technology as well as The Open University of Hong Kong, now known as the Hong Kong Metropolitan University.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Prof WONG Yue Chim, Richard, SBS, JP

Independent Non-Executive Chairman

Prof Wong, aged 73, is an Independent Non-Executive Director and the Independent Non-Executive Chairman of PCPD, the Chairman of PCPD's Audit Committee of the Board and a member of PCPD's Remuneration Committee and Nomination Committee of the Board. He became a director of PCPD in July 2004.

Prof Wong is Professor of Economics at The University of Hong Kong. He was awarded the Silver Bauhinia Star in 1999 by the Government of the HKSAR for his contributions in education, housing, industry and technology development. In addition, Prof Wong was appointed a Justice of the Peace in July 2000. He studied Economics at the University of Chicago and graduated with a Doctorate in Philosophy.

Prof Wong is currently an Independent Non-Executive Director of the following listed companies in Hong Kong:

- (1) Great Eagle Holdings Limited; and
- (2) Sun Hung Kai Properties Limited.



BOARD OF DIRECTORS

CHIANG Yun

Ms Chiang, aged 58, is an Independent Non-Executive Director of PCPD, the Chairlady of PCPD's Remuneration Committee of the Board and a member of PCPD's Audit Committee and Nomination Committee of the Board. She became a director of PCPD in May 2015.

Ms Chiang has over 32 years of private equity investment experience and is now the founding managing partner of Prospere Capital Limited. She was previously a founding managing partner of the private equity division of Pacific Alliance Group ("PAG"). Prior to joining PAG, she was a vice president in AIG Investment Corporation. She is currently an Independent Non-Executive Director of Sands China Ltd. ("Sands") and the Lead Independent Non-Executive Director of Goodbaby International Holdings Limited ("Goodbaby"), both of which are listed in Hong Kong. She is also the Chairlady of Environmental, Social and Governance Committee, a member of Audit Committee and Nomination Committee of Sands as well as the Chairlady of Nomination Committee, Remuneration Committee and Environmental, Social and Governance Committee and a member of Audit Committee of Goodbaby. Ms Chiang is also a Non-Executive Director of Yantai Changyu Pioneer Wine Company Limited, which is listed in Shenzhen.

Ms Chiang obtained a Bachelor of Science degree, cum laude, from Virginia Polytechnic Institute and State University in 1992 and an Executive Master of Business Administration degree from The Kellogg Graduate School of Management of North-western University and The Hong Kong University of Science and Technology in 1999.

Dr Vince FENG

Dr Feng, aged 53, is an Independent Non-Executive Director of PCPD, the Chairman of PCPD's Nomination Committee of the Board and a member of PCPD's Audit Committee of the Board. He became a director of PCPD in March 2018.

Dr Feng has been working in the financial services industry since 1994, and currently serves as a director of various funds while teaching at the University of Hong Kong. Dr Feng previously served as a Managing Director of General Atlantic LLC, a global private equity firm focused on growth sectors, overseeing their North Asian operations. Subsequently, Dr Feng co-founded and served as CEO of two related global macro hedge funds (Ocean Arete Limited and Ocean Capital Management Limited). Dr Feng has served on the boards of numerous technology and investment companies in Asia, such as TIH Limited, Lenovo, Digital China, Ren Ren, Data Systems, and Vimicro. Prior to that, Dr Feng was also a financial analyst with Goldman Sachs (Asia) LLC in Hong Kong, working in the Direct Private Investing (formerly PIA) and Mergers and Acquisitions areas.

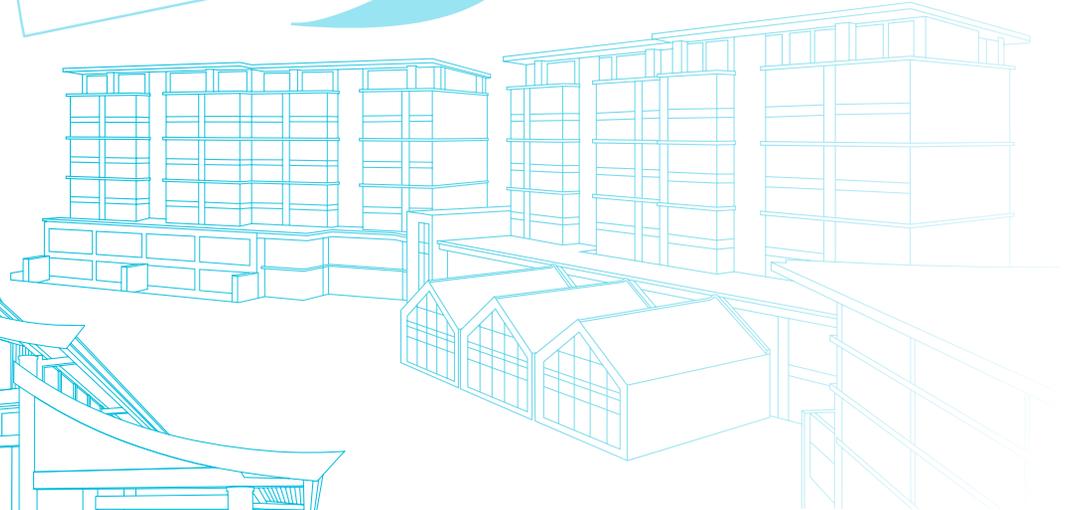
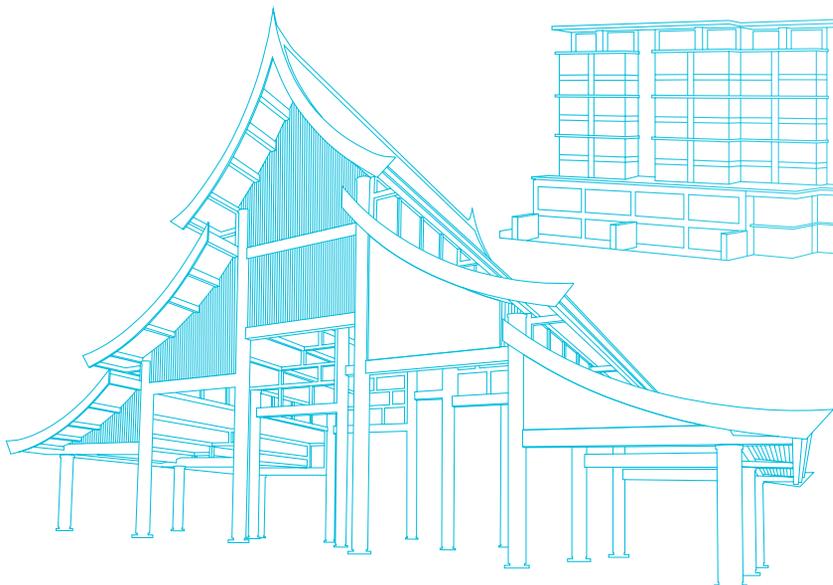
Dr Feng received his Doctor of Philosophy (PhD) in Economic Sociology and Bachelor of Arts (BA) degree (Honors) in Social Studies, both from Harvard University, and his Master of Business Administration (MBA) degree from Stanford University.



CORPORATE CULTURE



Leveraging its premium-grade property investments and expertise in premium property development and management, the Company strives to improve the quality of life of different communities, deliver quintessential experiences and promote sustainability. We embrace a culture of integrity, respect, collaboration, inclusion and care. Our teams are committed to innovation and always make a point of adding a sense of sophistication to every design, as part of our pursuit of excellence for the good of the Company and society at large.



CORPORATE GOVERNANCE REPORT

Pacific Century Premium Developments Limited (“PCPD” or “Company”) and its subsidiaries (“Group”) have made continued efforts to incorporate the key elements of sound corporate governance into its management structure and internal procedures. The Group is committed to high standards of ethics and integrity in all aspects of business and to ensuring that its affairs are conducted in accordance with applicable laws and regulations and for the benefits and in the interests of shareholders of the Company.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance, the principles of which serve to uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business and to ensure that its affairs are conducted in accordance with applicable laws and regulations.

The Company has applied the principles and complied with all applicable code provisions of the Corporate Governance Code (“CG 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 (“Listing Rules”) during the year ended December 31, 2025.

MODEL CODE SET OUT IN APPENDIX C3 TO THE LISTING RULES

The Company has adopted its own code of conduct regarding securities transactions, namely the PCPD Code of Conduct for Securities Transactions (“PCPD Code”), which applies to all directors and employees of the Company on terms no less exacting than the required standard indicated by the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules.

The Company has made specific enquiries with all the directors of the Company and they confirmed that they had complied with the requirements under the PCPD Code for the year ended December 31, 2025.

BOARD OF DIRECTORS

As at the date of this report, the board of directors of the Company (“Board”) comprises two executive directors, one non-executive director and three independent non-executive directors. The biographies of all the directors as of the date of this report are set out on pages 20 to 22 of this annual report.

The Board is responsible for the management of the Company. Its key responsibilities include formulation of overall strategies of the Group, setting targets for management and supervision of management performance. The Board confines itself to making broad policy decisions and exercising a number of reserved powers, as set out below:

1. those functions and matters as set out in the terms of reference of various committees (as amended from time to time) for which approval of the Board must be sought from time to time;
2. those functions and matters for which approval of the Board must be sought in accordance with the Group’s internal policies (as amended from time to time);
3. consideration and approval of financial statements in interim reports and annual reports, announcements and press releases of interim and annual results;



BOARD OF DIRECTORS — CONTINUED

4. consideration of dividend amounts in accordance with the dividend policy as adopted by the Board; and
5. monitoring of the corporate governance practices and procedures; and maintenance of appropriate and effective risk management and internal control systems of the Group to ensure compliance with the applicable rules and regulations.

The executive committee of the Board (“Executive Committee”) is responsible for considering in detail the policy decisions of the Board and implementing such decisions.

Prof Wong Yue Chim, Richard is the Independent Non-executive Chairman of the Board and Mr Benjamin Lam Yu Yee is the Group Managing Director of the Company. The role of the Independent Non-executive Chairman is separated from that of the Group Managing Director. The Independent Non-executive Chairman is responsible for ensuring that the Board functions effectively, for providing leadership for the Board in setting goals and objectives for the Company and for ensuring that good corporate governance practices and procedures are established and enforced. The Group Managing Director is responsible for the day-to-day management of the Group’s businesses and operations and for ensuring effective implementation of the Group’s strategies. Mr Benjamin Lam Yu Yee is also the Deputy Chairman of the Board.

All directors have full access to all the relevant information and have been furnished with relevant information in a timely manner, including monthly updates from the management, reports from each committee of the Board and briefings on significant legal, regulatory or accounting issues affecting the Group. Directors are also entitled to seek independent professional advice with costs to be borne by the Company.

All directors have confirmed that they have given sufficient time and attention to the Company’s affairs. The Company has requested that each director shall disclose to the Company at the time of his/her appointment the number and nature of offices held in public companies or organisations and other significant commitments and with an indication of the time involved and disclose in a timely manner any changes thereto.

The Board has a structured process to evaluate its own performance and directors’ contribution on an annual basis including a self-evaluation questionnaire which has been completed by each director. The objectives of the evaluation are to assess whether the Board and the committees, as well as the directors have adequately and effectively performed its/their roles and fulfilled its/their responsibilities; and has/have devoted sufficient time commitment to the Company’s affairs and make contributions to the Board; and to recommend areas for improvement. The evaluation process has confirmed that the Board and committees continue to operate effectively and that the performance of the directors and time commitment in discharging their duties as directors of the Company for the year ended December 31, 2025 were generally satisfactory.



CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS — CONTINUED

The directors acknowledge their responsibilities for preparing the financial statements for each financial year, which give a true and fair view of the financial position of the Company and the Group and of the financial performance and cash flows of the Group for the year in accordance with the Hong Kong Financial Reporting Standards, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Listing Rules. In preparing the financial statements for the year ended December 31, 2025, the directors and the Chief Financial Officer have selected suitable accounting policies and applied them consistently, made judgements and estimates that were prudent and reasonable, stated the reasons for any significant departure from applicable accounting standards in Hong Kong and prepared the financial statements on a going concern basis. The directors and the Chief Financial Officer are responsible for keeping proper accounting records which would reflect with reasonable accuracy at any time the financial position, results of operations, cash flows and changes in equity of the Group. The statement of the external auditor of the Company relating to their reporting responsibilities on the financial statements of the Company is set out in the Independent Auditor's Report of this annual report.

At least one-third of the members of the Board are independent non-executive directors and hence the requirement under Rule 3.10A of the Listing Rules is complied with. In addition, the qualification and experience of Ms Chiang Yun, one of the independent non-executive directors of the Company, fulfil the requirement under Rule 3.10(2) of the Listing Rules; therefore, the requirement under Rule 3.10 of the Listing Rules is complied with. The Company has received from each of its independent non-executive directors a written confirmation confirming his/her independence to the Company and the Company considers that they are independent in accordance with Rule 3.13 of the Listing Rules.

In accordance with the Bye-laws of the Company, any director appointed by the Board either to fill a casual vacancy or as an addition to the Board shall hold office only until the first annual general meeting of the Company after his/her appointment and shall be eligible for re-election at that meeting. In addition, all the directors of the Company are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-laws of the Company and in compliance with the CG Code. At each annual general meeting of the Company not less than one-third of the directors for the time being who have been longest in office shall retire from office by rotation. All directors are subject to re-election by shareholders at general meetings at least once every three years. The Company has issued formal letters of appointment to its directors setting out the key terms of their appointments as required under the Listing Rules.

The Independent Non-executive Chairman of the Board holds meeting with the independent non-executive directors without the presence of other directors at least annually to ensure independent views and input are available to the Board, such mechanism is reviewed annually by the Board to ensure its implementation and effectiveness.

Independent non-executive directors are identified in all of the corporate communications in which the names of the directors are disclosed. An updated list of the Company's directors identifying the independent non-executive directors and the roles and functions of the directors is maintained on the websites of the Company and Hong Kong Exchanges and Clearing Limited ("HKEX").

In the year ended December 31, 2025, four Board meetings were held. The attendance record of individual directors at the board meetings is set out in the table on page 44 of this annual report.



EXECUTIVE COMMITTEE

The Executive Committee operates as a general management committee with the overall delegated authority from the Board. This ensures that decisions can be taken quickly to enable the Group to seize opportunities in the fast-moving business environment. The Executive Committee is responsible for determining Group strategies, reviewing trading performance, ensuring adequate funding, examining major investment opportunities and monitoring management performance. The authority and duties of the Executive Committee are set out in writing in its terms of reference.

Current members of the Executive Committee are:

1. Li Tzar Kai, Richard (*Chairman*)
2. Benjamin Lam Yu Yee

REMUNERATION COMMITTEE

The remuneration committee of the Board (“Remuneration Committee”) is responsible for ensuring that formal and transparent procedures are in place for developing the remuneration policy of the Company, for overseeing the remuneration packages of individual executive directors and senior management, and for providing effective supervision and administration of the share option scheme of the Company. The authority and duties of the Remuneration Committee are set out in writing in its terms of reference which specify, among other things, that it must comprise at least three members, the majority of whom shall be independent non-executive directors and the Chairman of the Remuneration Committee must be an independent non-executive director of the Company. The terms of reference are posted on the websites of the Company and HKEX.

The Company has adopted the model by which determination of the remuneration packages of individual executive directors and senior management is delegated to the Remuneration Committee. The Remuneration Committee is provided with sufficient resources to perform its duties and can seek advice from remuneration consultants or other independent external professional advisors if necessary.

The Remuneration Committee is chaired by an independent non-executive director. Current members of the Remuneration Committee are:

1. Chiang Yun (*Chairlady*)
2. Li Tzar Kai, Richard
3. Prof Wong Yue Chim, Richard

The majority of the members of the Remuneration Committee are independent non-executive directors.



CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE — CONTINUED

The objective of the Company's remuneration policy is to help establish fair and competitive remuneration packages based on our business requirements and industry practice. In order to determine the level of remuneration and fees paid to members of the Board, market rates and factors such as each director's workload, responsibility and job complexity are taken into account. The following factors are considered when determining the remuneration packages of directors and senior management of the Company:

- business requirements;
- individual performance and contribution to results;
- company performance and profitability;
- retention considerations and the potential of individuals;
- corporate goals and objectives;
- changes in relevant markets, including supply and demand fluctuations and changes in competitive conditions; and
- general economic situation.

During the review process, no individual director is involved in decisions relating to his/her own remuneration.

In the year ended December 31, 2025, one Remuneration Committee meeting was held. The attendance record of individual directors at the committee meeting is set out in the table on page 44 of this annual report.

The following is a summary of the work performed by the Remuneration Committee in 2025:

- A. reviewed and approved the remuneration of certain executive directors for 2025 and their 2024 incentive bonus and performance incentives in 2024;
- B. reviewed the fees and remuneration of the non-executive directors for 2025 and made recommendations to the Board for approval; and
- C. reviewed the terms of reference of the Remuneration Committee which was subsequently revised and approved by the Board on November 13, 2025.

Details of the emoluments of each director are set out in note 8 to the consolidated financial statements.



NOMINATION COMMITTEE

The nomination committee of the Board (“Nomination Committee”) is responsible for ensuring that a set of fair and transparent procedures is in place for the appointment and re-appointment of directors to the Board. The authority and duties of the Nomination Committee are set out in writing in its terms of reference which specify, among other things, that it must comprise at least three members with at least one member of a different gender, the majority of whom shall be independent non-executive directors and the Chairman of the Nomination Committee can be either the Chairman of the Board or an independent non-executive director of the Company. The terms of reference are posted on the websites of the Company and HKEX.

The Company has formal procedures for the appointment of a new director to the Board, and the appointment process is fair and transparent. The Nomination Committee reviews the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board, identifies suitably qualified candidates to become Board members and makes recommendations to the Board on the selection of candidates nominated for directorships and on succession planning for directors. During the process, the Nomination Committee makes the selection of candidate based on merits and with due regard to the benefits of diversity he/she can bring to the Board.

The Board adopted a board diversity policy (“Board Diversity Policy”) on February 25, 2013 with the primary objective of enhancing the effectiveness of the Board and the corporate governance standard of the Group. The Company recognises the importance of having a diverse team of Board members, which is an essential element in maintaining an effective Board. The Nomination Committee has been delegated the authority to review and assess the diversity of the Board by way of considering all aspects of diversity including but not limited to, age, cultural and educational background, gender and ethnicity, and professional experience, skills and knowledge with an objective of maintaining an appropriate mix and balance of skills, knowledge, experience and diversity of perspectives on the Board. A target of 30% female representation on the Board was set as a long term objective by the Board when the Board Diversity Policy was adopted. As at the date of this annual report, the female representation on the Board is 17%. The Nomination Committee is committed to improving gender diversity as and when suitable candidates are identified.

The Nomination Committee will review and assess the Board Diversity Policy at least annually and make recommendations to the Board regarding appointment and re-appointment of directors. The Nomination Committee will give consideration to the Board Diversity Policy when identifying and selecting suitably qualified candidates. Selection of candidates will be based on a range of diversity perspectives, as well as professional experience, skills and knowledge, and how the candidate would contribute to the diversity of the Board. The diverse culture helps promote critical thinking and foster constructive debate, thereby enabling the Board in attaining its strategic objectives and achieving sustainable and balanced development for the Group.

The Board adopted a nomination policy on November 13, 2018 which sets out the procedures and criteria to be used by the Nomination Committee for the selection, appointment and re-appointment of directors to the Board. In assessing the suitability of proposed candidate, the Nomination Committee has considered key factors which include but not limited to accomplishment, expertise, experience and diversity that the candidate can bring to the Board in all its aspects and the candidate’s commitment in respect of available time and relevant interest. The Nomination Committee shall make recommendations for the Board’s consideration and approval in respect of candidates to stand for election at a general meeting or for filling a casual vacancy. The Board has the ultimate responsibility for selection and appointment of directors as permitted in the Company’s Bye-laws and shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.



CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE — CONTINUED

The Nomination Committee is chaired by an independent non-executive director. Current members of the Nomination Committee are:

1. Dr Vince Feng (*Chairman*)
2. Li Tzar Kai, Richard
3. Prof Wong Yue Chim, Richard
4. Dr Allan Zeman
5. Chiang Yun

The majority of the members of the Nomination Committee are independent non-executive directors.

The Nomination Committee is provided with sufficient resources to perform its duties and can seek advice from independent external professional advisors if necessary. In the year ended December 31, 2025, one Nomination Committee meeting was held. The attendance record of individual directors at the committee meeting is set out in the table on page 44 of this annual report.

The following is a summary of the work performed by the Nomination Committee in 2025:

- A. reviewed and assessed the independence of all independent non-executive directors and advised the Board as to which of the directors were due to retire pursuant to the applicable laws of Bermuda, the Bye-laws of the Company and the CG Code and recommended the list of retiring directors for re-election at the 2025 annual general meeting;
- B. annual review of the structure, size and composition (including the skills, knowledge and experience) of the Board based on the Board Diversity Policy; and with a recommendation to the Board for approval;
- C. reviewed the Board Diversity Policy and concluded that no revision was required; and
- D. reviewed the terms of reference of the Nomination Committee which was subsequently revised and approved by the Board on November 13, 2025.

On February 9, 2026, the Nomination Committee, having reviewed the Board's structure, size and composition, nominated Li Tzar Kai, Richard and Benjamin Lam Yu Yee to the Board for it to consider and recommend to shareholders their re-election at the forthcoming annual general meeting. The nominations were made in accordance with the Nomination Policy and the Board Diversity Policy. The Nomination Committee formed the view that the Board has maintained an appropriate mix and balance of skills, knowledge, experience and diversity of perspectives appropriate to the requirements of the Company's business, and had made recommendation to the Board for approval of the same. In performing its duties, the Nomination Committee can seek advice from outside legal counsels or other independent professionals at the Company's expenses if necessary.



AUDIT COMMITTEE

The audit committee of the Board (“Audit Committee”) is responsible for ensuring (i) the objectivity and credibility of the Group’s financial reporting; (ii) that the directors have exercised due care, diligence and skills prescribed by law when presenting the Group’s results to the shareholders; (iii) that effective systems of risk management and internal controls are in place; (iv) that good corporate governance standards and practices are maintained by the Group; and (v) the Company’s general compliance with regulatory obligations. The authority and duties of the Audit Committee are set out in writing in its terms of reference which are posted on the websites of the Company and HKEX.

The major duties of the Audit Committee include (i) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, compensation and supervision of the external auditor and to ensure the independence of the external auditor by reviewing the fees for audit and non-audit services provided to the Group by the external auditor in accordance with its adopted procedures; and (ii) maintaining of good corporate governance standards and practices and the whistleblower policy of the Group.

In addition, the Audit Committee will (i) evaluate the adequacy and review the effectiveness of the Company’s disclosure controls and processes for financial reporting; (ii) review the design, implementation and monitoring of the Group’s risk management and internal control systems (including the adequacy of internal and external resources as well as those relating to the Company’s environmental, social and governance (“ESG”) performance and reporting) on an ongoing basis; (iii) consider the changes in the nature and extent of significant risks (including ESG risks), and the Company’s ability to respond to changes in its business and the external environment; (iv) consider the scope and quality of management’s ongoing monitoring of risks (including ESG risks) and of the internal control systems; (v) consider significant control failings or weaknesses identified during the review of the risk management and internal control systems; and (vi) consider the extent and frequency of communication of monitoring results to the Board for assessing the adequacy and the effectiveness of the Group’s risk management and internal control systems.

The Audit Committee also reviews the Group’s financial statements and internal financial reports.

Current members of the Audit Committee are:

1. Prof Wong Yue Chim, Richard (*Chairman*)
2. Chiang Yun
3. Dr Vince Feng

All members of the Audit Committee are independent non-executive directors.

The Audit Committee is provided with sufficient resources to discharge its duties and meets regularly with management, internal auditor and external auditor and reviews their reports. In the year ended December 31, 2025, two Audit Committee meetings were held. The attendance record of individual directors at the committee meetings is set out in the table on page 44 of this annual report.



CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE — CONTINUED

The following is a summary of the work performed by the Audit Committee in 2025:

- A. reviewed the consolidated financial statements of the Group for the year ended December 31, 2024 and the related annual results announcement and made recommendations to the Board that the same be approved;
- B. reviewed the report of the external auditor and made recommendations to the Board for their re-appointment at the 2025 annual general meeting;
- C. reviewed the consolidated financial statements of the Group for the six months ended June 30, 2025 and the related interim results announcement and made recommendations to the Board that the same be approved;
- D. reviewed external auditor's reports to the Audit Committee for the year ended December 31, 2024 and the six months ended June 30, 2025 and their terms of engagement, communications plan and audit plan for the Group for the financial year ended December 31, 2025;
- E. reviewed various internal audit reports;
- F. reviewed risk management report and effectiveness of risk management and internal control systems;
- G. reviewed the results of the directors' self-evaluation and the Board's self-assessment questionnaire to evaluate the performance of the Board;
- H. reviewed the terms of reference of the Audit Committee which was subsequently revised and approved by the Board on November 13, 2025;
- I. reviewed the corporate governance report of the Company for the year ended December 31, 2024;
- J. reviewed the fees for audit and non-audit services provided by the external auditor;
- K. reviewed the Group's continuing connected transactions and external auditor's report thereon; and
- L. met with the external auditor in the absence of management.

Subsequent to the year end, the Audit Committee reviewed the consolidated financial statements for the year ended December 31, 2025 and the related annual results announcement and auditor's report and the corporate governance report, and made recommendations to the Board that the same be approved.



SUSTAINABILITY COMMITTEE

The Sustainability Committee reports to the senior officers of the Company, including the Group Managing Director, the Project Director and the Chief Financial Officer, and the Board. It comprises all department heads or representatives of the Company.

The Sustainability Committee ensures that the Company operates in a manner that enhances its positive contribution to society and the environment. It is also responsible for reviewing the Company's sustainability strategy, principles and policies; setting guidance, direction and overseeing practices and procedures; and monitoring progress on the Company's sustainability and related activities.

On November 13, 2025, the Sustainability Committee recommended to the Board a workforce diversity policy ("Workforce Diversity Policy"), which applies to all employees and relevant stakeholders across the Group with the primary objective of fostering a workplace culture that values and empowers all employees, ensuring that their unique perspectives contribute to our collective growth. The Group recognizes that diversity and inclusion are fundamental to the sustainable development and innovation of the Group, including but not limited to ethnicity, gender, age, disability, sexual orientation, culture background and professional experience. The Group adheres to non-discriminatory employment practices and actively promotes diversity and inclusion initiatives. We are dedicated to providing a work environment free from discrimination and harassment, where all employees are treated with dignity and respect. The sustainability committee will review the Workforce Diversity Policy regularly to ensure its relevance and effectiveness.

The Group worked relentlessly in the past year towards our corporate objectives in diversity and inclusion. In 2025, our total workforce gender diversity is at 1:1.29 female to male ratio. The gender diversity ratio for senior staff is at 1:2. We consider that at present there is a reasonably high gender diversity in the Group's workforce, and will continue to monitor the need to maintain or, if desired or necessary, increase diversity to meet our corporate objectives.

EXTERNAL AUDITOR

The external auditor of the Group is PricewaterhouseCoopers. During the year ended December 31, 2025, the total fees in respect of audit and non-audit services provided by PricewaterhouseCoopers (which for this purpose included any entity that is under the common control, ownership or management of the audit firm or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as being part of the firm, either nationally or internationally) amounted to approximately HK\$5 million.

The significant non-audit services covered by these fees included the following:

Nature of service	Fees paid (HK\$ million)
Non-statutory review services	0.4



CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

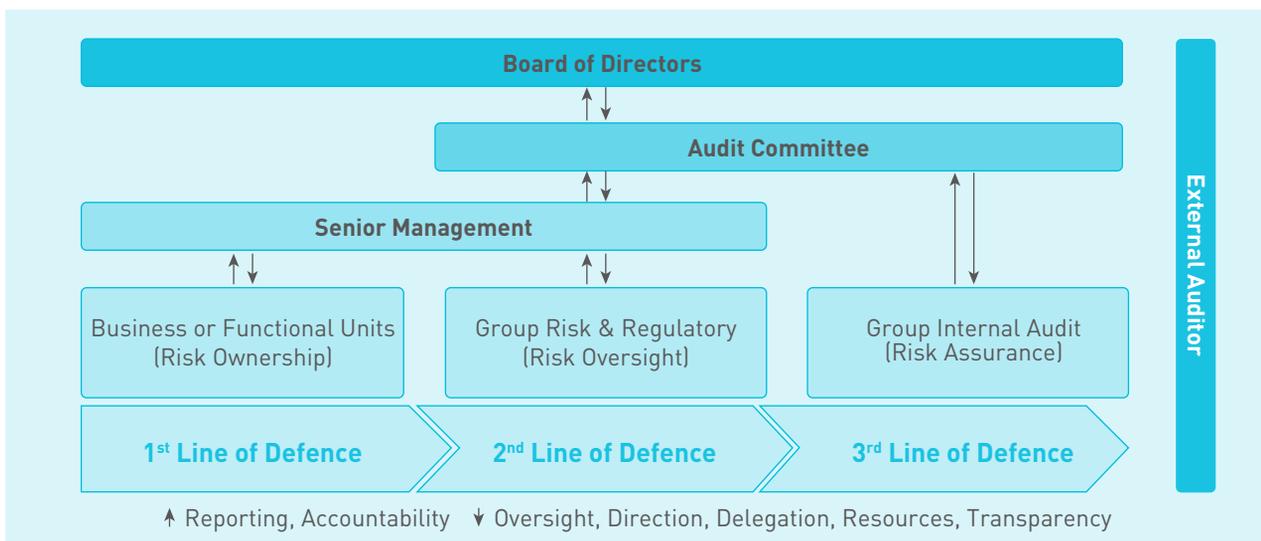
The Board acknowledges its responsibility for overseeing the risk management and internal control systems (including ESG risks and climate-related risks) of the Group and reviewing their effectiveness at least annually through the Audit Committee. The Audit Committee assists the Board in fulfilling its corporate governance roles in overseeing the Group’s financial, operational, compliance, risk management and internal controls, along with ESG performance and reporting, as well as the resourcing of both finance and internal audit functions.

Governance Structure and Enterprise Risk Management Framework

The Group has established an organizational structure with defined levels of responsibility, reporting, and escalation procedures. Group Risk and Regulatory (“GR&R”) and Group Internal Audit (“GIA”) assist the Board and/or the Audit Committee in reviewing the effectiveness of the Group’s risk management and internal control systems on an ongoing basis. The Board, through the Audit Committee, is kept regularly apprised of the significant risks that may have an impact on the Group’s performance.

Appropriate policies and controls have been designed and established by the Group to ensure that assets are safeguarded against improper use or disposal, while relevant rules and regulations are being adhered to and complied with, including reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, as well as key risks that may impact the Group’s reputation and performance are appropriately identified and managed. The systems and internal controls can only provide reasonable, though not absolute, assurance against material misstatement or loss, as they are designed to mitigate rather than eliminate the risk of failure to achieve business objectives.

The Group’s enterprise risk management framework is guided by the “Three Lines of Defence” model as shown below:



RISK MANAGEMENT AND INTERNAL CONTROLS — CONTINUED

Governance Structure and Enterprise Risk Management Framework — Continued

The First Line of Defence is responsible for identifying and managing risk as part of their accountability for achieving business and operational objectives where it also designs and executes internal control measures daily. Being the risk owners, the First Line of Defence has the responsibility to monitor and update the risk profiles on an ongoing basis which are measured against a pre-defined set of likelihood and impact criteria.

The Second Line of Defence provides the policies, frameworks, tools, techniques and advisory support to enable risk and compliance oversight of the First Line of Defence while ascertaining the relevant embedded controls are effective, as well as ensuring the consistency of categorization and measurement of risk attributes. The risk management process integrates both top-down and bottom-up approaches to enable the identification, evaluation, and management of risks holistically. Mitigation controls will be implemented where opportunities for enhancing the existing control environment arise. This process is reviewed regularly by the Audit Committee and GR&R such that any material changes in the nature or extent of the key risks will be reported to the Board.

The Third Line of Defence provides the Board, executive, and senior management of the Group with assurance in an independent and objective manner. Such assurance work covers the effectiveness of governance, risk management, and internal controls, including the manner which the First and Second Lines of Defence operate in achieving firm-wide risk management and control objectives.

GR&R is responsible for the supervision of enterprise risk management activities while reviewing significant aspects of risk exposures to the Group through reporting to the Audit Committee at each regularly scheduled meeting, including key risks of the Group and the appropriate mitigation and/or transfer of identified risks. The operating units of the Group, as risk owners, identify, evaluate, mitigate and monitor their own risks, and report such risk management activities to GR&R on a half-yearly basis.

GIA adopts a risk-based audit approach. The annual work plan of GIA covers the key risks affecting major activities and processes of the Group's operations, businesses, and service units. Special reviews are also performed at the request of senior management. The results of these audit activities and recommendations for improvement are communicated to key members of executive and senior management of the Group when needed, as well as upon completion. Additionally, the results of the audit activities are communicated to the Audit Committee at each regularly scheduled meeting throughout the year. Audit issues are closely tracked and followed up for proper implementation such that progress is reported to the Audit Committee, executive and senior management of the Group periodically.

GIA maintains primary accountability to the Board and is independent from the responsibilities of management. The Head of GIA reports functionally to the Chairman of the Audit Committee, and administratively to the Group Managing Director and/or the Chief Financial Officer.

The senior management of the Group, supported by GR&R and GIA, is responsible for the design, implementation and monitoring of the enterprise risk management and internal control systems, and for providing regular reports to the Board and/or the Audit Committee on the effectiveness of these systems.

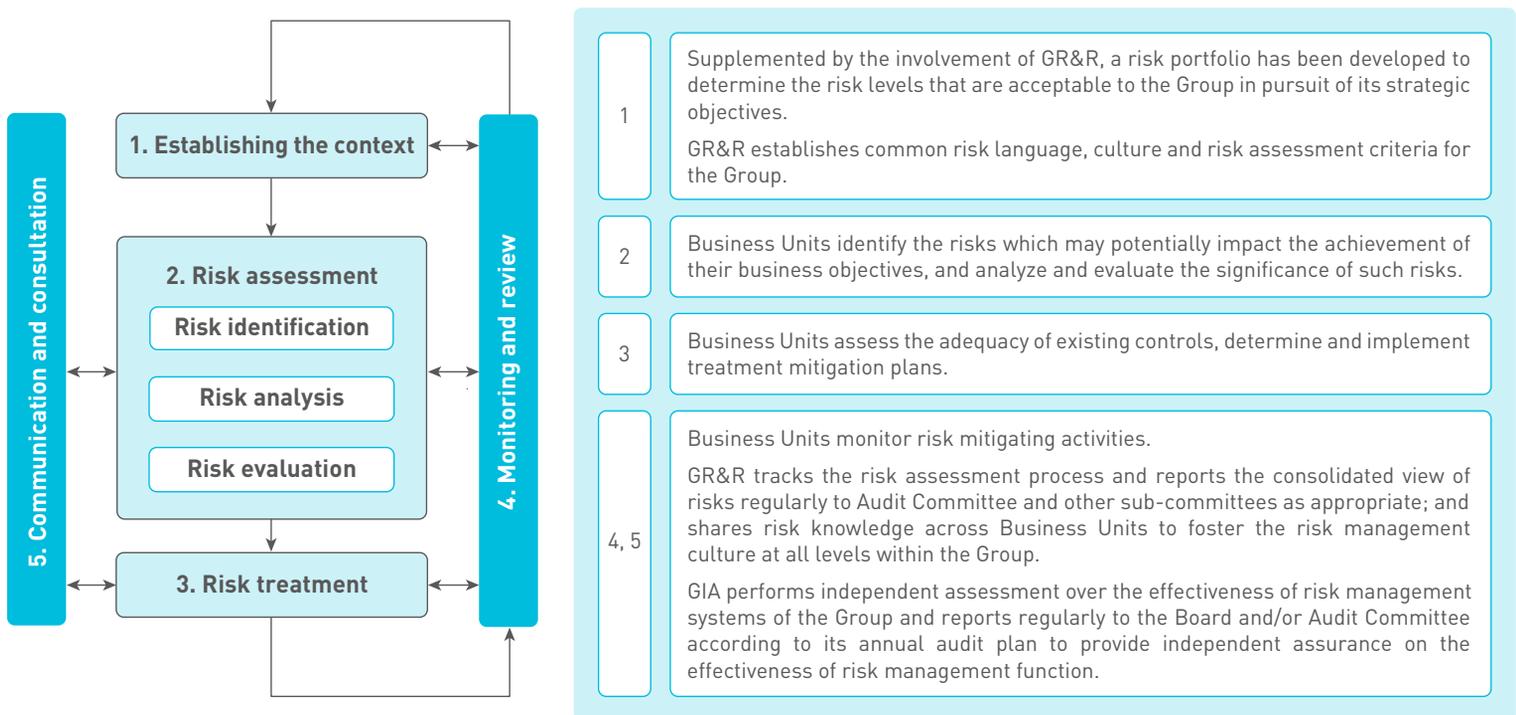


CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS — CONTINUED

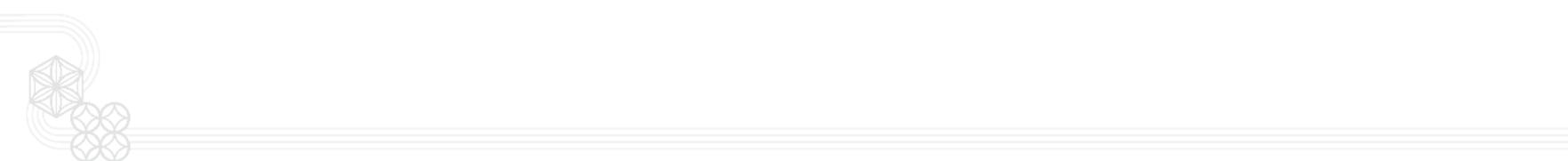
Governance Structure and Enterprise Risk Management Framework — Continued

The Group incorporates the principles of ISO 31000:2018 Risk Management — Guidelines as its overarching approach to managing its business and operational risks. The following diagram illustrates the key processes used to identify, evaluate and manage the Group’s significant risks:



The Group has adopted policies and procedures for assessing and, where prudent, improving the effectiveness of its enterprise risk management and internal control systems, including the requirement for executive management of the Group to regularly assess, and at least annually to certify that such aforementioned matters are deemed appropriate and functioning effectively with the view that they will further enhance the corporate governance of the Group and its business practices.

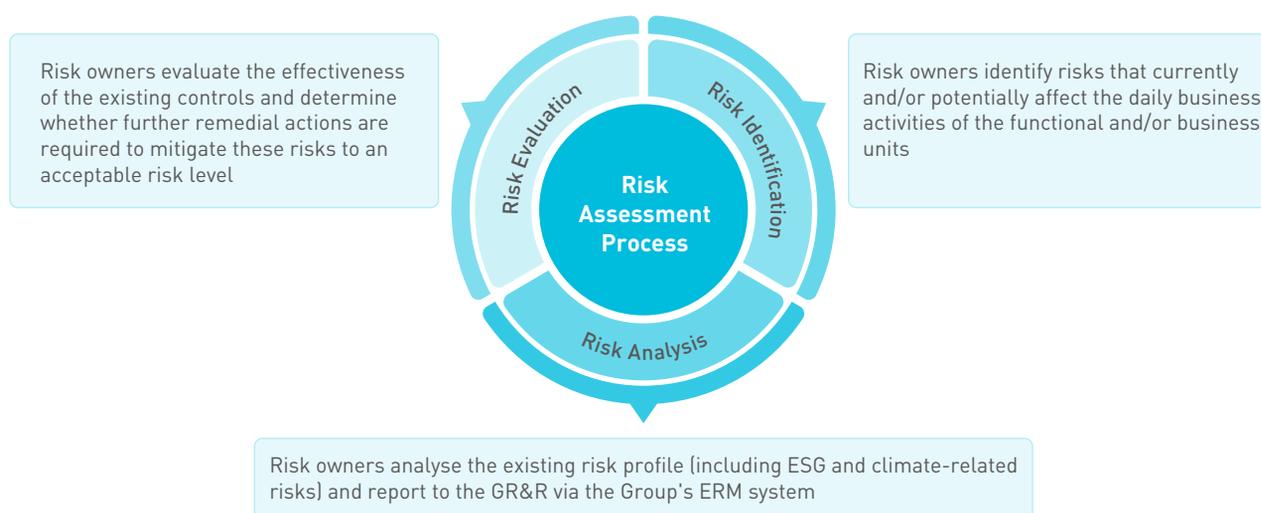
The Group has embedded its risk management systems in the daily operating practices. On a continuous basis, the respective operating units of the Group review and assess the status of potential risks which may impact their business objectives and/or those of the Group. This review process includes assessment of whether the existing internal control system remains relevant and effective, while adequately addressing potential risks, and/or should be supplemented.



RISK MANAGEMENT AND INTERNAL CONTROLS — CONTINUED

Governance Structure and Enterprise Risk Management Framework — Continued

The diagram below demonstrates the ongoing risk assessment process adopted by the Group:



The Audit Committee has established and overseen a whistleblower policy, whereby employees, customers, suppliers and other concerned parties can raise concerns in relation to any actual or suspected occurrence of improper conduct involving a member of the Group, and for such matters to be investigated and dealt with efficiently in an appropriate, transparent and independent manner while the confidentiality of the whistleblower will be properly protected.

The Group regulates the handling and dissemination of inside information as set out in the Corporate Responsibility Policy and various supplementary procedures are in place to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.

Review of the effectiveness of the Risk Management and Internal Control Systems

The Group has implemented processes to undertake extensive testing of its internal controls, and there is an annual certification process in place to support the assessment of the effectiveness of its enterprise risk management and internal control systems.

During 2025, GR&R worked closely with the operating units, senior management, and the directors to further enhance the enterprise risk management systems including such activities, among other matters, increasing the number of training sessions and risk workshops; further standardizing risk reporting narrative, classification, and quantification; closer aligning assessment of internal controls with their inherent risks; and increasing the depth and frequency of interactions with the designated directors with respect to the design, operation and findings of the enterprise risk management system. GR&R presented reports to the Audit Committee where they were reviewed and distributed to the Board. The same reports highlighted the development progress while assisted the directors in the review of the effectiveness of the enterprise risk management and internal control systems of the Group throughout the year.



CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS — CONTINUED

Review of the effectiveness of the Risk Management and Internal Control Systems — Continued

Over the same period, GR&R reviewed the effectiveness of the Group's risk management and internal control systems with scope covering all material risks and controls over financial, operational and compliance controls with emphases on information technology and security, data privacy and protection, third party management and regulatory compliance. Additionally, as part of the annual internal audit planning process, GR&R reviewed the risk registers which the heads of business and corporate functions of the Group were required to update and complete their evaluation of their respective internal controls.

The Audit Committee and the Board were not aware of any areas of concern that would have a material impact on the financial position or results of operations of the Group and considered the enterprise risk management and internal control systems to be generally effective and adequate including the adequacy of resources, staff qualifications and experience, training programmes and the budget of accounting, financial reporting, GR&R and GIA functions as well as other corporate functions pertaining to the Group's ESG performance and reporting. Both the Board and the Audit Committee remained satisfied that the internal risk control framework implemented by the Group continues to provide the necessary elements of enabling business flexibility without compromising the integrity of risk management and internal control systems.

In addition to the review of enterprise risk management and internal controls undertaken within the Group, the external auditor also assessed the adequacy and effectiveness of risk management and internal controls as part of their annual statutory audits. Where appropriate, the external auditor's recommendations are adopted, and enhancements to the risk management and internal controls would be made.

Further information on risk management and internal controls adopted and implemented by the Group is available under the "Corporate Governance" section on the Company's website.

Principal Risks and Uncertainties

The ability of the Group to manage risks, including ESG and climate-related risks and opportunities in accordance with the latest requirements of the Listing Rules, has been continuously evolving through focusing on risk management capabilities, ensuring that they remain robust where risks are timely identified, assessed and mitigated effectively.

The table below shows the principal risks and uncertainties encountered by the Group and its corresponding key mitigating strategies. These risks may adversely and/or materially affect the overall business performance, financial conditions, operations and growth prospects of the Group if they are not managed properly. These principal risks listed below are not exhaustive or comprehensive, and there may be other risks which are not known to the Group or may not be material at this juncture but could turn out to become material in the future. Due to the pace and nature at which risks are evolving, the Group remains vigilant in addressing areas of concern while developing appropriate control measures.



RISK MANAGEMENT AND INTERNAL CONTROLS — CONTINUED

Principal Risks and Uncertainties — Continued

Risk	Risk Level Trend in 2025	Description	Key Mitigation Strategies
Financial Risk <i>Cash Flow</i>		<p>Due to the nature of the Group's long-term investment strategy of real estate development projects in various locations worldwide, these projects are influenced by international and/or domestic investment sentiment and market demand.</p> <p>Other operations, such as hotel and recreational operation in Japan, along with property and facilities management in Hong Kong and Indonesia, are vulnerable to current global economic conditions.</p>	<p>The management continues to conduct ongoing market monitoring to identify early indicators, enabling proactive planning and implementation of mitigation measures to safeguard the financial health of the Group.</p> <p>Additionally, the Corporate Finance function of the Group maintains a timely monitoring of internal cash position to ensure the access to sufficient funding liquidity for its operations and investments, while working closely with the Group Treasury to maintain an effective treasury management framework and secure additional banking facilities for operations and investments.</p>
<i>Foreign Exchange</i>		<p>Considering the developments and operations in various countries such as Hong Kong, Indonesia, Japan and Thailand, fluctuations in foreign exchange rates will have potential impacts on the Group's overall financial position.</p>	<p>At the macro level, the Group employs good planning with sensitivity analysis to address market turbulence risks in advance. Additionally, the Group maintains robust capital market and liquidity management, along with strong banking relationships, to ensure adequate cash surplus for contingencies.</p> <p>At the micro level, proper company policy and approval processes should be in place to employ various financial instruments for currency hedging as a risk management tool.</p>



CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS — CONTINUED

Principal Risks and Uncertainties — Continued

Risk	Risk Level Trend in 2025	Description	Key Mitigation Strategies
Project and Market Risk <i>Project Management</i>	↔	<p>The Group has invested substantially in major projects over the years in Hong Kong, Indonesia, Japan and Thailand. These projects face significant uncertainty and volatility due to geopolitical and economic regimes.</p>	<p>The Group has been employing stringent contractual terms with suppliers and contractors to ensure timely tracking of project milestones and deliverables, while continuously monitoring the performance and creditworthiness of the material contractors and suppliers.</p> <p>Contractors are required to comply with any regulations enforced by relevant authorities and indemnify the Group against damages for any offenses during the construction period.</p> <p>The Group should also ensure enforcement of the relevant regulations, predefined timelines and deliverables through clearly defined contractual terms.</p>
Cost Management	↔	<p>Further increase in interest rates will have an impact on the Group's ability to secure financing on favourable terms for current and future projects.</p>	<p>The Group has actively diversified its investment portfolio across different markets and locations, monitoring mechanism to ensure proper resource planning throughout the project cycle and external bank facilities to manage borrowing costs and foreign currency exposure.</p>
ESG Compliance	↔	<p>In view of the latest ESG development, there are stringent regulations on environmental footprint or performance of raw materials, which could result in increase in costs due to green premium and limited resources availability.</p>	<p>The Group has included sustainable procurement as part of the supply risk assessments criteria to manage potential costs associated with environmental regulations and limited resources.</p>



RISK MANAGEMENT AND INTERNAL CONTROLS — CONTINUED

Principal Risks and Uncertainties — Continued

Risk	Risk Level Trend in 2025	Description	Key Mitigation Strategies
Operational Risk <i>Process Design</i>		<p>The Group recognizes the risk associated with process design, where a poor design may lead to substandard project outcomes. This can result in additional time and financial resources required for rectification, consequently delaying project completion and negatively impacting on the Group's reputation, leasing timelines, and cash flow management.</p>	<p>The Group has introduced a robust tendering process to select fit-for-purpose contractors and service providers.</p> <p>Onsite inspections have been conducted to validate the quality of deliverables against predefined scopes of work statement. Regular project status update meetings have been held to allow for close monitoring and timely identification of project delays.</p> <p>Additionally, a digitalized and automated sales system has been employed to log property sales, preventing duplicate sales on the same unit at approved prices.</p>
Business Interruption		<p>Business interruption due to unexpected events, such as cybersecurity threats and climate change impacts around the globe. Business resilience is essential for meeting stakeholders' expectations, particularly in customer-facing operations.</p>	<p>The Group has been regularly reviewed and updated its business continuity plans and/or disaster recovery plans to enable business units and/or functional units of the Group to resume operations in the event of disruptions caused by, for example, cybersecurity threats and the climate change impacts around the globe. The Group has implemented regular application updates/patch management in effect to enhance business resilience.</p>



CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS — CONTINUED

Principal Risks and Uncertainties — Continued

Risk	Risk Level Trend in 2025	Description	Key Mitigation Strategies
Technology Risk Cybersecurity Threats		<p>A major cybersecurity breach imposes significant potential impacts on the Group's business including operational disruptions, where actions have been taken to mitigate the potential damages to our corporate operation and reputation.</p>	<p>The Group has deployed both technical and administrative measures to combat cybersecurity threats, including promoting cybersecurity awareness among employees, enforcing an Information Security Policy for system and data protection, conducting regular system audits to monitor suspicious traffic and activities to combat cyberattacks, and adopting Problem Management Policy to ensure a proper management of cybersecurity related incidents.</p> <p>Continuous enhancements of security procedures and guidelines have been implemented in response to the potential business and operation disruption from cybersecurity and/or data breach.</p>
People Risk Health and Safety		<p>Considering the nature of business, there may lead to potential reputational damage to the Group if an accident occurs due to a lack of health and safety awareness guidelines or insufficient protection measures available by workers contractors.</p>	<p>All contractors are required to fulfil the health and safety requirements in strict compliance with the relevant local regulations.</p> <p>The Group has also put in place adequate insurance coverage to cover against loss and claims from staff and customers during the course of business activities.</p>



RISK MANAGEMENT AND INTERNAL CONTROLS — CONTINUED

Principal Risks and Uncertainties — Continued

Risk	Risk Level Trend in 2025	Description	Key Mitigation Strategies
Regulatory & Legal Risk <i>Non-compliance</i>	↔	<p>For development projects in Hong Kong and other overseas locations, the Group requires compliance with numerous licenses, local laws and regulations. These cover various aspects including intellectual property, competition, anti-trust, personal data security, property management, construction and the environment etc.</p> <p>The Group operates in countries where it is required to adhere to various requirements according to the local authorities and regulations.</p>	<p>The Group has engaged professional consultants to ensure that all required information to be submitted for statutory or regulatory approval are technically compliant with all relevant regulations. The Group has also been implementing monitoring measures to ensure compliance with the relevant Anti-Bribery and Corruption and International Trade Regulations.</p> <p>The Group has adopted several measures to mitigate regulatory and legal risks, including ensuring all contractors and third parties acting in any capacity of the Group abided by the Group's Bribery, Gifts, and Entertainment Policy.</p> <p>In respect of construction projects over different geographic spans, a well-established tendering process includes conducting pre-qualification assessments of contractors, with final approvals from the Tender Committee for contracts of significant tender sums or quotations.</p> <p>Management conducts regular meetings to monitor and track project progress, quality, and costs for timely reporting to the Executive Committee.</p>

For the risk related to ESG issues of the Group, please refer to the standalone Sustainability Report 2025.

Notes:



Risk level trending upward



Risk level remains broadly the same



Risk level trending downwards



New risk



CORPORATE GOVERNANCE REPORT

ATTENDANCE AT MEETINGS

All directors actively participate in the Company's business. The attendance records of all directors for the Board meetings, meetings of the Board committees and annual general meeting during the year ended December 31, 2025 are set out below:

Name	Meetings attended/eligible to attend in 2025				
	Board Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	Annual General Meeting
Executive directors					
Li Tzar Kai, Richard	4/4	N/A	1/1	1/1	1/1
Benjamin Lam Yu Yee (<i>Deputy Chairman and Group Managing Director</i>)	4/4	N/A	N/A	N/A	1/1
Non-executive director					
Dr Allan Zeman	4/4	N/A	1/1	N/A	1/1
Independent non-executive directors					
Prof Wong Yue Chim, Richard (<i>Independent Non-executive Chairman</i>)	4/4	2/2	1/1	1/1	1/1
Chiang Yun	4/4	1/2	1/1	1/1	1/1
Dr Vince Feng	4/4	2/2	1/1	N/A	1/1



TRAINING AND SUPPORT FOR DIRECTORS

Every newly appointed director of the Company will meet with fellow directors and senior management to ensure he/she has an understanding of the Company's operations and business, and will receive a tailored induction handbook containing the Company's governance structure, key policies and an overview of director's responsibilities, as well as a briefing by qualified professional on the general and specific duties of director under legal and regulatory requirements.

Directors' training is an ongoing process. During the year, all directors received regular updates and presentations on the developments of the Group's business and important amendments to the Listing Rules and other applicable regulatory requirements. These updates aim at enhancing directors' knowledge and skills; and assisting them to comply with good corporate governance practices. During the year ended December 31, 2025, all the current directors have participated in various training and continuous professional development activities and the summary of which is as follows:

	Types of training
Executive directors	
Li Tzar Kai, Richard	A, B
Benjamin Lam Yu Yee (<i>Deputy Chairman and Group Managing Director</i>)	A, B
Non-executive director	
Dr Allan Zeman	A, B
Independent non-executive directors	
Prof Wong Yue Chim, Richard (<i>Independent Non-executive Chairman</i>)	A, B
Chiang Yun	A, B
Dr Vince Feng	A, B

- A: attending relevant seminars and/or conferences and/or forums; or delivering speeches at relevant seminars and/or conferences and/or forums
 B: reading or writing relevant newspapers, journals and articles relating to general economy, general business, corporate governance or directors' duties

COMPANY SECRETARY

During the year ended December 31, 2025, Mr Cheung Kwok Kuen Alan, the company secretary of the Company, has received no less than 15 hours of relevant professional training to refresh his skills and knowledge.

All directors have access to the advice and services of the company secretary, who is responsible for ensuring that the board procedures are followed, for advising the Board on all corporate governance matters, and for arranging induction programs including briefings on the general and specific duties of directors under legal and regulatory requirements for newly appointed directors. The company secretary facilitates the induction and professional development of directors.



CORPORATE GOVERNANCE REPORT

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company is committed to promoting and maintaining effective communication with the shareholders and other stakeholders. A Shareholders Communication Policy has been adopted for ensuring the Company provides the shareholders and the investment community with appropriate and timely information about the Company in order to enable the shareholders to exercise their rights in an informed manner, and to allow the investment community to engage actively with the Company. During 2025, the Company conducted a review of the implementation and effectiveness of the Shareholders Communication Policy. Having considered the channels of communication and engagement in place, it is satisfied that the Shareholders Communication Policy has been properly implemented and is effective. The Shareholders Communication Policy is available on the Company's website (www.pcpd.com).

The Board approved and adopted a dividend policy in November 2018 which sets out its overall objective to deliver steady and sustainable returns to its shareholders. In proposing any dividend payment, the Board will take into account a number of factors which include the Group's financial position and results of operation, the distributions received from its subsidiaries and other investments, the funding needs for the operation and expansion of the Group's businesses, the prevailing economic and market conditions, and other factors the Board may consider relevant and appropriate. The policy states the current intention of the Board which is subject to change.

The Company encourages two-way communication with both institutional and private investors. Information on the activities of the Company is provided in the interim reports and annual reports as well as on the websites of the Company and HKEX. There are regular dialogues between institutional investors and the Company. Enquiries from individuals on matters relating to their shareholdings and the business of the Company are welcomed and they are dealt with in an informative and timely manner. Relevant contact information is provided on page 164 of this annual report.

CONSTITUTIONAL DOCUMENTS

During the year ended December 31, 2025, there were no changes to the constitutional documents of the Company. An up to date copy of Memorandum of Association and Bye-laws of the Company is available on the websites of the Company and HKEX.



SHAREHOLDERS' RIGHTS

1. Procedures by which shareholders can convene a special general meeting

Pursuant to the Bye-laws of the Company, the Board shall, on the requisition in writing of the shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (on a one vote per share basis in the share capital of the Company), proceed to call a special general meeting for the transaction of any business specified in such requisition ("Requisition"). The Requisition must state the purposes of the general meeting, be signed by the shareholder(s) concerned and may consist of several documents in like form, each signed by one or more of those shareholders. A special general meeting must be held within two months after deposit of the Requisition.

If within twenty-one days of such deposit the Board fails to proceed to convene such special general meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda ("Act").

2. Procedures by which enquiries may be put to the Board

Shareholders may, at any time, direct enquiries to the Board. Such enquiries can be addressed to the company secretary in writing by mail to the Company's principal place of business in Hong Kong at 8th Floor, Cyberport 2, 100 Cyberport Road, Hong Kong ("Hong Kong Principal Office").

3. Procedures for putting forward proposals at general meetings

To put forward a proposal at a shareholders' meeting, shareholders are requested to follow the requirements and procedures as set out in the Bye-laws of the Company and the Act.

Pursuant to the Act, (i) shareholder(s) of the Company holding not less than one-twentieth of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the general meeting to which the requisition relates; or (ii) not less than 100 shareholders, can submit a written request stating the resolution intended to be moved at the annual general meeting; or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting.

The written request/statements must be signed by the shareholder(s) concerned and deposited at the Company's registered office in Bermuda at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda ("Registered Office") and its Hong Kong Principal Office, for the attention of the company secretary, not less than six weeks before the annual general meeting in the case of a requisition requiring notice of a resolution and not less than one week before the general meeting in the case of any other requisition.

If the written request is in order, the company secretary will take necessary actions pursuant to the Act.



CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS — CONTINUED

4. Procedures for shareholders to propose a person for election as a director

Pursuant to the Bye-laws of the Company, if a shareholder, who is duly qualified to attend and vote at the general meeting convened to deal with appointment or election of director(s), wishes to propose a person (other than a retiring director and the shareholder himself/herself) for election as a director at that general meeting, such shareholder can deposit a notice in writing of the intention to propose that person for election as a director and a notice in writing by that person of his/her willingness to be elected at the Company's Registered Office or the Hong Kong Principal Office at least seven days before the date of the general meeting. The period for lodging such notice will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and no later than seven days prior to the date of such meeting.

If a shareholder wishes to nominate a person to stand for election as a director, the following documents must be validly served on the company secretary, namely (i) notice of intention to propose a resolution to elect a person as a director ("Nominated Candidate") at the general meeting; (ii) notice in writing executed by the Nominated Candidate of his/her willingness to be elected; and (iii) the information as required to be disclosed under Rule 13.51(2) of the Listing Rules and such other information as required by the Listing Rules and the Bye-laws of the Company from time to time.

By order of the Board

CHEUNG Kwok Kuen Alan

General Counsel and Company Secretary

Hong Kong, February 9, 2026



FINANCIAL INFORMATION

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REPORT OF THE DIRECTORS

The board of directors of Pacific Century Premium Developments Limited (“PCPD” or the “Company”) (the “Board”) presented its annual report together with the audited consolidated financial statements of the Company and its subsidiaries (the “Group”) for the year ended December 31, 2025.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the development and management of premium-grade property and infrastructure projects as well as premium-grade property investments.

An analysis of the Group’s performance for the year by operating segment is set out in note 5 to the consolidated financial statements.

BUSINESS REVIEW

A fair review of the businesses of the Group during the year, particulars of important events affecting the Group that have occurred since the end of financial year 2025, a discussion on the Group’s future business development and an analysis of the Group’s performance during the year using financial key performance indicators are provided in the Statement from the Independent Non-Executive Chairman on page 6, the Statement from the Deputy Chairman and Group Managing Director on pages 7 to 8 and the Management’s Discussion and Analysis on pages 12 to 19 of this annual report and notes 34 and 35 to the consolidated financial statements. The above discussions form part of this report. In addition, this review has also identified a list of principal risks and uncertainties faced by the Group. For more details on the description of these principal risks and uncertainties, please refer to the Corporate Governance Report on pages 24 to 48.

In addition, discussions on the Group’s sustainability policies and performance, relationships with its key stakeholders and compliance with the relevant laws and regulations which would have a significant impact on the Group are provided in the paragraphs below.

Sustainability Policies and Performance

The Group has established its Sustainability Committee and adopted its own Sustainability Policy which includes its environmental policy:

- Strive to achieve green building certification for all our new developments;
- Identify significant environmental impacts associated with our activities, adopt measures to manage and minimise the environmental impacts during design, construction and operation of all our properties;
- Reduce energy consumption, and enhance energy efficiency in our properties;
- Minimise waste generated by our operations, and ensure that waste is reused or recycled as much as possible, with the disposal of any remaining waste occurring in a responsible manner;
- Ensure that we operate in a way that exceeds the standard imposed by legal requirements, and integrate industry environmental best practices; and
- Monitor and measure our progress and set targets to continually improve our environmental performance.



BUSINESS REVIEW — CONTINUED

Sustainability Policies and Performance — Continued

For its property development projects, the Group aims to develop green buildings by meeting internationally-recognised standards in environmental protection and sustainable development through the adoption of energy-efficient building designs, efficient use of materials in construction and environmental management plan during site operation. Further to the recognition of special contribution in sustainable development by winning the award in Indonesia Property Awards 2016, PCP Jakarta, the Group's completed project in Jakarta has been certified by U.S. Green Building Council ("USGBC") with LEED Platinum rating in 2018, following by Greenship Platinum level certified by Green Building Council Indonesia in 2019 and BCA Green Mark Award (Gold, BCA Green Mark International for Non-Residential Buildings Version NRB/4.1) by Building and Construction Authority (BCA) of Singapore in 2020. It is the first ever office building in Indonesia with such highest rating certified by the USGBC.

Demonstrating ongoing dedication to sustainability, PCP Jakarta successfully renewed its Greenship Platinum level certification in 2023, reaffirming its position as a flagship for green building practices in the region. It is currently in its final phase of being re-certified of its Greenship Platinum status for 2026. As part of these continued sustainability initiatives, PCP Jakarta continues the process of implementing upgrades on the equipment related to electricity supply aiming at optimizing energy consumption, with a target of achieving 5% reduction in 2026 despite increased in occupancy rates.

Our Environment

The Group's property management division in Hong Kong, Island South Property Management Limited ("ISPML") has been accredited with ISO 14001 since 2005. In line with ISO continual improvement process guided by Integrated Management System, ISPML's Energy Conservation Taskforce keeps on implementing energy-saving solutions at Bel-Air which has saved over 556,672 kWh in electricity consumption in 2025. In order to heighten the precautionary measures in combating the seasonal flu or other infectious diseases, ISPML has kept the operations of air purifiers installed in all tower lobbies, gym, and restaurants intact to keep on improving the air quality and air change for the wellness of our residents.

ISPML — Bel-Air has engaged in delivering food waste to O · PARK1 since mid of 2021. The continuous accreditations of: Water Supplies Department's Quality Water Supply Scheme For Buildings — Fresh Water (Management System) (Gold) and Flushing Water (Gold), and Environmental Protection Department's Indoor Air Quality Certificate (Excellent Class) in addition to being a recipient of Wastewi\$e, Energywi\$e and IAQwi\$e Certificates of the Hong Kong Green Organisation Certification, Gold Level of Hong Kong Outstanding Green Management Award 2025, Certificate of Merit of 2024 Hong Kong Awards for Environmental Excellence as well as BOCHK Corporate Low-Carbon Environmental Leadership Awards 2024 — EcoPartner label proved its determination to upkeep the effectiveness of the facilities.

Apart from the recognitions for its efforts in promoting sustainable community, throughout the past years it has put in place many green initiatives in areas of waste recycling, and reduction in emission and waste by signing of environmental protection charters such as Carbon Neutrality (Waste Reduction) Charter by 30•50 FoodSmart Partnership Programme, Food Wise Charter by Food Wise Hong Kong, "Food Wise Eateries" Diamond Class Accreditation, "Bye Bye Microbeads" charter by Environmental Protection Department, and Hong Kong Green Organization by Environmental Campaign Committee.

PCP Jakarta continues to encourage energy and water conservation through digital displays and other media. There is even an in-house Sewerage Treatment Plant that is able to produce in excess of 4,000 m³ of recycled water monthly. The recycled water is used for flushing the building's toilets, as well as to supply water for its surrounding horticulture. Recycled water that is further filtrated via reverse osmosis is supplied to the building's cooling towers.



REPORT OF THE DIRECTORS

BUSINESS REVIEW — CONTINUED

Sustainability Policies and Performance — Continued

Our Environment — Continued

Reinforcing its commitment to eco-friendly practices, PCP Jakarta has taken a proactive stance on waste management by implementing and encouraging all tenants to segregate waste, fostering a waste reuse and recycle policy. In the dedication to social responsibility, both PCP Jakarta and its tenants actively engage in charitable initiatives, supporting local orphanages through annual book and toy drives, and collaborating with non-profit organizations for fundraising efforts.

Park Hyatt Niseko Hanazono has maintained its ISO 22000, which sets out the requirements for a food safety management system and maps out what an organization needs to do to demonstrate its ability to control food safety hazards in order to ensure that food is safe. Furthermore, the hotel has continued to drive several initiatives to become more sustainable, such as eliminating single use plastic, glass and aluminum bottled complimentary water and converting guest key cards to recycled wood. It engaged Lumitics which offers the world's most seamless smart food waste tracker, that tracks all food waste in the hotel's kitchens, and this allows dynamic management of food production to minimize food waste, achieving more than 40% reduction in food waste. The hotel has also partnered with beez-fm, whose state of the art technology, smart devices, Internet of Things (IoT), cloud and artificial intelligence are able to deliver highly efficient and innovative building management systems solutions to reduce energy needs. In 2025 the hotel was awarded EarthCheck Silver Benchmark, which is very rare to achieve in the first year of application. EarthCheck is one of the world's leading science-based benchmarking, certification, and advisory programs for environmental and social performance in tourism.

During the year under review, Nihon Harmony Resorts ("NHR") operated its all-season resort business in Niseko, with due regard to environmental protection and regulatory compliance. NHR's operations are closely linked to the alpine environment. Accordingly, the business focuses on responsible land use and the efficient use of energy and water across ski area operations, lift infrastructure, and supporting facilities. In 2025, NHR complied with applicable Japanese environmental laws and local ordinances, including those relating to national park and land use management. Environmental considerations were incorporated into operational planning and capital works, including terrain and drainage management. Waste separation, recycling and energy-efficient operating practices continued to be implemented, supported by employee and contractor awareness initiatives.

Our Agronomy team at Aquella has implemented proactive water-management measures to enhance resilience and sustainability of water use. These include close monitoring of water levels across the irrigation system and improved water-use efficiency. In 2025, two groundwater wells were developed to supplement the existing irrigation lakes. These measures ensure improved water availability for irrigation purposes and enhance overall water-management resilience. We also operate a rainwater collection lagoon of 2,016 cubic meters to capture natural rainfall for irrigation use. Water is pumped, filtered, and transferred to the irrigation lakes by gravity before being reused on the course, helping reduce reliance on groundwater and return water naturally back into the landscape and ecosystem.



BUSINESS REVIEW — CONTINUED

Relationships with Key Stakeholders

The Group is committed to operating in a sustainable manner while balancing the interest of various stakeholders including our employees, customers, suppliers, business partners and the community.

Relationships with Employees

The Group considers its employees the key to sustainable business growth and is committed to providing all employees with a safe and harassment-free work environment with equal opportunities in relation to employment, reward management, training and career development. Workplace safety is a priority of the Group. The Group is keen in ensuring health and safety measures are followed while in the performance of duties by our employees in order to reduce total time lost to work injuries. The Group has in place a fair and effective performance appraisal system and incentive bonus schemes designed to motivate and reward employees at all levels to deliver their best performance and achieve business performance targets. For continuous development, the Group provides sponsorship/subsidies to employees who are committed to job related personal development and learning.

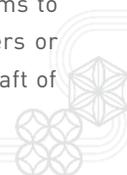
At Aquella, ongoing staff training programs are implemented to promote awareness of sustainability, workplace safety, and responsible resource use. These programs include Basic First Aid and CPR, medical emergency response, fire prevention, proper use of fire extinguishers, and evacuation procedures.

Relationships with Customers

Save as disclosed under the section headed “Management’s Discussion and Analysis”, one of the major sources of revenue for the Group is ownership and operation of a ski and golf resort, property management and holiday letting business in Niseko, Hokkaido of Japan. The Group offers a comprehensive all-season holiday solution for discerning guests, offering a complete suite of class-leading resort services including ski-lifting, snow-sports and guiding school, specialty retail, equipment rental, restaurant operations, golf, white-water rafting, ziplining, tree-trekking and cultural/art installations such as “Mountain Lights”. Renowned for its consistent deep powder snow, Niseko has become a magnet for ski tourists from across the globe. Park Hyatt Niseko, aspires to be the best luxury all-season resort in Asia and one of the world’s top winter luxury resorts, maintaining key customer relationships through the World of Hyatt loyalty program, as well as direct contact and personalized services provided by the guest experience management team based on property. The hotel and Hyatt globally have dedicated resources to foster close connections with the key luxury agents and luxury consortia partners. The hotel has won in consecutive years 2024 & 2025 Travel + Leisure Awards Asia Pacific Best Beach, Island + Upcountry Hotels (Japan), it has also been awarded in both 2024 & 2025 One MICHELIN Key.

The Group’s business activities in Japan continue to grow from strength to strength, significantly outpacing pre-pandemic performance and showing double-digit year on year growth across all commercial categories. The Niseko area continues to be at the top of the “bucket list” for the world’s aspirational mountain sport enthusiasts. The positive reactions of customers towards many of the Group’s recent improvements and initiatives on both infrastructure and services are encouraging and validates the Group’s target positioning as accurate.

Embracing the mix of different cultures and languages, the business division works closely and collaboratively with government agencies at all levels and continues to maintain important strategic working relationships with all local companies. The Group aims to offer a safe, diverse, interesting and culturally sensitive experience for all levels of customers, whether families, children, elders or sports enthusiasts. The Group is committed to providing Niseko’s finest holiday experience, delivering quality services that set a raft of new benchmarks in Japan.



REPORT OF THE DIRECTORS

BUSINESS REVIEW — CONTINUED

Relationships with Key Stakeholders — Continued

Relationships with Customers — Continued

The market trend is for companies to look for sustainably designed buildings and high-quality amenities with more options for office premises. To show great resilience with high-quality space, apart from the existing fitness centre and food pavilion in PCP Jakarta, the Group partnered with a prestige flexible space operator so as to provide a high-quality tailor-made premise to meet the demand for new set-up to established multi-national companies in this largest economy in South-East Asia.

For the property management and facilities management services in Hong Kong, ISPML, the property management division has established various communication channels to create curated experience for customers such as Bel-Air hotline, mobile apps, electronic mail and website (www.bel-air-hk.com) to enhance two-way communication with residents and their involvement in the community. Publications including quarterly Newsletters, FAQ booklet and resident booklet have been compiled to facilitate residents seeking estate information, direct mail is used to ensure residents acquire the latest news and promotions. In addition, to commit in our continual improvement of an effective and efficient complaints-handling process, a comprehensive platform is established based on requirements of ISO 10002 & Property Management Services Authority (PMSA) related regulations, to cover all channels of residents' opinions for swift and close follow up. In Indonesia, the building management team works with the tenants on the preventive maintenance within the tenants' premise to enhance the safety standard of the building.

To pursue continuous improvement on service quality, ISPML conducts internal review on complaint cases so as to better understand residents' views on its services and to ensure that it could meet the residents' expectations. Regular meetings with Owners' Committee and sub-committee members are held to discuss the estate issues and the ways that the property management division can further improve its service standard. Residents' opinions and suggestions are considered as valuable assets. As such, the property management division would study the feasibility of each suggestion made by the aforesaid committees. All residents' feedbacks would be responded in a timely manner.

The Group owns and operates PCP Jakarta, a premium Grade A office building located in the heart of the financial hub of Sudirman Central Business District (SCBD) Jakarta. The building is tenanted by worldwide multinational companies. PCP Jakarta, is the first office building in Indonesia to achieve LEED Platinum Grade certification awarded by the USGBC. The building provides a comfortable, smoke free, energy efficient working environment to all tenants. The building has a clear headroom height of 3.05 meters, floor loading capacity of 5 kPa, and is built with steel and reinforced concrete to achieve seismic standard 25% over the existing government requirement. This enables PCP Jakarta to be one of the most sought after office buildings in Jakarta. PCP Jakarta is built with a vision to provide tenants with work-health balance in mind. The building is the first to have a state-of-the-art gym with an outdoor swimming pool and trainers are internationally certified. A food pavilion and fully equipped function rooms are some of the facilities for tenants to enjoy. In addition to the tracking of the feedbacks by the public from social media, PCP Jakarta also conducted survey on the overall satisfaction of the building environment in 9 different areas by the tenants.

The building's tenant relations officers provide services such as greeting of tenants and making courtesy calls to tenants on regular basis to review service standards. Feedback forms are placed at the concierge desk in the main lobby to encourage tenants to provide feedback for improvement on services. All feedbacks are addressed promptly and attended to within the day. The tenant relations officers also regularly conduct checks of public forum on reviews of PCP Jakarta and to thank the contributors for their feedback, comments and suggestions. The tenant relations officers aim to provide excellent service by anticipating tenants' needs and enquiries.



BUSINESS REVIEW — CONTINUED

Relationships with Key Stakeholders — Continued

Relationships with Customers — Continued

NHR places strong emphasis on maintaining high standards of customer service and engagement across its resort operations. Customer feedback is monitored through multiple digital platforms, including Google, TripAdvisor and the Group's official website. Based on the annual aggregation of customer reviews for the financial year 2025, the overall average rating reached 4.5, representing the highest score since records began in 2018. A total of 472 reviews were recorded across all platforms, indicating stable customer engagement. The complaint ratio declined to 10.7%, the lowest level in the past three years, reflecting continued improvements in service quality and issue prevention. Response management remained effective, with approximately 90% of negative reviews responded to within 72 hours. In addition, Padel+ Niseko was added to the consolidated review monitoring framework during the year. Multiple new strategies were deployed in lead up to the 2025/26 winter season, designed to enhance customer experience, including enhanced ground transportation solutions, parking management services, ski lift line management systems, expanded hours of operations and activities, and the introduction of a high visible and interactive Guest Services department that combs the resort area communicating with our customers.

Aquella continues to collaborate with 59club, which conducts mystery shopper audits and provides onsite training. 59club conducted 6 annual audits (mystery shopper) and provided detailed feedback on all aspects of the operation. This process helps identify and quantify training needs, tailored training programs for associates and provide a consistent and exceptional guest experience.

Relationships with Suppliers and Contractors

The Group is committed to delivering prestigious high quality sustainable development projects. It is imperative that suppliers and contractors share the same vision and mission. The Group adopts a partnership approach to solicit the commitments of the stakeholders to create the all-win situation. A procedure has also been established to ensure that procurement process is fair and transparent. Procedures are also put in place to monitor and review the deliverables from suppliers and contractors and there are adequate channels to provide feedback to them.

In day-to-day routine procurement and property maintenance processes, PCP Jakarta places environmental sustainability and the provision of "green" standard materials as key considerations during its selection process. At PCP Jakarta, the relationship-building approach is centered on collaboration, transparency, and alignment with corporate goals, particularly around environmental sustainability and safety. Our procurement practices are designed to ensure the supply of high-quality materials and services that adhere to rigorous environmental and safety standards. Supplier and contractor relationships are built on shared values of sustainability, safety, and continuous improvement. Through our adherence to environmental sustainability principles and ISO 45001:2018 safety standards, we create a procurement ecosystem that not only delivers high-quality products and services but also aligns with our corporate social responsibility goals. By working closely with our partners and fostering open communication, we ensure a robust and resilient supply chain that contributes to the long-term success and sustainability of our projects. On the other hand, Park Hyatt Niseko Hanazono ensures all food and beverage suppliers adhere to the standards set by ISO 22000.



REPORT OF THE DIRECTORS

BUSINESS REVIEW — CONTINUED

Relationships with Key Stakeholders — Continued

Relationships with Suppliers and Contractors — Continued

NHR engages a range of suppliers and contractors to support its resort operations, including lift engineering, mountain construction, facilities maintenance and guest services. During the year under review, procurement and contractor engagement were conducted in accordance with Group policies and applicable Japanese regulations. Selection processes are fair and transparent, with contractors assessed based on technical capability, safety performance, regulatory compliance and delivery capacity. For safety-critical infrastructure, NHR engages experienced and appropriately certified contractors and requires compliance with statutory and manufacturer requirements. Environmental protection and workplace safety expectations are incorporated into contractual arrangements, with performance monitored during execution to support operational reliability and continuous improvement.

Relationships with Community

In the year under review, we continued to allocate resources in contributing to environmental organisation, while continue to focus on supporting to those in need. PCPD served as an Elite Sponsor of the 32nd Green Power Hike to promote green living, wellness and environmental awareness. In addition to sponsorship, a corporate team was formed to join the hike, fostering colleague engagement and community participation. This involvement underscores our support for locally led environmental initiatives and advocacy for sustainable lifestyles.

We collaborated with the Hong Kong Federation of Youth Groups and organised a sharing session at Cyberport to encourage youngsters in pursuit of their dreams for the fourth time in July 2025. Three PCPD representatives shared insights and personal experiences from careers in architecture, project management and property sales, inspiring young participants to pursue their goals and prepare for future career paths.

The Company has received the Caring Company Logo for 6 consecutive years. The Caring Company Scheme has been launched by the Hong Kong Council of Social Service since 2002 with an aim to cultivate good corporate citizenship and promotion of partnership between the business and social welfare sectors.

ISPML, the property management division has been awarded the Caring Company Logo for 18 consecutive years in recognition of its efforts to promote building a cohesive society through strategic partnership with non-profitable organisations and social enterprises. ISPML continued the “tough times collaboration” with our community partner, New Life Psychiatric Rehabilitation Association (“New Life”) by sponsoring and conducting volunteer visit at New Life Shek Pai Wan Integrated Work Centre before Christmas.

Park Hyatt Niseko contributed in excess of 400 hours in community outreach and support with activities and programs with the local middle and high schools, Sapporo culinary schools, internships, plus many community cultural events and sponsorships.

For details of the above initiatives, please refer to the Sustainability Report 2025.



BUSINESS REVIEW — CONTINUED

Compliance with Laws and Regulations

Among the principal activities of the Group is property development in Hong Kong. The Group complies with applicable laws and regulations in its sales efforts and arrangements, including the Residential Properties (First-hand Sales) Ordinance. Another principal activity of the Group is property management in Hong Kong, supported by compliance procedures that ensure adherence to applicable laws, rules and regulations, in particular, those that have significant impact on the property management industry. Any changes in the laws, rules and regulations affecting property development and management are brought to the attention of relevant employees and operation teams. The Group is also committed to safeguarding the security of personal data. When collecting and processing such data, the Group complies with the Personal Data (Privacy) Ordinance and the guidelines issued by the Office of the Privacy Commissioner for Personal Data.

In Japan, the Group operates all-season recreational activities for customers and manages the related facilities and assets including ski lifts, and engages in property management and property development businesses. The operating vehicles in Japan hold the required licences for the business activities they carry out. The local management team checks to ensure that the subsidiaries in Japan have complied with all applicable local laws and regulations for their principal business activities, such as the Railway Business Act, National Parks Law, Food Hygiene Law, Real Estate Law, Building Standards Law and Hotel & Ryokan Management Law in Japan.

In addition to the above, in terms of hotel business, the Group owns Park Hyatt Niseko, Hanazono and operates Midtown Niseko in Japan. These hotels hold the necessary licenses and permits which are required for their operations, and are in compliance with the applicable local laws and regulations such as Hotel & Ryokan Management Law and Travel Business Law.

For the Group's property investment activities in Indonesia, the Group complies with all applicable laws and regulations governing property ownership and its operation including compliance with requirements relating to land and building rights, zoning, building approval and occupancy, business licensing, environmental compliance, license and other permits or approvals as may be required by the relevant government bodies. The Group monitors regulatory developments and ensures that relevant licenses and permits remain valid and in full force for the conduct of its operations in Indonesia.

For the Group's property development in Thailand, the Group complies with all applicable laws and regulations governing property development, including planning, construction, environmental protection, lease and/or sales, and property management, implemented by relevant government bodies.

Other Corporate and Administrative Requirements

The Group is also subject to various corporate and administrative requirements under other laws and regulations, such as the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") ("Listing Rules"), the Codes on Takeovers and Mergers and Share Buy-backs, and the Employment Ordinance (Cap. 57 of the Laws of Hong Kong). Through various internal controls and approval procedures that are in place, the Company seeks to ensure compliance with these requirements.

SUSTAINABILITY REPORT

A separate sustainability report for 2025 will be published on the websites of the Company and Hong Kong Exchanges and Clearing Limited at the same time as the publication of this annual report in compliance with the Listing Rules.



REPORT OF THE DIRECTORS

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended December 31, 2025 are set out in the accompanying consolidated statement of comprehensive income on page 81.

For the year ended December 31, 2025, the Board did not declare any interim dividend to shareholders nor any interim distribution to bonus convertible noteholders (2024: Nil). The Board did not recommend the payment of a final dividend to shareholders nor a final distribution to bonus convertible noteholders for the year ended December 31, 2025 (2024: Nil).

FINANCIAL SUMMARY

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years is set out on page 161.

SUBSIDIARIES

Particulars of the principal subsidiaries of the Company are set out in note 19 to the consolidated financial statements.

PRINCIPAL PROPERTIES

Details of the principal properties under development/held for development and held for investment purposes are set out on pages 162 to 163.

BORROWINGS

Particulars of the borrowings of the Group are set out in note 22 to the consolidated financial statements.

SHARES ISSUED

There were no new shares of the Company (the "Shares") issued during the year ended December 31, 2025.

Details of movements in the share capital of the Company during the year are set out in note 24 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at December 31, 2025, the Company's reserves available for distribution, calculated under the Companies Act 1981 of Bermuda (as amended), amounted to HK\$4,509 million (2024: HK\$4,516 million).

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2025, the aggregate amount of revenue from sales of goods or rendering of services attributable to the Group's five largest customers represented less than 30% of the Group's total revenue, and the aggregate amount of purchases attributable to the Group's five largest suppliers represented less than 30% of the Group's total purchases.



DIRECTORS

The directors of the Company who have held office during the year and up to the date of this report are:

Executive Directors

Li Tzar Kai, Richard
Benjamin Lam Yu Yee (*Deputy Chairman and Group Managing Director*)

Non-Executive Director

Dr Allan Zeman, GBM, GBS, JP

Independent Non-Executive Directors

Prof Wong Yue Chim, Richard, SBS, JP (*Independent Non-Executive Chairman*)
Chiang Yun
Dr Vince Feng

In accordance with bye-law 87 of the Bye-laws of the Company, Li Tzar Kai, Richard and Benjamin Lam Yu Yee shall retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of the directors of the Company are set out in the section headed “Board of Directors” on pages 20 to 22.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive directors an annual confirmation of his/her independence and the Company considers that they are independent based on the independence guidelines as set out in Rule 3.13 of the Listing Rules.

DIRECTORS’ SERVICE CONTRACTS

None of the directors who are proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).



REPORT OF THE DIRECTORS

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at December 31, 2025, the directors and chief executives of the Company and their respective close associates had the following interests or short positions in the shares, underlying shares and 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 pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules:

1. Interests in the Company

The table below sets out the aggregate long positions in the Shares held by the directors and chief executives of the Company:

Name of director/ chief executive	Personal interests	Number of ordinary Shares held			Total	Approximate percentage of the total number of Shares in issue
		Family interests	Corporate interests	Other interests		
Li Tzar Kai, Richard	—	—	207,267,814 <i>(Note (a))</i>	402,164,972 <i>(Note (b))</i>	609,432,786	29.90%

Notes:

- (a) Of these Shares, Pacific Century Diversified Limited ("PCD"), a wholly-owned subsidiary of Chiltonlink Limited ("Chiltonlink"), held 181,520,587 Shares, and Eisner Investments Limited ("Eisner") held 25,747,227 Shares. Li Tzar Kai, Richard owned 100% of the issued share capital of Chiltonlink and Eisner.
- (b) These interests represented:
- (i) a deemed interest in 118,093,122 Shares held by Pacific Century Group Holdings Limited ("PCGH"). Li Tzar Kai, Richard was the founder of certain trusts which held 100% interests in PCGH. Accordingly, Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 118,093,122 Shares held by PCGH; and
- (ii) a deemed interest in 284,071,850 Shares held by Pacific Century Regional Developments Limited ("PCRD"), a company in which PCGH had, through itself and certain wholly-owned subsidiaries being Anglang Investments Limited, Pacific Century Group (Cayman Islands) Limited, Pacific Century International Limited and Borsington Limited, an aggregate of 88.68% interest. Li Tzar Kai, Richard was the founder of certain trusts which held 100% interests in PCGH. Accordingly, Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 284,071,850 Shares held by PCRD. Li Tzar Kai, Richard was also deemed to be interested in 1.06% of the issued share capital of PCRD through Hopestar Holdings Limited, a company wholly-owned by Li Tzar Kai, Richard.



DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS — CONTINUED

2. Interests in the Associated Corporations of the Company

A. PCPD Capital Limited ("PCPD Capital")

The table below sets out the aggregate long positions in the 5.125% bonds due 2026 (the "2026 Bonds") issued by PCPD Capital, an associated corporation of the Company, held by the director of the Company:

Name of director	Principal amount of the 2026 Bonds held (US\$)				Total
	Personal interests	Family interests	Corporate interests	Other interests	
Li Tzar Kai, Richard	—	—	21,717,000 <i>(Note)</i>	—	21,717,000

Note:

These 2026 Bonds were held by Hertford Ventures Limited, a wholly-owned subsidiary of Ace Holdings Management Limited ("Ace Holdings"). Li Tzar Kai, Richard owned 100% of the issued share capital of Ace Holdings.

B. Easy Treasure Limited ("Easy Treasure")

The table below sets out the aggregate long positions in the shares issued by Easy Treasure, an associated corporation of the Company, held by the director of the Company:

Name of director	Number of ordinary shares held				Total	Percentage of the total number of shares of Easy Treasure in issue
	Personal interests	Family interests	Corporate interests	Other interests		
Allan Zeman	—	—	999 <i>(Note)</i>	—	999	9.99%

Note:

These shares were held by Paradise Pinetree Development Limited ("Paradise"). Allan Zeman owned 100% of the issued share capital of Paradise.

Save as disclosed in the foregoing, as at December 31, 2025, none of the directors or chief executives of the Company or their respective close associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.



REPORT OF THE DIRECTORS

SHARE OPTIONS AND DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

The Company operates a share option scheme which was adopted by its shareholders at the Company's annual general meeting held on May 14, 2025 (the "2025 Scheme"), following the expiration of the share option scheme (adopted by its shareholders at the Company's annual general meeting held on May 6, 2015 and became effective on May 7, 2015 following its approval by PCCW's shareholders) (the "2015 Scheme") on May 6, 2025. The 2025 Scheme is valid and effective for a period of 10 years commencing on May 14, 2025. Under the 2025 Scheme, the Board shall be entitled to offer to grant a share option to any eligible participant whom the Board may select at its absolute discretion. The major terms of the 2025 Scheme are set out below:

- (1) The purpose of the 2025 Scheme is to provide eligible participants with the opportunity to acquire proprietary interests in the Company and to encourage eligible participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its shareholders as a whole.
- (2) Eligible participants comprise (a) directors and employees of any Group member (including persons who are granted options and/or awards under a share scheme as an inducement to enter into employment) ("Employees") and (b) persons who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group or which will contribute significantly to the growth of the Group's financial or business performance, including independent contractors, consultants, agents, advisers and suppliers engaged to provide services in relation to research and development, marketing, innovation upgrading, strategic/commercial planning on corporate image, investor relations and core administrative functions, excluding placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions and professional services providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity ("Service Providers").
- (3) The total number of new Shares which may be issued pursuant to the exercise of options granted under the 2025 Scheme must not exceed 10% of the total number of Shares in issue (excluding treasury shares, if any) as at the date of adoption (the "Scheme Limit"), subject to the scheme mandate limit. Within the Scheme Limit, the total number of new Shares which may be issued pursuant to the exercise of options granted to the Service Providers shall be no more than 0.5% of the total number of Shares in issue (excluding treasury shares, if any) as at the date of adoption (the "Service Provider Sublimit").

As at the date of this annual report, the total number of Shares available for issue in respect of which options may be granted under the 2025 Scheme is 203,823,674, representing approximately 10% of the Shares in issue (excluding treasury shares, if any) as at that date, subject to the scheme mandate limit.

- (4) The total number of Shares issued and to be issued upon exercise of options and/or vesting of awards involving new Shares granted and to be granted (whether under the 2025 Scheme or any other share scheme) to any single eligible participant, whether or not already a grantee, in any 12-month period shall be subject to a limit that it shall not exceed 1% of the Shares in issue (excluding treasury shares, if any) at the relevant time (the "Individual Limit"). Any grant or further grant of options to an eligible participant (whether or not already a grantee) which would result in the Shares issued and that may be issued upon exercise of all options and/or vesting of all awards involving new Shares granted and to be granted (whether under the 2025 Scheme or any other share scheme) to such eligible participant (excluding those Shares issued or issuable in respect of options and/or awards lapsed in accordance with the terms of the corresponding scheme) in the 12-month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to the prior approval of shareholders of the Company, on which approval the eligible participant, his or her close associates (or associates, if the eligible participant is a connected person) shall abstain from voting.



SHARE OPTIONS AND DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES — CONTINUED

- (5) An option may, subject to the terms and conditions upon which such option is granted, be exercised in whole or in part in the manner set out in scheme rules of the 2025 Scheme. An option may be exercised during the period commencing on the vesting date of the option and expiring on the close of business of the date of expiry of the option as specified in the offer letter in respect thereof, which date shall not be later than the day last preceding the 10th anniversary of the date of grant of the option.
- (6) The vesting period of the options granted under the 2025 Scheme shall be determined by the Board subject to a minimum period of no less than 12 months. However, where the eligible participant is an Employee, the Remuneration Committee (in the case where such Employee is a Director or a senior manager identified by the Company) or the Directors (in the case where such Employee is neither a Director nor a senior manager identified by the Company) shall have the authority to determine a shorter vesting period.
- (7) No consideration is payable by the grantee on the acceptance of an option.
- (8) The exercise price in relation to each option shall be determined by the Board in its absolute discretion but in any event shall not be less than the higher of (i) the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant; and (ii) the average closing price of the Shares as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of grant.
- (9) Subject to the early termination by an ordinary resolution in general meeting of shareholders or resolutions of the Board, the 2025 Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption on May 14, 2025 and expiring on the tenth anniversary thereof (i.e., May 13, 2035), after which period no further options shall be granted but the provisions of the 2025 Scheme shall remain in full force and effect in all other respects.

No share options have been granted, exercised, cancelled or lapsed under the 2015 Scheme and the 2025 Scheme since their adoption and up to and including December 31, 2025.

As at January 1, 2025, the number of Share options available for grant under the 2015 Scheme pursuant to its scheme limit was 40,266,831. As no share options have been granted and remain outstanding under the 2015 Scheme and the 2025 Scheme since their adoption and up to and including December 31, 2025, the number of Shares that may be issued in respect of Share options granted thereunder during the period under review is 0 representing 0% of the weighted average number of Shares in issue (excluding treasury shares, if any) for the period under review.

As at December 31, 2025, the number of Share options available for grant under the 2025 Scheme pursuant to the scheme mandate limit was 203,823,674; and, within the scheme mandate limit, the Service Provider Sublimit was 10,191,183.

Save as disclosed above, at no time during the year under review was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangement that may enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the directors or chief executives of the Company or their spouses or children under 18 years of age had any right to subscribe for equity or debt securities of the Company or any of its associated corporations or had exercised any such right during the year under review.



REPORT OF THE DIRECTORS

EQUITY-LINKED AGREEMENTS

Share Option Scheme

The Group has a share option scheme with details set out in the section above headed “Share Options and Directors’ Rights to Acquire Shares or Debentures” and note 26 to the consolidated financial statements.

Bonus Convertible Notes

As a result of the issue of bonus convertible notes in the aggregate amount of HK\$592,572,154.40 convertible into a total of 1,185,144,308 Shares at a conversion price of HK\$0.50 per share (after adjustment made as a consequence of a share consolidation of the Company which became effective on June 25, 2012) in 2012, up to December 31, 2025, bonus convertible notes in the aggregate amount of HK\$592,552,133.20 (December 31, 2024: HK\$592,552,133.20) were converted into 1,185,104,266 Shares (December 31, 2024: 1,185,104,266 shares) at the conversion price of HK\$0.50 per share. As at December 31, 2025, the Company’s outstanding bonus convertible notes were in the aggregate amount of HK\$20,021.20 convertible into a total of 40,042 Shares at the conversion price of HK\$0.50 per share. The bonus convertible notes can be converted into Shares at any time provided that the Company’s minimum public float requirements under the Listing Rules could be complied with.

Supporting Agreement

On May 23, 2013, the Group entered into a supporting agreement (the “Supporting Agreement”) with ACE Equity Holdings Limited (the “Supporter”), whereby the Group would settle part of the services received in the value of US\$23 million by means of, among other things, issuing non-voting, non-contributory but dividend participating class B shares (the “Melati Class B Shares”) representing not more than 6.388% of the share capital of the Company’s indirect wholly-owned subsidiary, Melati Holding Limited (“Melati”), to the Supporter. The Group also granted a put option to the Supporter to require the Group to purchase all the Melati Class B Shares after the expiry of 5 years from the date of issue of the shares based on then consolidated net asset value of Melati and its subsidiaries.

Details of the Supporting Agreement are set out in the joint announcement issued by the Company and PCCW dated May 23, 2013, the circular issued by the Company dated June 25, 2013.

Sale and Purchase Agreement

As disclosed in the joint announcement of the Company and PCCW dated January 15, 2018 (the “Joint Announcement”), Silvery Sky Holdings Limited (“Silvery Sky”, a wholly-owned subsidiary of the Company), as purchaser entered into a sale and purchase agreement (the “SPA”) with CSI Properties Limited (“CSI”) as vendor’s guarantor and Radiant Talent Holdings Limited (“Radiant Talent”, a wholly-owned subsidiary of CSI), as vendor whereby Silvery Sky would acquire from Radiant Talent the entire issued share capital of Fast Million Limited (“Fast Million”) and the entire shareholder’s loan owing to Radiant Talent by Fast Million, for the purpose of joint redevelopment of certain properties owned by Fast Million (through its wholly-owned subsidiaries) for a consideration comprising an initial cash payment of HK\$2,018 million (subject to adjustments) and the allotment and issue of one non-voting participating share of Silvery Sky credited as fully paid up at an issue price of US\$1.00 (the “NPS”) to Radiant Talent upon completion of the SPA. Upon completion on March 23, 2018, Fast Million became a wholly-owned subsidiary of Silvery Sky which in turn through its wholly-owned subsidiaries owned entire interest of certain properties.

The NPS would, among others, entitle Radiant Talent to the right to be paid or distributed 50% of the dividends declared or distributions made by Silvery Sky. Subject to certain contingent event having occurred which would give rise to the right to Conversion (as defined below) of NPS and subject to, amongst others, payment to Concept Plus Holdings Limited, a wholly-owned subsidiary of the Company, by Radiant Talent in accordance with the shareholders’ memorandum entered into at completion of the SPA, the NPS held by Radiant Talent would be converted to one new fully paid up ordinary share of Silvery Sky (the “Conversion”), representing 50% of the entire issued share capital of Silvery Sky immediately following the Conversion. As at December 31, 2025, the Conversion has not occurred.

Details of the SPA are set out in the Joint Announcement issued by the Company and PCCW dated January 15, 2018.



INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF SUBSTANTIAL SHAREHOLDERS

As at December 31, 2025, the following persons (other than directors or chief executives of the Company) were substantial shareholders of the Company and had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept pursuant to Section 336 of the SFO:

Name of shareholder	Note(s)	Number of Shares/ underlying Shares held	Approximate percentage of the total number of Shares in issue
Long Positions			
PCCW	<i>I</i>	612,854,407	30.07%
PCGH	<i>II</i>	402,164,972	19.73%
Star Ocean Ultimate Limited	<i>III and IV</i>	402,164,972	19.73%
The Ocean Trust	<i>III</i>	402,164,972	19.73%
The Starlite Trust	<i>III</i>	402,164,972	19.73%
OS Holdings Limited	<i>III</i>	402,164,972	19.73%
Ocean Star Management Limited	<i>III</i>	402,164,972	19.73%
The Ocean Unit Trust	<i>III</i>	402,164,972	19.73%
The Starlite Unit Trust	<i>III</i>	402,164,972	19.73%
Star Ocean Ultimate Holdings Limited	<i>IV</i>	402,164,972	19.73%
Fung Jenny Wai Ling	<i>V</i>	402,164,972	19.73%
Huang Lester Garson	<i>V</i>	402,164,972	19.73%
PCRD		284,071,850	13.94%
PCD		181,520,587	8.91%

Notes:

- I. PCCW indirectly held these interests through Asian Motion Limited, a company wholly-owned by PCCW.
- II. These interests represented (i) PCGH's beneficial interests in 118,093,122 Shares; and (ii) PCGH's interests (through itself and its controlled corporations, being its wholly-owned subsidiaries, Borsington Limited, Pacific Century International Limited, Pacific Century Group (Cayman Islands) Limited and Anglang Investments Limited, which together controlled 88.68% of the issued share capital of PCRD) in 284,071,850 Shares held by PCRD.
- III. On April 18, 2004, Li Tzar Kai, Richard transferred the entire issued share capital of PCGH to Ocean Star Management Limited as trustee of The Ocean Unit Trust and The Starlite Unit Trust. The entire issued share capital of Ocean Star Management Limited was held by OS Holdings Limited. The Ocean Trust and The Starlite Trust held all units of The Ocean Unit Trust and The Starlite Unit Trust respectively. Star Ocean Ultimate Limited was the discretionary trustee of The Ocean Trust and The Starlite Trust.
- IV. On November 4, 2013, Star Ocean Ultimate Limited became a controlled corporation of Star Ocean Ultimate Holdings Limited.
- V. Fung Jenny Wai Ling and Huang Lester Garson were deemed to be interested in such Shares under the SFO as each of them controlled the exercise of one-third or more of the voting power at general meetings of each of Ocean Star Investment Management Limited, OS Holdings Limited and Star Ocean Ultimate Holdings Limited.



REPORT OF THE DIRECTORS

INTERESTS AND SHORT POSITIONS OF OTHER PERSONS REQUIRED TO BE DISCLOSED UNDER THE SFO

As at December 31, 2025, the following person (other than directors or chief executives or substantial shareholders (as disclosed in the previous section headed “Interests and Short Positions in Shares and Underlying Shares of Substantial Shareholders”) of the Company) had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept pursuant to Section 336 of the SFO:

Name	Number of Shares/ underlying Shares held	Approximate percentage of the total number of Shares in issue
<i>Long Positions</i>		
Ocean Star Investment Management Limited <i>(Note)</i>	402,164,972	19.73%

Note:

Ocean Star Investment Management Limited was deemed interested under the SFO in the Shares by virtue of it being the investment manager of The Ocean Unit Trust and The Starlite Unit Trust which together held 100% of PCGH (see the notes to the previous section headed “Interests and Short Positions in Shares and Underlying Shares of Substantial Shareholders”).

Save as disclosed above in this section and the previous section headed “Interests and Short Positions in Shares and Underlying Shares of Substantial Shareholders”, the Company has not been notified of any other persons (other than directors or chief executives of the Company) who had an interest or a short position in the Shares, underlying Shares or debentures of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO as at December 31, 2025.

DIRECTORS’ MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Details of the connected transactions and continuing connected transactions; and material related party transactions are disclosed in this report and in note 33 to the consolidated financial statements.

Save for the above, no other transactions, arrangements or contracts of significance in relation to the Group’s business to which the Company, or any of its subsidiaries, fellow subsidiaries or parent company was a party, and in which a director of the Company or his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.



DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended December 31, 2025, the interests of the directors of the Company in competing businesses required to be disclosed pursuant to Rule 8.10 of the Listing Rules were as follows:

Name of director	Name of company	Nature of business	Nature of interests
Li Tzar Kai, Richard	CK Hutchison Holdings Limited ("CK Hutchison") and its subsidiaries	Ports and related services, retail, infrastructure and telecommunications	(Note)
	CK Asset Holdings Limited ("CK Asset") and its subsidiaries	Property development and investment, hotel and serviced suite operation, property and project management, pub operation and investment in infrastructure and utility asset operation	(Note)

Note:

Li Tzar Kai, Richard's father Li Ka-shing is the settlor of certain discretionary trusts of which the discretionary beneficiaries are, inter alia, Li Tzar Kuoi, Victor and himself. Such discretionary trusts hold units in certain unit trusts (together "LKS Trusts"). The LKS Trusts are interested in certain shares of CK Hutchison and CK Asset. Certain businesses of CK Hutchison and CK Asset may compete with certain aspects of the businesses of the Group during the year.

In addition, Li Tzar Kai, Richard is a director of certain private companies (the "Private Companies"), which are engaged in property development and investment.

Further, Li Tzar Kai, Richard is a director and chairman of PCRDC. PCRDC is an investment holding company with interests in telecommunications and media (through PCCW), logistics, property and infrastructure investment and development in the Asia Pacific region.

The business interests of the Private Companies in Hong Kong are not significant when compared with the business of the Group and it is unlikely that such business interests will compete with the business of the Group. The business interests in Japan and the Asia Pacific region are also unlikely to compete with the existing business of the Group.

Li Tzar Kai, Richard has a controlling interest in some of the Private Companies. Further, he is or may be regarded as interested in PCRDC and PCGH due to the interests as disclosed under the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" of this report.

As PCRDC and the Private Companies are involved in the development and/or investment of properties of different types and/or in different locations, the Group has been operating independently of, and at arm's length from, the businesses of those companies.

Save as disclosed above, none of the directors of the Company is interested in any business, apart from the Group's businesses, which competes or is likely to compete, either directly or indirectly, with the Group's businesses.



REPORT OF THE DIRECTORS

PERMITTED INDEMNITY

Pursuant to bye-law 166(1) of the Bye-laws of the Company, every director and other officers of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto, provided that the indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons. The Company has maintained appropriate directors' and officers' liability insurance cover for the directors and officers of the Company and the Group.

DONATIONS

During the year, the Group made charitable and other donations in the aggregate amount of approximately HK\$476,160 (2024: HK\$494,744).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended December 31, 2025, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the listed securities of the Company.

MANAGEMENT CONTRACTS

Save for the directors' service contracts or employment contracts, no other contracts concerning the management and administration of the whole or any substantial part of any business of the Company were entered into or subsisted during the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.



CONTINUING CONNECTED TRANSACTIONS

During the year ended December 31, 2025 and up to the date of this report, the Group has entered the following transactions which constituted continuing connected transactions (as defined in the Listing Rules) of the Company and details of which are set out below in accordance with the Listing Rules.

1. As disclosed in the announcement of the Company dated June 30, 2022, PT. Prima Bangun Investama (“PT PBI”, a wholly-owned subsidiary of the Company), as landlord, and PT FWD Insurance Indonesia (“PT FWD”, an indirect non-wholly owned subsidiary of FWD Group Holdings Limited and an associate of Li Tzar Kai, Richard, a director of the Company), as tenant, had entered into a lease agreement (the “2022 Lease Agreement”) on that day in relation to the key terms of the lease of the whole of 20th Floor and the signage right over the building named Pacific Century Place (“PCP Jakarta”) situated at Jl. Jenderal Sudirman Kavling. 52–53, SCBD Lot 10, Jakarta 12190, Indonesia for a term from July 2, 2022 to July 1, 2025 at the fees calculated in accordance with the terms of the 2022 Lease Agreement, subject to the annual caps of IDR13,233 million (approximately HK\$7 million) for the period from July 2, 2022 to December 31, 2022, IDR26,465 million (approximately HK\$14 million) for the year ended December 31, 2023, IDR26,465 million (approximately HK\$14 million) for the year ended December 31, 2024 and IDR13,233 million (approximately HK\$7 million) for the period from January 1, 2025 to July 1, 2025. The aggregate amount charged by PT PBI under the 2022 Lease Agreement for the period from January 1, 2025 to July 1, 2025 was approximately IDR9,787.3 million (approximately HK\$4.6 million) for rentals, service charges, parking charges and signage charges.

In the announcement of the Company dated June 30, 2025, the Company announced that PT PBI, as landlord, and PT FWD, as tenant, had entered into a new lease agreement (the “2025 Lease Agreement”) on that day in relation to the key terms of the lease of the whole of 20th Floor and the signage right over PCP Jakarta for a term of three years from July 2, 2025 to July 1, 2028 at the fees calculated in accordance with the terms of the 2025 Lease Agreement, subject to annual caps of IDR14,533 million (approximately HK\$7 million) for the period from July 2, 2025 to December 31, 2025, IDR29,106 million (approximately HK\$14 million) for the year ending December 31, 2026, IDR29,106 million (approximately HK\$14 million) for the year ending December 31, 2027 and IDR14,533 million (approximately HK\$7 million) for the period from January 1, 2028 to July 1, 2028. The aggregate amount charged by PT PBI under the 2025 Lease Agreement for the period from July 2, 2025 to December 31, 2025 was approximately IDR9,628.9 million (approximately HK\$4.5 million) for rent and service charges, parking charges and signage charges.

2. As disclosed in the announcement of the Company dated December 28, 2022 (the “Announcement”), PCPD Operations Limited (“PCPDOL”, a wholly-owned subsidiary of the Company) had on that day entered into a master agreement for supply and procurement of goods and services with each of the following parties: (i) PCCW Solutions Limited (“PCCW Solutions”, an indirect subsidiary of PCCW (PCCW together with its subsidiaries, excluding the HKT Group (as defined below), “PCCW Group”) (the agreement with PCCW Solutions shall be referred to as the “PCCW Group 2022 Master Agreement”); and (ii) Hong Kong Telecommunications (HKT) Limited (“HKTL”), an indirect wholly-owned subsidiary of HKT Limited (HKT Limited together with its subsidiaries, “HKT Group”) (the agreement with HKTL shall be referred to as the “HKT Group 2022 Master Agreement”). Such agreements set out the frameworks for the provision of certain goods and services by the PCCW Group and the HKT Group respectively to the Group for a term of three years from January 1, 2023 to December 31, 2025 at prices to be determined in accordance with the terms stipulated therein and subject to the respective annual caps as disclosed in the Announcement. The category(ies) of goods and services which may be provided (i) by the PCCW Group pursuant to the PCCW Group 2022 Master Agreement include corporate services and other services, and (ii) by the HKT Group pursuant to the HKT Group 2022 Master Agreement include (a) telecommunications, information technology solutions and related equipment and services (not including those fully exempt as consumer goods and services) and (b) corporate services and other services.



REPORT OF THE DIRECTORS

CONTINUING CONNECTED TRANSACTIONS — CONTINUED

2. — Continued

The approximate aggregate value and the annual cap under the PCCW Group 2022 Master Agreement are set out below:

Category of goods and services	Approximate aggregate values for the financial year ended December 31, 2025	Annual cap for the financial year ended December 31, 2025
	<i>HK\$'000</i>	<i>HK\$'000</i>
Corporate services and other services	497	4,320

The approximate aggregate value and the annual cap of each category under the HKT Group 2022 Master Agreement are set out below:

Categories of goods and services	Approximate aggregate values for the financial year ended December 31, 2025	Annual caps for the financial year ended December 31, 2025
	<i>HK\$'000</i>	<i>HK\$'000</i>
Telecommunications, information technology solutions and related equipment and services (not including those fully exempt as consumer goods and services)	1,070	4,200
Corporate services and other services	6,957	11,690
Total	8,027	15,890

In the announcement of the Company dated December 23, 2025, the Company announced that PCPDOL had on that day entered into a new master agreement for supply and procurement of goods and services with each of the following parties: (i) PCCW Services Limited ("PCCW Services"), a direct wholly owned subsidiary of PCCW (the agreement with PCCW Services shall be referred to as the "PCCW Group 2025 Master Agreement"); and (ii) HKTL (the agreement with HKTL shall be referred to as the "HKT Group 2025 Master Agreement"). Such agreements set out the frameworks for the provision of certain goods and services by the PCCW Group and the HKT Group respectively to the Group for a term of three years from January 1, 2026 to December 31, 2028 at prices to be determined in accordance with the terms stipulated therein and subject to the respective annual caps as disclosed in the tables below. The category(ies) of goods and services which may be provided (i) by the PCCW Group pursuant to the PCCW Group 2025 Master Agreement include corporate services and other services, and (ii) by the HKT Group pursuant to the HKT Group 2025 Master Agreement include (a) telecommunications, information technology solutions and related equipment and services (not including those fully exempt as consumer goods and services) and (b) corporate services and other services.



CONTINUING CONNECTED TRANSACTIONS — CONTINUED

2. — Continued

The annual caps for the transactions contemplated under the PCCW Group 2025 Master Agreement are as follows:

Category of goods and services	Annual cap Financial year ending December 31,		
	2026	2027	2028
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Corporate services and other services	1,400	2,000	1,700

The annual caps for each category of transactions contemplated under the HKT Group 2025 Master Agreement are as follows:

Categories of goods and services	Annual caps Financial year ending December 31,		
	2026	2027	2028
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Telecommunications, information technology solutions and related equipment and services (not including those fully exempt as consumer goods and services)	3,300	3,500	3,600
Corporate services and other services	15,000	16,000	16,000
Total	18,300	19,500	19,600

As at December 31, 2025, PCCW, a substantial shareholder of the Company, held approximately 30.07% and approximately 52.24% equity interest in the Company and HKT respectively.



REPORT OF THE DIRECTORS

CONTINUING CONNECTED TRANSACTIONS — CONTINUED

3. As disclosed in the announcement of the Company dated December 27, 2023 (the “Announcement”), the Group and various associates of Dr Allan Zeman (“Dr Zeman”), a director of the Company, had on that day entered into the following service agreements (collectively, the “2023 Service Agreements”): (i) Pinetree Residence Co., Ltd. (“PRCL”, a non-wholly owned subsidiary of the Company) and Andaman Proper Development Co., Ltd. (“Andaman Proper”, an associate of Dr Zeman), as development manager, had entered into a renewal agreement (the “Renewal Phase 1A Development Management Agreement No. 2”) in relation to the services, including design, construction management and quantity surveying provided to PRCL for a term of three years from January 1, 2024 to December 31, 2026 at the fees calculated in accordance with the terms of the Renewal Phase 1A Development Management Agreement No. 2; (ii) PRCL and Paradise Luxury Homes Co., Ltd. (“Paradise Luxury”, an associate of Dr Zeman), as agent, had entered into a renewed sales agency agreement (the “Renewed Sales Agency Agreement”) in relation to agency services provided to PRCL for sales and marketing of the certain residential properties being marketed and sold by PRCL under the project in Phang Nga for a term of three years from January 1, 2024 to December 31, 2026 at the fees calculated in accordance with the terms of the Renewed Sales Agency Agreement; (iii) Aquella Property Management Co., Ltd. (“Aquella Property Management”, a non-wholly owned subsidiary of the Company) and Andara Resort and Villas Co., Ltd. (“Andara Resort”, an associate of Dr Zeman), as manager, had entered into a common area management agreement (the “Common Area Management Agreement for Phase 1A Development and Estate Road”) in relation to property management services provided to Aquella Property Management for a term of three years from January 1, 2024 to December 31, 2026 at the fees calculated in accordance with the terms of the Common Area Management Agreement for Phase 1A Development and Estate Road; and (iv) PRCL and Andara Resort had entered into a service agreement (the “Cleaning Service Agreement”) in relation to the cleaning services provided to PRCL for the sales gallery and show villa of Phase 1A within the project in Phang Nga for a term of three years from January 1, 2024 to December 31, 2026 at the fees calculated in accordance with the terms of the Cleaning Service Agreement. The maximum aggregate amounts payable by the Group under the 2023 Service Agreements are subject to the annual caps as disclosed in the Announcement.

The approximate aggregate value and the annual cap for each of the 2023 Service Agreements are set out below:

	Approximate aggregate values for the financial year ended December 31, 2025	Annual caps for the financial year ended December 31, 2025
	<i>HK\$'000</i>	<i>HK\$'000</i>
Renewal Phase 1A Development Management Agreement No. 2	235	2,500
Renewed Sales Agency Agreement	0	2,400
Common Area Management Agreement for Phase 1A Development and Estate Road	1,235	1,500
Cleaning Service Agreement	618	650



CONTINUING CONNECTED TRANSACTIONS — CONTINUED

4. As disclosed in the announcement of the Company dated December 30, 2024, PCPD Services Limited (“PCPD Services”, a wholly-owned subsidiary of the Company) had on that day entered into an insurance services and products agreement (the “FWD Insurance Services and Products Agreement”) with FWD Life Insurance Company (Bermuda) Limited (“FWD Life”, a subsidiary of FWD Group Holdings Limited) which had agreed to provide or procure other members of FWD Group (being FWD Group Holdings Limited and its subsidiaries), associates of Li Tzar Kai, Richard, a director of the Company, to provide insurance and related services and products to the Group for a term of three years from January 1, 2025 to December 31, 2027 at the fees calculated in accordance with the terms of the FWD Insurance Services and Products Agreement, subject to the annual caps of HK\$7.3 million for the year ended December 31, 2025, HK\$9.7 million for the year ending December 31, 2026 and HK\$13 million for the year ending December 31, 2027. The aggregate amount charged by FWD Life under the FWD Insurance Services and Products Agreement for the year ended December 31, 2025 was approximately HK\$6.38 million for insurance and related services and products.

5. As disclosed in the announcement of the Company dated December 30, 2024, PCPD Facilities Management Limited (“PCPD FM”, a wholly-owned subsidiary of the Company) had entered into a facilities management services agreement and a lease & tenant management services agreement (together, the “Agreements”) with Reach Networks Hong Kong Limited (“Reach Networks”, a wholly-owned subsidiary of Reach Ltd., which is an associate of PCCW) on that day in relation to the provision of the facilities management services and lease & tenant management services by PCPD FM to Reach Networks and its subsidiaries from January 1, 2025 onwards for a term of three years until December 31, 2027 at the fees calculated in accordance with the terms of the Agreements, subject to the annual caps of HK\$9,500,000 and HK\$500,000 of the facilities management services agreement and the lease & tenant management services agreement respectively for each of the financial year ended December 31, 2025, the financial years ending December 31, 2026 and 2027. The aggregate fees charged by PCPD FM under the Agreements for the year ended December 31, 2025 was approximately HK\$8.73 million and HK\$0.37 million for facilities management services and lease & tenant management services respectively.



REPORT OF THE DIRECTORS

CONTINUING CONNECTED TRANSACTIONS — CONTINUED

The Board, including the independent non-executive directors of the Company, had reviewed and confirmed that the continuing connected transactions for the financial year ended December 31, 2025 have been entered into:

1. in the ordinary and usual course of the business of the Group;
2. on normal commercial terms or better; and
3. according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The external auditor of the Company was engaged to report on the continuing connected transactions entered into by the Group for the year ended December 31, 2025 in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 (Revised) “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The external auditor has issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules. During the year under review, the Group followed the pricing policies in respect of the price and transaction terms under which the continuing connected transactions were entered into.

RELATED PARTY TRANSACTIONS

Details of the material related party transactions which were undertaken by the Group in the normal course of business are set out in note 33 to the consolidated financial statements. Those related party transactions which constituted connected transactions or continuing connected transactions under the Listing Rules had complied with the applicable requirements under Chapter 14A of the Listing Rules.

PUBLIC FLOAT

As at the date of this report, the Company maintained the prescribed public float as required under the Listing Rules, based on information that was publicly available to the Company and within the knowledge of the directors of the Company.

CORPORATE GOVERNANCE

The Company’s corporate governance principles and practices are set out in the “Corporate Governance Report” on pages 24 to 48 of this annual report.

AUDITOR

The consolidated financial statements for the financial year ended December 31, 2025 were audited by PricewaterhouseCoopers who will retire at the conclusion of the forthcoming annual general meeting. A resolution for the re-appointment of PricewaterhouseCoopers as auditor of the Company will be proposed at that meeting.

By order of the Board

CHEUNG Kwok Kuen Alan

General Counsel and Company Secretary

Hong Kong, February 9, 2026



INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF PACIFIC CENTURY PREMIUM DEVELOPMENTS LIMITED

(Incorporated in Bermuda with limited liability)

Opinion

What we have audited

The consolidated financial statements of Pacific Century Premium Developments Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 81 to 160, comprise:

- the consolidated statement of financial position as at December 31, 2025;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKASs") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code.



INDEPENDENT AUDITOR'S REPORT

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters identified in our audit are summarised as follows:

- Valuation of investment property in Indonesia
- Carrying value of properties under development/held for sale and properties held for development in Hong Kong and Thailand

Key Audit Matter

How our audit addressed the Key Audit Matter

Valuation of investment property in Indonesia

Refer to note 13 to the consolidated financial statements.

Refer to note 13 and 21 to the consolidated financial statements. The Group's investment properties were carried at HK\$3,123 million out of which HK\$3,067 million related to the completed investment property in Indonesia classified as asset held for sales as at December 31, 2025.

Management has engaged an independent professional valuer to perform valuation of the investment property in Indonesia. The fair value was derived using the income approach, which includes discounted cash flow method.

The valuation was inherently subjective due to the significant judgements and estimates used which included the expected market rent, growth rate, occupancy rate, discount rate and capitalisation rate. Significant changes in these estimates could result in material changes to the valuation of the property.

Our procedures in relation to management's valuation of the investment property included:

- We understood management's controls and processes for determining the valuation of the investment property and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied;
- We evaluated the competence, capability and objectivity of the independent professional valuer;
- We obtained the valuation report and met the independent external valuer to discuss the valuation methodologies and key assumptions used;
- We involved our internal valuation specialists to assess the appropriateness of the valuation methodologies and the reasonableness of the key assumptions used in the valuation based on our knowledge of the property industry, research evidence of capitalisation rates, prevailing market rents for similar properties, growth rate, occupancy rate and discount rate, where applicable;
- We tested, on a sample basis, the data used in the valuation of investment properties, such as the rental income and lease period, used by the valuer, to the underlying lease agreements; and
- We evaluated the appropriateness of the disclosures relating to the valuation of investment properties included in the consolidated financial statements.

We found the valuation of the investment property to be supported by the available evidence.



Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Carrying value of properties under development/held for sale and properties held for development in Hong Kong and Thailand</i> <i>Refer to note 16 to the consolidated financial statements.</i></p>	<p>Our procedures in relation to management’s assessment of the carrying value of properties under development/held for sale and properties held for development in Hong Kong and Thailand included:</p> <ul style="list-style-type: none"> • We understood management’s controls and processes for determining the net realisable value of the properties under development/held for sale and properties held for development and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied; • We evaluated and tested the key controls over cost budgeting for estimated costs to completion, where applicable; • We assessed the reasonableness of key assumptions and estimates in management’s assessment and valuation prepared by external property valuers on which the management’s assessment of the net realisable value of the properties under development based including: <ul style="list-style-type: none"> (i) For the estimated selling prices, we compared, on a sample basis, to the current market prices of properties of comparable locations and conditions, and contracted selling price of the underlying property, if any; (ii) For the estimated costs necessary to make the sales and costs to completion, we assessed the reasonableness of the costs necessary to make sales and the latest budgets of total construction costs and tested, on a sample basis, to committed contracts and other supporting documentation. <p>We found the carrying value of the properties under development/held for sale and properties held for development in Hong Kong and Thailand to be supported by the available evidence.</p>



INDEPENDENT AUDITOR'S REPORT

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

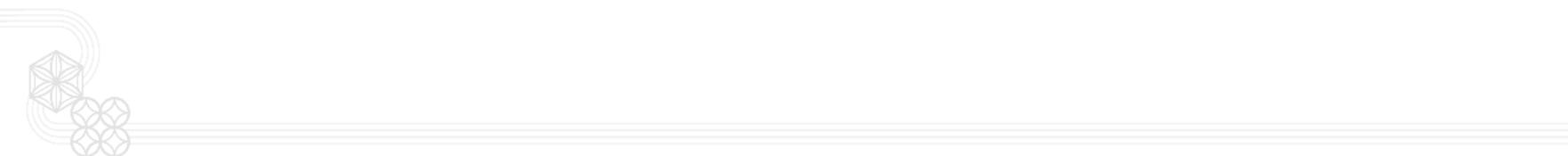
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.



INDEPENDENT AUDITOR'S REPORT

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ng Ka Ho (practising certificate number: P05152).

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, February 9, 2026



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

AS AT DECEMBER 31, 2025

HK\$ million	Notes	2025	2024
Revenue	4	1,046	695
Cost of sales		(308)	(274)
Gross profit		738	421
General and administrative expenses		(640)	(568)
Other income		2	2
Other loss		(2)	—
Reversal of impairment loss of property, plant and equipment	14	—	126
Interest income		4	5
Finance costs	6	(296)	(238)
Loss before taxation	7	(194)	(252)
Income tax	10	13	9
Loss from continuing operations		(181)	(243)
Discontinued operation			
Profit from discontinued operation	23a	112	13
Loss for the year		(69)	(230)
Other comprehensive income/(loss):			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Current translation differences:			
Exchange differences on translating foreign operations			
— from continuing operations		126	(202)
— from discontinued operation		(87)	(184)
		39	(386)
Total comprehensive loss			
— from continuing operations		(55)	(445)
— from discontinued operation		25	(171)
		(30)	(616)
Basic and diluted loss per share for loss from continuing operations			
(expressed in Hong Kong cents per share)	9	(8.88) cents	(11.92) cents
Basic and diluted loss per share			
(expressed in Hong Kong cents per share)		(3.38) cents	(11.29) cents

The notes on pages 86 to 160 form part of these consolidated financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2025

HK\$ million	2025						Attributable to		Total equity
	Issued equity	Capital reserve	Currency translation reserve	Other reserves	Accumulated losses	Equity holders	Non-controlling interests		
						of the Company			
Balance at January 1, 2025	3,802	(565)	(2,044)	10	(1,270)	(67)	133	66	
Loss for the year	—	—	—	—	(69)	(69)	—	(69)	
Other comprehensive income									
Exchange difference on translating foreign operations	—	—	39	—	—	39	—	39	
Total comprehensive loss for the year	—	—	39	—	(69)	(30)	—	(30)	
Balance at December 31, 2025	3,802	(565)	(2,005)	10	(1,339)	(97)	133	36	

HK\$ million	2024						Attributable to		Total equity
	Issued equity	Capital reserve	Currency translation reserve	Other reserves	Accumulated losses	Equity holders	Non-controlling interests		
						of the Company			
Balance at January 1, 2024	3,802	(565)	(1,658)	10	(1,040)	549	133	682	
Loss for the year	—	—	—	—	(230)	(230)	—	(230)	
Other comprehensive loss									
Exchange difference on translating foreign operations	—	—	(386)	—	—	(386)	—	(386)	
Total comprehensive loss for the year	—	—	(386)	—	(230)	(616)	—	(616)	
Balance at December 31, 2024	3,802	(565)	(2,044)	10	(1,270)	(67)	133	66	

The notes on pages 86 to 160 form part of these consolidated financial statements.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2025

HK\$ million	Notes	As at December 31, 2025	As at December 31, 2024
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	13	56	3,277
Property, plant and equipment	14	2,056	2,187
Right-of-use assets	15	40	41
Properties under development	16a	—	176
Properties held for development	16b	566	454
Goodwill	17	3	3
Financial assets at fair value through profit or loss	18	1	1
Prepayments and other receivables		20	157
Deferred income tax assets	28	83	34
		2,825	6,330
Current assets			
Properties under development/held for sale	16a	4,224	3,549
Inventories		19	23
Sales proceeds held in stakeholders' accounts	20a	8	8
Restricted cash	20c	34	71
Trade receivables, net	20b	121	96
Prepayments, deposits and other current assets		57	127
Amounts due from related companies		2	4
Cash and cash equivalents	20c	691	659
		5,156	4,537
Assets of disposal group held for sale	21c	3,368	—
		8,524	4,537
Total assets		11,349	10,867



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2025

HK\$ million	Notes	As at December 31, 2025	As at December 31, 2024
Current liabilities			
Borrowings	22	7,976	835
Trade payables	20d	127	53
Accruals and other payables	20e	154	303
Deferred income and contract liabilities	23	442	300
Lease liabilities		16	24
Current income tax liabilities		39	25
		8,754	1,540
Liabilities of disposal group held for sale	21c	1,294	—
		10,048	1,540
Net current (liabilities)/assets		(1,524)	2,997
Total assets less current liabilities		1,301	9,327
Non-current liabilities			
Borrowings	22	1,187	9,006
Other payables		10	183
Deferred income and contract liabilities	23	1	12
Lease liabilities		29	24
Deferred income tax liabilities	28	38	36
		1,265	9,261
Total liabilities		11,313	10,801
Net assets		36	66
CAPITAL AND RESERVES			
Issued equity	24	3,802	3,802
Reserves		(3,899)	(3,869)
Capital and reserves attributable to equity holders of the Company		(97)	(67)
Non-controlling interests	19	133	133
		36	66

Li Tzar Kai, Richard
Director

Benjamin Lam Yu Yee
Director

The notes on pages 86 to 160 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025

HK\$ million	Notes	2025	2024
NET CASH GENERATED/(USED IN) FROM OPERATING ACTIVITIES	29a	132	(75)
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(47)	(70)
Payments for investment properties		(4)	(3)
NET CASH USED IN INVESTING ACTIVITIES		(51)	(73)
FINANCING ACTIVITIES			
Proceeds from bank borrowings, net		1,232	513
Repayment of bank borrowings		(779)	(46)
Payment for borrowing costs		(491)	(489)
Payment for lease liabilities (including interest)		(31)	(29)
Decrease/(increase) in restricted cash		22	(28)
NET CASH USED IN FINANCING ACTIVITIES		(47)	(79)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		34	(227)
Exchange difference		40	21
CASH AND CASH EQUIVALENTS			
Balance at January 1,		659	865
Balance at December 31,		733	659
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash at banks and on hand		691	659
Cash and bank balances of subsidiaries reclassified as assets held for sale		42	—
		733	659

The notes on pages 86 to 160 form part of these consolidated financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

1. GENERAL INFORMATION

Pacific Century Premium Developments Limited (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in the development and management of premium-grade property and infrastructure projects as well as premium-grade property investments.

The Company is a limited liability company incorporated in Bermuda and its securities are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

These consolidated financial statements set out on pages 81 to 160 were approved by the board of directors (the “Board”) on February 9, 2026.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

a. Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards, which is a collective term for all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance (Cap. 622).

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

b. Basis of preparation of the consolidated financial statements

The consolidated financial statements for the year ended December 31, 2025 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost convention, except that the following assets are stated at fair value as explained in the accounting policies set out below:

- investment properties (see note 2(g)); and
- financial assets at fair value through profit or loss (see note 2(o)).



2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

b. Basis of preparation of the consolidated financial statements — Continued

During the year ended December 31, 2025, the Group incurred a loss attributable to equity holders of the Company of HK\$69 million (2024: HK\$230 million) and cash inflow from operating activities of HK\$132 million (2024: cash outflow from operating activities of HK\$75 million). As at December 31, 2025, the Group has net current liabilities of HK\$1,524 million, including Assets/Liabilities of disposal group held for sales (2024: net current assets of HK\$2,997 million). Included in the Group's current liabilities was (i) guaranteed notes of USD800 million (approximately HK\$6,214 million) which would be due for repayment in June 2026; and (ii) interest-bearing bank borrowings of an aggregate of HK\$1,762 million which would be due for repayment in April and June 2026. The Group's cash and bank balances amounted to HK\$691 million and restricted bank balances amounted to HK\$34 million.

In view of the abovementioned circumstances, in preparing the consolidated financial statements for the year ended December 31, 2025, the Directors of the Company have reviewed the Group's cash flow projections, which cover a period of not less than twelve months from December 31, 2025, and have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern for at least 12 months from December 31, 2025, taking into account the following plans and measures:

- i. a. The Group is actively contemplating a plan to dispose the equity interest or assets in a subsidiary which holds the property investment business in Indonesia, which has net assets of HK\$2,074 million (including liability of HK\$1,294 million) as of December 31, 2025. Potential buyers for this investment has been identified and preliminary terms and conditions are being discussed actively;
- i. b. As at December 31, 2025, the Group was in active dialogue with several financial institutions regarding long-term notes issuance. Based on the latest indicative underwriting interests received from these financial institutions, that is sufficient to fully cover the issuance;

Based on the current status of these discussions and ongoing communication with the potential buyers and financial institutions, the Directors of the Company are confident that the disposal and the notes issuance will be completed on or before June 2026. The proceeds will be used to repay part of the USD800 million guaranteed notes maturing in June 2026;

- ii. The Group will continue to actively review its investment portfolio in order to identify potential buyers or seek other opportunities for the realisation of certain assets, including but not limited to property projects, to reduce its debt and finance costs;
- iii. The Directors of the Company, have made all necessary enquiries of the significant shareholders of the Company, who have confirmed their intention to provide the financial support for the continuing operations of the Company and its ability to meet its liabilities as they fall due and carry on its business without a significant curtailment of operations;



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

b. Basis of preparation of the consolidated financial statements — Continued

- iv. In November and December 2025, the lenders of the project development loan facility for residential properties in Hong Kong, amounting to HK\$1,382 million originally due in April 2026, has agreed to extend the maturity to April 2027, subject to finalisation of the formal documentation;
- v. In December 2025, the Group secured a new loan facility of HK\$780 million, which will mature in June 2030. The loan facility would be drawdown in 2026;
- vi. In January 2026, the Group commenced pre-sales activities for residential properties in Hong Kong, which achieved gross contracted sales via tender of HK\$273 million during the month. The estimated material date for the residential properties is June 30, 2026. The Group will continue to arrange for sales and pre-sales activities for the remaining units to capture demand and achieve its budgeted sales targets in light of improving market environment. The proceeds will be firstly applied to repay the project development loan facility of HK\$1,382 million.

Notwithstanding the above, whether the Group is able to achieve its plans and measures as described above, which incorporate management's judgement, at a particular point in time, about inherent uncertain outcome of future events and conditions. The Directors of the Company, in making assessment and identifying whether there is any material uncertainty, have reviewed the Group's cash flow projections, which cover a period of not less than twelve months from December 31, 2025, and are of the opinion that, in the absence of unforeseeable circumstances, considering the successful implementation of the above-mentioned plans and measures as well as the reasonably possible downside changes to the cash flow assumptions in the cash flow projections, the Group will be able to meet its financial obligations as and when they fall due within twelve months from December 31, 2025. Accordingly, the Directors of the Company consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

The preparation of consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

The HKICPA has issued certain new and revised HKFRS Accounting Standards that are adopted for the current accounting period of the Group. The following sets out the changes in accounting policies for the current accounting period reflected in these consolidated financial statements.



2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

b. Basis of preparation of the consolidated financial statements — Continued

i. Adoption of new/revised accounting standards

Standard and amendments effective for the annual period beginning on January 1, 2025 adopted by the Group but have no significant impact on the Group's consolidated financial statement:

HKAS 21 (Amendments)	Lack of Exchangeability
----------------------	-------------------------

The Group has not early adopted any new or amended HKFRSs and HKASs that not yet effective for the current accounting period.

ii. New standards, amendments to standards and interpretation which are not yet effective

The following amendments and interpretation have been issued but are not yet effective for the year ended December 31, 2025 and which the Group has not early adopted:

HKFRS 9 and HKFRS 7 (Amendments)	Classification and Measurement of Financial Instruments ¹
Annual Improvements	Annual Improvements to HKFRS Accounting Standards — Volume 11 ¹
HKFRS 9 and HKFRS 7 (Amendments)	Contracts Referencing Nature dependent Electricity (amendments) ²
HKFRS 18	Presentation and Disclosure in Financial Statements ²
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Hong Kong Interpretation 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²

Notes:

¹ Effective for annual period beginning on or after January 1, 2026

² Effective for annual period beginning on or after January 1, 2027



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

b. Basis of preparation of the consolidated financial statements — Continued

The Group is in the process of making an assessment of what the impacts of these new or amendments to standards and interpretation are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements, except for following new HKFRS Accounting Standards or amendments to HKFRS Accounting Standards.

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 will replace HKAS 1 “Presentation of Financial Statements”, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information.

The Group is currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.



2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

c. Subsidiaries and non-controlling interests

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases.

The Group uses the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by Hong Kong Financial Reporting Standards.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill (see note 2(k)). If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement. Where businesses are acquired and fair values of the net assets of the acquired business are finalised within 12 months of the acquisition date, all fair value adjustments are recorded with effect from the date of acquisition and consequently may result in the restatement of previously reported financial results.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint arrangement or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position, investment in a subsidiary is stated at cost less any impairment losses (note 2(h)). The results of subsidiaries are recognised by the Company to the extent of dividends received and receivable at the end of the reporting period.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

d. Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and that the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the consolidated statement of comprehensive income as follows:

(i) Sales of properties

Revenue is recognised at a point in time when the customer obtains control of the completed property, which is typically when the property is legally or physically transferred to the customer. The revenue is measured at the transaction price agreed under the contract. In most cases, the consideration is due when legal title has been transferred.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in the consolidated statement of comprehensive income in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in the consolidated statement of comprehensive income as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

Receipts of rental income in advance are deferred and recorded as “Deferred income and contract liabilities” in the consolidated statement of financial position. The amounts are then recognised as revenue based on the actual utilisation of the rental usage of the investment properties.

(iii) Service income

Service income is recognised when the related services are rendered to customers.

For the property and facilities management services provided for fixed period, service income is recognised on a straight-line basis over the respective period.

(iv) Interest income

Interest income from bank deposits is accrued on a time-apportioned basis using the effective interest method by reference to the principal outstanding and the rates applicable.



2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

d. Revenue recognition — Continued

(v) Hotel revenue

Hotel revenue from room rental is recognised over time during the period of stay for the hotel guests. Revenue from food and beverage sales and other ancillary services is generally recognised at the point in time when the services are rendered.

e. Property, plant and equipment and depreciation

Land and buildings are stated at cost less impairment losses (note 2(h)) less subsequent depreciation for buildings. Land has an indefinite useful life and is not subject to depreciation.

Property, plant and equipment held for own use are stated at cost less accumulated depreciation and impairment losses (note 2(h)). The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use, including qualifying borrowing costs (note 2(s)). Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset and is depreciated over the original remaining useful life of the asset when it is probable that future economic benefits will flow to the Group and the costs can be measured reliably. All other subsequent expenditure, such as repairs and maintenance and overhaul costs, is recognised as an expense in the period in which it is incurred.

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of comprehensive income on the date of retirement or disposal.

Land and construction in progress are not depreciated. Depreciation on other property, plant and equipment is calculated to write off the cost on a straight-line basis over the estimated useful lives as follows:

Buildings and structures	5 to 51 years
Other plant and equipment	2 to 20 years

The useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

f. Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Such determination is made on an evaluation of the substance of the arrangement, regardless of whether the arrangements take the legal form of a lease.

(i) Assets leased to the Group

Leases are initially recognised as a right-of-use asset/interest in leasehold land and corresponding liability, where applicable, at the date of which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. Interest in leasehold land is amortised on a straight-line basis over the lease term, except where the property is classified as an investment property (see note 2(g)) or property under development/held for sale/held for development (see note 2(i)).

Assets leased by the Group and the corresponding liabilities are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate; and
- payments of penalties for terminating the lease, if the lease term reflects the Group, as a lessee, exercising an option to terminate the lease.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.



2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

f. Leased assets — Continued

(i) Assets leased to the Group — Continued

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the incremental borrowing rate of the respective entities. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentive received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise equipment and small items of office furniture.

(ii) Assets leased out by the Group

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

Where the Group leases out assets under operating leases, the assets are included in the consolidated statement of financial position according to their nature and, where applicable, are depreciated in accordance with the Group's depreciation policies. Impairment losses are accounted for in accordance with the accounting policy as set out in the note 2(h). Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies as set out in the note 2(d)(ii).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

g. Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(f)) to earn rental income and/or for capital appreciation, and which are not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties.

Land held under operating leases are classified and accounted for as an investment property when the rest of the definition of investment property is met.

Investment properties are initially measured at their cost, including directly attributable construction costs, other related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are stated in the consolidated statement of financial position at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are performed in accordance with the guidance issued by the International Valuation Standards Committee and are prepared or reviewed periodically by independent external valuers. The fair values of investment properties reflect, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair values also reflect, on a similar basis, any cash outflows that could be expected in respect of the properties. Changes in fair value arising on the revaluation of investment properties are recognised in the consolidated statement of comprehensive income.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are expensed to the consolidated statement of comprehensive income in the period in which they are incurred.



2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

h. Impairment of investment in a subsidiary and non-financial assets

Internal and external sources of information are reviewed at the end of each reporting period, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- right-of-use assets;
- goodwill; and

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the profit or loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash inflows (a cash-generating unit).

(i) Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(ii) Recognition of impairment losses

An impairment loss is recognised in the consolidated statement of comprehensive income whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then, to reduce the carrying amount of the other assets in the cash-generating unit on a pro rata basis, except that the carrying amount of an asset will not be reduced below its individual fair value less costs of disposal, or value in use, if determinable.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

h. Impairment of investment in a subsidiary and non-financial assets — Continued

(iii) Reversals of impairment losses

An impairment loss of an asset other than goodwill is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not allowed to be reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the consolidated statement of comprehensive income in the year in which the reversals are recognised.

i. Properties under development/held for sale/held for development

Properties held for development or under development or held for sale are carried at the lower of cost and the estimated net realisable value. Cost includes original land acquisition costs, costs of land use rights, construction expenditures incurred and other direct development costs attributable to such properties, including interest incurred on loans directly attributable to the development prior to the completion of construction. The net realisable value is determined by reference to estimated sale proceeds of properties sold in the ordinary course of business less all estimated selling expenses.

Properties under development with the development expected to be completed within one year from the end of the reporting period, which have either been pre-sold or are intended for sale in the Group's normal operating cycle, are classified under current assets.

Properties held for sale represent completed properties available for sale which are classified under current assets.

j. Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expense.



2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

k. Goodwill

Goodwill represents the excess of the aggregate of the fair value of the consideration transferred and the fair value of non-controlling interest over the Group's interest in the net fair value of the acquiree's net identifiable assets, liabilities and contingent liabilities at the date of acquisition.

Goodwill is stated in the consolidated statement of financial position at cost less accumulated impairment losses (note 2(h)). Goodwill is allocated to cash-generating units and is tested at least annually for impairment or whenever there is impairment indicator. Impairment losses on goodwill are not reversed. On disposal of an entity or business unit, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

l. Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

For trade receivables, the Group applies the simplified approach to providing for expected credit losses, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. When measuring expected credit losses, the Group considers the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and possibility that no credit loss occurs.

For other receivables, the Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition by considering available reasonable and supportive forward-looking information. Considerations may include:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower; and
- significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

l. Trade and other receivables — Continued

Trade and other receivables are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. Trade and other receivables are included in the consolidated statement of financial position under “Trade receivables, net” and “Prepayments, deposits and other current assets” under current assets and “Prepayments and other receivables” under non-current assets.

m. Contract assets and liabilities

Customers pay according to a pre-agreed payment schedule. If the performance obligations fulfilled by the Group exceed the total non-refundable payments received and unconditional rights to contract consideration to date, a contract asset is recognised. If the total non-refundable payments received and unconditional rights to contract consideration to date exceed the performance obligation fulfilled, a contract liability is recognised. The contract assets are transferred to receivables when the Group’s rights to the contract consideration become unconditional.

n. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition, less bank overdrafts that are repayable on demand and form an integral part of the Group’s cash management.

o. Financial assets at fair value through profit or loss

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownerships.

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. At the end of each reporting period, the fair value is re-measured, changes in the fair value of financial assets are recognised in “Other gain/(loss), net” in the consolidated statement of comprehensive income.



2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

p. Trade and other payables

Trade and other payables are recognised initially at fair value and thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. They are included in current liabilities, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current liabilities.

q. Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the amount required to settle the obligation. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of resources will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

r. Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between the amount initially recognised, being the proceeds net of transaction costs, and the redemption value being recognised in the consolidated statement of comprehensive income over the period of the borrowings, using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting period.

s. Borrowing costs

Borrowing costs are expensed in the consolidated statement of comprehensive income in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

s. *Borrowing costs — Continued*

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Ancillary costs incurred in connection with arranging borrowings, to the extent that they are regarded as adjustments to interest costs, are recognised as expenses over the period of the borrowing using the effective interest method.

t. *Income tax*

Income tax for the year comprises current income tax and movements in deferred income tax assets and liabilities. Income tax is recognised in the consolidated statement of comprehensive income.

- (i) Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.
- (ii) Deferred income tax assets and liabilities arise from deductible and taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax bases respectively. Deferred income tax assets also arise from unused tax losses and unused tax credits.

All deferred income tax liabilities are recognised while deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(g), the amount of deferred income tax recognised is measured using the tax rates that would be applied on sale of those assets at their carrying value in the statement of financial position unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred income tax provided is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred income tax assets and liabilities are not discounted.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.



2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

t. *Income tax — Continued*

- (iii) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to offset current tax assets against current tax liabilities and the following additional conditions are met:
- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
 - in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

u. *Employee benefits*

- (i) Salaries, annual bonuses, annual leave entitlements, leave passage and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, provisions are made for the estimated liability as a result of services rendered by employees up to the end of the reporting period.
- (ii) Defined contribution retirement schemes (including the Mandatory Provident Fund) are offered to employees of the Group. The schemes are operated by PCCW and the assets of such schemes are generally held in separate trustee-administered funds. The schemes are generally funded by payments from the relevant companies of the PCCW Group including the Group and, in some cases, employees themselves, taking into account of the recommendations of independent qualified actuaries.

The Group's contributions to the defined contribution retirement schemes are recognised as expenses in the consolidated statement of comprehensive income in the period to which the contributions relate. Under the defined contribution retirement schemes, the employer is required to make contributions to the scheme at rates specified under the rules of the scheme. Where employees leave the scheme prior to the full vesting of the employer's contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

u. Employee benefits — Continued

- (iii) The Group operate share option schemes where employees (including directors) are granted options to acquire shares of the Company at specified exercise prices. The fair value of the employee services received in exchange for the grant of the options is recognised as staff costs in the consolidated statement of comprehensive income with a corresponding increase in an employee share-based compensation reserve under equity. The fair value of the options granted is measured at grant date using the trinomial option pricing model, taking into account the terms and conditions upon which the options were granted, and spread over the respective vesting period during which the employees become unconditionally entitled to the options. At the end of each reporting period, the Group revises its estimates of the number of share options that is expected to become vested. The impact of the revision of original estimates, if any, is recognised in the profit or loss with a corresponding adjustment to the employee share-based compensation reserve over the remaining vesting period. On vesting date, the amount recognised as staff costs is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the employee share-based compensation reserve). The equity amount is recognised in the employee share-based compensation reserve until either the share options are exercised (when it is transferred to the share premium account) or the share options expire (when it is released directly to retained earnings). When the share options are exercised, the proceeds received, net of any directly attributable transaction cost, are credited to share capital (nominal value) and share premium.

v. Share-based payment transactions with cash alternatives

Share-based payment transactions are those arrangements which the terms provide either the Group or the counterparty with a choice of whether the Group settles the transaction in cash (or other assets) or by issuing equity instruments. Upon the vesting conditions, if any, are met, the Group shall account for that transaction, or the components of that transaction, as a cash-settled share-based payment transaction if, and to the extent that, the Group has incurred a liability to settle in cash (or other assets). Otherwise, the share-based payment transaction is accounted for as an equity-settled share-based payment transaction if, and to the extent that, no such liability has been incurred.

w. Foreign currency translation

The Group maintains their books and records in the primary currencies of their operations (the “functional currencies”). The consolidated financial statements are presented in Hong Kong dollars, which is the Company’s functional and presentation currency.

Foreign currencies transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in the consolidated statement of comprehensive income.



2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

w. Foreign currency translation — Continued

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of transactions. Items included in the consolidated statement of financial position of foreign operations, including goodwill arising on consolidation of foreign operations acquired, are translated into Hong Kong dollars at the foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in the currency translation reserve under equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are recognised in other comprehensive income and accumulated separately in the currency translation reserve under equity. On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in the currency translation reserve under equity which relate to that foreign operation is included in the calculation of the gain or loss on disposal.

x. Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

y. Dividend distribution

Dividend distribution to the Company's shareholders or bonus convertible noteholders is recognised as a liability in the consolidated financial statements and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom be equal to the related actual results. Management has also made judgements in applying the Group's accounting policies. These judgements and the key sources of estimation uncertainty are discussed below:

(i) Estimated valuation of investment properties

The best evidence of fair value is the current prices in an active market for similar properties. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its estimates, the Group considers both (i) information from the valuations of investment properties performed by external professional valuers on a market value basis and (ii) other principal assumptions, including the current and expected capitalisation rate, market price and market rent in view of the current usage and condition of the investment properties to determine the fair value of the investment properties. Had the Group used different capitalisation rate, market prices, market rents or other assumptions, the fair value of the investment properties would be different and thus caused impact to the consolidated statement of comprehensive income. As at December 31, 2025, the fair value of the investment properties was HK\$56 million.

(ii) Deferred income tax

While deferred income tax liabilities are provided in full on all taxable temporary differences, deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. In assessing the amount of deferred income tax assets that need to be recognised, the Group considers future taxable income and ongoing prudent and appropriate tax planning strategies. In the event that the Group's estimates of projected future taxable income and benefits from available tax strategies are changed, or changes in current tax regulations are enacted that would impact the timing or extent of the Group's ability to utilise the tax benefits of net operating loss carry-forwards in the future, adjustments to the recorded amount of net deferred income tax assets and income tax would be made. As at December 31, 2025, no deferred income tax assets were netted off against the deferred income tax liabilities recognised in the consolidated statement of financial position (note 28(a)).



3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS — CONTINUED

(iii) Impairment of non-financial assets

At the end of each reporting period, the Group reviews internal and external sources of information to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- right-of-use assets;
- goodwill; and

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

The sources used to identify indications of impairment or reversal of impairment are often subjective in nature and the Group is required to use judgement in applying such information to its business. The Group's interpretation of this information has a direct impact on whether an assessment is performed as at the end of any given reporting period. If an indication of impairment or reversal of impairment is identified, such information is further subject to an exercise that requires the Group to estimate the recoverable value.

The recoverable value of property, plant and equipment, right-of-use assets, goodwill and investment in a subsidiary represents the greater of the asset's fair value less cost to sell or its value in use. Depending on the Group's assessment of the overall materiality of the asset under review and complexity of deriving reasonable estimates of the recoverable value, the Group may perform such assessments utilising internal resources or the Group may engage external advisors to counsel the Group. Regardless of the resources utilised, the Group is required to make many assumptions to make these assessments, including the utilisation of such asset, the cash flows to be generated, appropriate market discount rates and the projected market and regulatory conditions. Changes in any of these assumptions could result in a material change to future estimates of the recoverable value of any asset.

(iv) Impairment of properties under development/held for sale/held for development

The recoverable values of properties under development/held for sale/held for development refers to the net realisable value. Management performed assessments of the net realisable value of the development projects included in properties under development/held for sale/held for development. The assessments involved the use of significant estimates and assumptions such as selling prices, construction costs (if applicable) and etc. Changes in the assumptions adopted in the assessments may result in a change in future estimate of the net realisable values of the development project.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

4. REVENUE

Revenue comprises the revenue recognised in respect of the following businesses:

HK\$ million	2025	2024
From continuing operations		
All-season recreational activities in Japan	254	206
Property development in Japan	216	—
Hotel operations in Japan	402	349
Property management in Japan	106	87
Property development and golf operation in Thailand	24	10
Property and facilities management in Hong Kong	30	31
Other businesses	14	12
	1,046	695

The following table shows the amount of revenue recognised in the current year relates to contract liabilities at the beginning of the year.

HK\$ million	2025	2024
Revenue recognised that was included in contract liabilities at the beginning of the year	149	129

All unsatisfied performance obligation of the Group's contracts with customer has duration of one year or less or is billed based on time incurred.



5. SEGMENT INFORMATION

An analysis of revenue and information regarding the Group's reportable segments as provided to the Group's senior executive management for the purposes of resources allocation and assessment of segment performance for the year ended December 31 is set out below:

a. Business segments

	Continuing operations							Others	Total
	All-season recreational activities in Japan	Property development in Japan	Hotel operations in Japan	Property management in Japan	Property development and golf operation in Thailand	Property and facilities management in Hong Kong	Property development in Hong Kong		
For the year ended December 31, 2025									
Total revenues	254	216	402	106	24	30	—	14	1,046
Inter-segment	—	—	—	—	—	—	—	—	—
Revenues — external	254	216	402	106	24	30	—	14	1,046
Segment results	74	100	(17)	32	47	5	(46)	1	196
Other loss	—	—	—	—	—	—	—	(2)	(2)
	74	100	(17)	32	47	5	(46)	(1)	194
Unallocated items									
Corporate expenses									(96)
Interest income									4
Finance costs									(296)
Loss before taxation									(194)
Taxation									13
Loss after taxation									(181)
Additions to non-current assets	7	—	2	—	12	—	5	1	27
Depreciation and amortization	(37)	(7)	(75)	—	(11)	—	(37)	(20)	(187)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

5. SEGMENT INFORMATION — CONTINUED

a. Business segments — Continued

	All-season recreational activities in Japan	Property development in Japan	Hotel operations in Japan	Property management in Japan	Continuing operations			Others	Total
					Property development and golf operation in Thailand	Property and facilities management in Hong Kong	Property development in Hong Kong		
For the year ended									
December 31, 2024									
Total revenues	206	—	349	87	10	31	—	14	697
Inter-segment	—	—	—	—	—	—	—	(2)	(2)
Revenues — external	206	—	349	87	10	31	—	12	695
Segment results	51	(15)	(44)	24	(37)	6	(24)	2	(37)
Reversal of impairment loss	—	—	126	—	—	—	—	—	126
	51	(15)	82	24	(37)	6	(24)	2	89
Unallocated items									
Corporate expenses									(108)
Interest income									5
Finance costs									(238)
Loss before taxation									(252)
Taxation									9
Loss after taxation									(243)
Additions to non-current assets	27	49	7	—	28	—	17	9	137
Depreciation and amortization	(38)	(6)	(78)	—	(8)	—	(19)	(19)	(168)



5. SEGMENT INFORMATION — CONTINUED

a. Business segments — Continued

HK\$ million As at December 31,	Assets		Liabilities	
	2025	2024	2025	2024
From continuing operations				
All-season recreational activities in Japan	530	550	57	92
Property development in Japan	1,215	795	970	49
Hotel operations in Japan	1,436	1,465	205	665
Property management in Japan	215	188	165	158
Property development and golf operation in Thailand	1,152	959	64	42
Property and facilities management in Hong Kong	18	20	2	2
Property development in Hong Kong	3,221	2,963	1,194	1,043
Other businesses (note ii)	57	57	9	9
Total of reported segments	7,844	6,997	2,666	2,060
Unallocated (note iii)	137	251	7,353	7,235
Total of continuing operating segments	7,981	7,248	10,019	9,295

(i) For the years ended December 31, 2025 and 2024, the timing of revenue recognition is as follow:

HK\$ million	2025	2024
From continuing operations		
External revenue from contracts with customers:		
Timing of revenue recognition		
— At a point in time	401	149
— Over time	643	544
External revenue from other sources:		
— Rental income	2	2
	1,046	695

(ii) Revenue from segment below the quantitative thresholds under HKFRS 8 “Operating Segments” is mainly attributable to property investment in Hong Kong. This segment has not met any of the quantitative thresholds for determining reportable segments.

(iii) The liabilities from the unallocated segment are mainly general borrowings of the Group.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

5. SEGMENT INFORMATION — CONTINUED

b. Geographical information

The following table sets out the information about geographical location of (i) the Group's revenue from external customers and (ii) the Group's investment properties, property, plant and equipment, right-of-use assets, properties under development, properties held for development and goodwill ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of investment properties, property, plant and equipment, right-of-use assets, properties under development and properties held for development, and the location of the operation to which they are allocated, in case of goodwill.

HK\$ million	Revenue from external customers		Specified non-current assets	
	2025	2024	2025	2024
From continuing operations				
Japan	990	652	1,734	1,978
Hong Kong (place of domicile)	32	33	84	124
Thailand	24	10	903	742
Total of continuing operating segments	1,046	695	2,721	2,844



6. FINANCE COSTS

HK\$ million	2025	2024
From continuing operations		
Interest expenses:		
– Bank borrowings	134	114
– Guaranteed notes (note 22(a))	331	331
– Lease liabilities	1	1
– Exchange (gain)/loss on guaranteed notes	8	(36)
	474	410
Less:		
– Interest capitalised into properties under development/held for development	(178)	(172)
	296	238

Borrowing costs have been capitalised at the weighted average rate of the Group's borrowings at 4.8 per cent per annum in 2025 (2024: 5.2 per cent).

7. LOSS BEFORE TAXATION

Loss before taxation is stated after charging/(crediting) the following:

HK\$ million	2025	2024
From continuing operations		
Cost of properties sold	92	—
Cost of inventories sold	40	36
Reversal of impairment loss of properties held for development	(89)	—
Depreciation of property, plant and equipment	160	141
Depreciation of right-of-use assets		
– properties	26	26
– equipment and others	1	1
Loss/(gain) on disposal of property, plant and equipment	2	(1)
Staff costs, included in:		
– cost of sales	82	82
– general and administrative expenses	200	158
Contributions to defined contribution retirement schemes, included in:		
– cost of sales	1	1
– general and administrative expenses	6	4
Auditor's remuneration		
– audit services	5	5
Net foreign exchange loss	9	2
Variable lease payment expenses	51	44
Short-term leases expenses	2	3



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

8. DIRECTORS' EMOLUMENTS

Directors' emoluments comprise the aggregate amounts paid/payable by the Group to each of the directors of the Company in connection with their employment as directors of the Company or its subsidiaries undertaking during the year.

HK\$'000	2025						Total
	Directors' fee	Salaries	Bonuses	Allowances	Benefits in kind (note i)	Employer's contribution to retirement scheme	
Executive Directors							
Li Tzar Kai, Richard	—	—	—	—	—	—	—
Lam Yu Yee	—	9,765	8,800	4,587	31	1,172	24,355
Non-executive Director							
Dr. Allan Zeman, <i>GBM, GBS, JP</i>	185	—	—	—	—	—	185
Independent Non-executive Directors							
Chiang Yun	247	—	—	—	—	—	247
Prof Wong Yue Chim, Richard, <i>SBS, JP</i>	432	—	—	—	—	—	432
Dr. Vince Feng	247	—	—	—	—	—	247
	1,111	9,765	8,800	4,587	31	1,172	25,466



8. DIRECTORS' EMOLUMENTS — CONTINUED

HK\$'000	2024						Total
	Directors' fee	Salaries	Bonuses	Allowances	Benefits in kind (note i)	Employer's contribution to retirement scheme	
Executive Directors							
Li Tzar Kai, Richard	—	—	—	—	—	—	—
Lam Yu Yee	—	9,460	8,800	4,456	27	1,135	23,878
Non-executive Director							
Dr. Allan Zeman, <i>GBM, GBS, JP</i>	185	—	—	—	—	—	185
Independent Non-executive Directors							
Chiang Yun	247	—	—	—	—	—	247
Prof Wong Yue Chim, Richard, <i>SBS, JP</i>	432	—	—	—	—	—	432
Dr. Vince Feng	247	—	—	—	—	—	247
	1,111	9,460	8,800	4,456	27	1,135	24,989

- (i) Benefits in kind mainly includes medical insurance premium.
- (ii) No director offered to waive the basic salary and housing benefits during the year of 2025 (2024: Nil).
- (iii) No directors' emoluments, retirement benefits, payments or benefits in respect of termination of directors' services have been paid to or are receivable by the directors during the year ended December 31, 2025 (2024: Nil).
- (iv) No consideration was provided to or receivable by third parties for making available directors' services during the year ended December 31, 2025 (2024: Nil).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

8. DIRECTORS' EMOLUMENTS — CONTINUED

- (v) Save as disclosed in the Report of the Directors, there are no loans, quasi-loans and other dealings entered into by the Company or its subsidiary undertaking of the Company, in favour of directors, their controlled bodies corporate and connected entities during the year ended December 31, 2025 (2024: Nil).
- (vi) Save as disclosed in the Report of the Directors, there are no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended December 31, 2025 (2024: Nil).

9. FIVE TOP-PAID EMPLOYEES

- a. Of the five highest paid individuals in the Group, one (2024: one) is director whose emoluments are set out in note 8. Details of the emoluments of the remaining four highest paid individuals (2024: four) are as follows:

HK\$ million	2025	2024
Salaries and other short-term employee benefits	15	15
Bonuses	3	3
Retirement scheme contributions	1	1
Shared-based compensation expenses	—	—
	19	19

- b. The emoluments of the remaining four individuals (2024: four) are within the emolument ranges as set out below:

	Number of individuals	
	2025	2024
HK\$3,000,001 — HK\$3,500,000	—	—
HK\$3,500,001 — HK\$4,000,000	1	2
HK\$4,000,001 — HK\$4,500,000	1	1
HK\$4,500,001 — HK\$5,000,000	1	—
HK\$7,000,001 — HK\$7,500,000	—	—
HK\$7,500,001 — HK\$8,000,000	1	1
	4	4



10. INCOME TAX

Hong Kong profits tax has been provided at the rate of per cent (2024: 16.5 per cent) on the estimated assessable profits for the year.

Taxation for subsidiaries outside Hong Kong which mainly in Japan, Indonesia and Thailand has been calculated on the estimated assessable profits for the year at the rates prevailing in the respective jurisdictions.

HK\$ million	2025	2024
From continuing operations		
Hong Kong profits tax		
— Provision for current year	1	1
Income tax outside Hong Kong		
— Provision for current year	31	21
Deferred income tax	(45)	(31)
	(13)	(9)

Reconciliation between income tax and the Group's accounting loss at applicable tax rates is set out below:

HK\$ million	2025	2024
Loss before taxation	(194)	(252)
Notional tax on loss before taxation, calculated at applicable tax rate of 16.5 per cent (2024: 16.5 per cent)	(32)	(42)
Effect of different tax rates of subsidiaries operating overseas	16	4
Tax effect of income not subject to taxation	(17)	(28)
Tax effect of expenses not deductible for taxation purposes	52	61
Tax losses for which no deferred income tax asset was recognised	20	28
Recognition and utilisation of previously unrecognised tax losses	(62)	(41)
Withholding tax	11	8
Others	(1)	1
Income tax	(13)	(9)

11. DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended December 31, 2025 (2024: Nil).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

12. LOSS PER SHARE

The calculations of basic and diluted loss per share based on the share capital of the Company are as follows:

	2025	2024
Loss from continuing operations (HK\$ million)		
Loss for the purpose of calculating the basic and diluted loss per share	(181)	(243)
Number of shares (million)		
Weighted average number of ordinary shares for the purpose of calculating the basic and diluted loss per share	2,038	2,038

Pursuant to the terms of the applicable deed poll, the bonus convertible notes confer upon the holders the same economic interests attached to the bonus shares.

As at December 31, 2025, bonus convertible notes in an aggregated amount of HK\$592,552,133.20 (2024: HK\$592,552,133.20) have been converted into 1,185,104,266 shares of the Company (2024: 1,185,104,266 shares). The outstanding bonus convertible notes in an aggregated amount of HK\$20,021.20 (2024: HK\$20,021.20) at the conversion price of HK\$0.5 per share convertible into 40,042 shares (2024: 40,042 shares) have been included in the weighted average number of ordinary shares for calculating the diluted loss per share for the years ended December 31, 2025 and December 31, 2024, respectively.

13. INVESTMENT PROPERTIES

HK\$ million	2025	2024
At January 1,	3,277	3,435
Additions	5	3
Transfer from property, plant and equipment	—	8
Change in fair value	(74)	5
Exchange differences	(85)	(174)
Transfer to assets held for sales	(3,067)	—
At December 31,	56	3,277

As at December 31, 2024, value added tax receivables of HK\$130 million and HK\$15 million in relation to the land acquisition and construction of the investment property were included in non-current assets "Prepayments and other receivables" and current assets "Prepayment, deposits and other current assets" in the consolidated statement of financial position respectively.



13. INVESTMENT PROPERTIES — CONTINUED

a. The following tables analyse the investment properties which are carried at fair value. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets (level 1)
- Inputs other than quoted prices that are observable either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for asset that are not based on observable market data (level 3)

HK\$ million	Fair value measurement as at December 31, 2025		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring fair value measurement			
Investment properties			
— Hong Kong	—	—	56

HK\$ million	Fair value measurement as at December 31, 2024		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring fair value measurement			
Investment properties			
— Indonesia	—	—	3,221
— Hong Kong	—	—	56

During the years ended December 31, 2025 and December 31, 2024, there were no transfers between different levels.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

13. INVESTMENT PROPERTIES — CONTINUED

Information about level 3 fair value measurements

Investment properties	Valuation technique	As at December 31, 2025	
		Significant unobservable inputs	Rate
— Hong Kong	Income approach	Capitalisation rate Monthly gross market rent	4.5% HK\$10/sq.ft.

Investment properties	Valuation technique	As at December 31, 2024	
		Significant unobservable inputs	Rate
— Indonesia	Income approach	Occupancy rate	90%
		Capitalisation rate	7%
		Rental growth rate	2.5%
		Discount rate	9.5%
		Monthly gross market rent:	
	for office	Rp 369,000/sq.m. to Rp 477,000/sq.m.	
	for retail	Rp 332,000/sq.m. to Rp 605,000/sq.m.	
— Hong Kong	Income approach	Capitalisation rate Monthly gross market rent	4.5%

Rp represents Indonesian rupiah

HK\$10/sq.ft.



13. INVESTMENT PROPERTIES — CONTINUED

For the investment property in Hong Kong, the usage of this property is constrained by the Group's undertaking to the lessee. Management has performed valuation of the fair value as at December 31, 2025 and December 31, 2024 using the income approach assuming such constraint and the current tenancy agreement will continue in its existing manner in the foreseeable future. The valuation takes into account expected market rental and capitalisation rate. A significant change in the expected market rental or capitalisation rate would result in a significant change in the fair value of the investment property.

For the year ended December 31, 2024, the fair value of investment property in Indonesia were determined by an independent professional valuer using the income approach. These valuations took into account expected market rental and capitalisation rate. A significant change in the expected market rental or capitalisation rate would result in a significant change in the fair value of the investment property.

b. The carrying amount of investment properties is analysed as follows:

HK\$ million	2025	2024
Held in Hong Kong		
On long lease (over 50 years)	56	56
Held in Indonesia		
On medium-term lease (10-50 years)	—	3,221
	56	3,277



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

14. PROPERTY, PLANT AND EQUIPMENT

HK\$ million	Land	Buildings and structures	Other plant and equipment	Construction in progress	Total
At January 1, 2024					
At cost	237	2,230	599	54	3,120
Less: Accumulated depreciation and impairment	—	(408)	(368)	—	(776)
Net book value	237	1,822	231	54	2,344
Net book value at January 1, 2024	237	1,822	231	54	2,344
Additions	—	7	31	32	70
Transfer to investment properties	—	(8)	—	—	(8)
Transfer upon completion	—	18	37	(55)	—
Reversal of impairment (note)	—	125	1	—	126
Depreciation	—	(92)	(55)	—	(147)
Exchange differences	(6)	(161)	(27)	(4)	(198)
Net book value at December 31, 2024	231	1,711	218	27	2,187
At December 31, 2024					
At cost	231	2,200	620	27	3,078
Less: Accumulated depreciation and impairment	—	(489)	(402)	—	(891)
Net book value	231	1,711	218	27	2,187
Net book value at January 1, 2025	231	1,711	218	27	2,187
Additions	—	2	24	1	27
Transfer from properties held for development	2	18	1	1	22
Transfer upon completion	—	2	(1)	(2)	(1)
Depreciation	—	(103)	(63)	—	(166)
Exchange differences	17	33	5	—	55
Transfer to assets held for sale	(5)	(46)	(17)	—	(68)
Net book value at December 31, 2025	245	1,617	167	27	2,056
At December 31, 2025					
At cost	245	2,163	596	27	3,031
Less: Accumulated depreciation and impairment	—	(546)	(429)	—	(975)
Net book value	245	1,617	167	27	2,056



14. PROPERTY, PLANT AND EQUIPMENT — CONTINUED

Note:

The Group has two hotels located in Hokkaido, Japan. The carrying values of the hotel properties included in property, plant and equipment were HK\$1,256 million as at December 31, 2025 (2024: HK\$1,312 million).

Management considers each hotel to be separate cash generating units ("CGU"). Management reviews the business performance to determine whether there is any impairment indicators/indicators of reversal of impairment to each hotel. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss/reversal of impairment (if any). The recoverable amounts of the hotel properties are determined as higher of the CGU's value-in-use and fair value less cost of disposal. Management considered value-in-use calculations as the recoverable amounts. These calculations use the discounted cash flow method based on the financial forecast generally covering a 5-year period which is considered appropriate to take into account the business cycle and growth plans. Cash flows beyond the projection period are extrapolated using the estimated terminal growth rates.

During the year ended December 31, 2020, the Group's hotel operations incurred losses due to global economic slowdown arising from travel restrictions resulting from the COVID-19 pandemic, the Group recognised impairment losses of HK\$229 million.

During the year ended December 31, 2024, management considered that the indicators giving rise to the impairment provision made in prior year may no longer exist, as management observed that Park Hyatt Niseko, Hanazono has achieved continuous improvement on its financial performance as a result of the post-pandemic tourism upswing in Japan since the relaxation of travel restrictions in 2024. Management believes this solid result to be plausible and sustainable in the longer term and revisited the estimation for the recoverable amount of the hotel property as at December 31, 2024 by taking into consideration the latest business performance and positive market outlook in the Hokkaido tourism industry with reference to external market research reports. Based on the assessment, a reversal of impairment of HK\$126 million was recognised.

The discount rate used in the value in use model was 7% in the current year and prior year estimate.

15. RIGHT-OF-USE ASSETS

HK\$ million	2025	2024
Properties	40	41

The Group leases various properties, equipment and vehicles. Lease contracts are typically made for fixed periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

There were additions to the right-of-use assets of HK\$27 million during the year ended December 31, 2025 (2024: HK\$39 million). During the year ended December 31, 2025, total cash outflow for leases amounted to HK\$27 million (2024: HK\$29 million).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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16. PROPERTIES UNDER DEVELOPMENT/HELD FOR SALE/HELD FOR DEVELOPMENT

a. Properties under development/held for sale

HK\$ million	2025	2024
At January 1,	3,725	3,463
Additions	559	316
Properties sold	(80)	—
Exchange differences	20	(54)
At December 31,	4,224	3,725
Less: Properties under development classified as non-current assets	—	(176)
Properties under development/held for sale classified as current assets	4,224	3,549

- (i) As at December 31, 2024, properties under development classified as non-current assets consists of the freehold land underdevelopment in Japan which is held by an indirect wholly-owned subsidiary amounted to HK\$176 million.
- (ii) Properties under development/held for sale classified as current assets as at December 31, 2025 consist of HK\$20 million (December 31, 2024: HK\$71 million) for the branded residences held for sale, HK\$792 million (December 31, 2024: HK\$386 million) for properties under development in Hokkaido, Japan, HK\$221 million (December 31, 2024: HK\$195 million) for the first phase development project under construction in Thailand and HK\$3,191 million (December 31, 2024: HK\$2,897 million) for a property in Hong Kong.

b. Properties held for development

HK\$ million	2025	2024
At January 1,	454	427
Additions	1	25
Transfer to Property, plant and equipment	(22)	—
Reversal of impairment (note)	89	—
Exchange differences	44	2
At December 31,	566	454

Note:

Properties held for development as at December 31, 2025 represent the freehold land in Thailand which the Group intends to hold for future development projects.



16. PROPERTIES UNDER DEVELOPMENT/HELD FOR SALE/HELD FOR DEVELOPMENT — CONTINUED

b. Properties held for development — Continued

Same as previous years, management has performed assessments on the net realisable value of the property interest together with the costs of improvements spent on the land in Thailand recognised under properties held for development, with reference to the advice of an external valuer.

During the year ended December 31, 2014, the property interest was written down to the net realisable value with reference to a valuation performed by an independent profession valuer and the Group recognised a provision for impairment of HK\$84 million.

During the year ended December 31, 2025, management considered that the indicators giving rise to the impairment provision made in prior year may no longer exist, with the announcement of a new strategic alliance formed to bring a Four Seasons Resorts and Branded Residence to the location and a valuation performed by an independent professional valuer using direct comparison approach which involves the use of various market comparables, estimates and assumptions. Based on the assessment, a reversal of impairment of HK\$89 million was recognized for the current year.

Changes of the assumptions adopted in the valuation may result in a change in future estimates of the net realisable value of the development project.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

17. GOODWILL

HK\$ million	2025	2024
Costs:		
At January 1,	99	100
Exchange difference	—	(1)
At December 31,	99	99
Accumulated impairment losses:		
At January 1, and December 31,	(96)	(96)
Carrying amount:		
At December 31,	3	3

Goodwill is allocated to the Group's cash-generating unit identified as follows:

HK\$ million	2025	2024
Other business — property management	2	2
Other business — laundry services	1	1
At December 31,	3	3

Management performed assessments on the recoverable amounts of the property management and laundry services based on the cash flow forecast of the businesses. Management considered that there was no impairment of goodwill in relation to these operations as at December 31, 2025 (December 31, 2024: Nil).

The impairment losses recognised in prior years related to the property development division and ski operation.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

HK\$ million	2025	2024
Listed equity securities, Hong Kong	1	1



19. PRINCIPAL SUBSIDIARIES AND ENTITIES CONSOLIDATED INTO THE CONSOLIDATED FINANCIAL STATEMENTS

- a. The following list contains only the particulars of subsidiaries and entities which principally affected the results, assets and liabilities of the Group for the years ended December 31, 2025 and 2024. The class of shares held is ordinary unless otherwise stated.

Company name	Place of incorporation/ operations	Principal activities	Amount of issued capital/ registered capital	Equity interest attributable to the Company	
				Directly	Indirectly
Cyber-Port Limited 資訊港有限公司	Hong Kong	Property development	HK\$2	—	100%
Dong Si (Holdings) Limited 盈科優質創建有限公司	Hong Kong	Provision of leasing and financing	HK\$1	—	100%
Easy Treasure Limited	Cayman Islands	Investment holding	US\$10,000	—	90.01%
Garhing Investment Company, Limited ¹ 家卿置業有限公司	Hong Kong	Property development and investment	HK\$500,000	—	50%
Harmony TMK	Japan	Property development	JPY19,195,000,000 (JPY345,000,000 specified capital and JPY18,850,000,000 preferred capital)	—	100%
Ipswich Holdings Limited	British Virgin Islands	Investment holding	US\$2	100%	—
Island South Property Management Limited 南盈物業管理有限公司	Hong Kong	Property management	HK\$2	—	100%
Kabushiki Kaisha Niseko Management Service	Japan	Property management and travel agency	JPY10,000,000	—	100%



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

19. PRINCIPAL SUBSIDIARIES AND ENTITIES CONSOLIDATED INTO THE CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

Company name	Place of incorporation/ operations	Principal activities	Amount of issued capital/ registered capital	Equity interest attributable to the Company	
				Directly	Indirectly
Madeline Investments Limited 盈科大衍地產發展有限公司	Hong Kong	Trademark registrant	HK\$2	—	100%
Million Base Properties Limited ¹ 百寶置業有限公司	Hong Kong	Property development and investment	HK\$2	—	50%
Million Basis Property Limited ¹	British Virgin Islands/ Hong Kong	Property development and investment	US\$1	—	50%
Nihon Harmony Resorts KK	Japan	Ski operation	JPY405,000,000	—	100%
PCPD Capital Limited	Cayman Islands	Investment holding and financing	US\$1	—	100%
PCPD Facilities Management Limited	Hong Kong	Provision of property management services	HK\$2	—	100%
PCPD Real Estate Agency Limited	Hong Kong	Property sales agency	HK\$2	—	100%
PCPD Services Limited	Hong Kong	Provision of administrative services	HK\$2	—	100%
PCPD South Village Hotel Co., Ltd.	Japan	Hotel management	JPY199,000,000	—	100%
PCPD Wealth Limited	Hong Kong	Provision of financial services	HK\$1	—	100%
Phang Nga Paradise and Leisure Limited	Thailand	Property holding and leasing	THB6,000,000	—	93.23%
Silvery Sky Holdings Limited	British Virgin Islands	Investment holding	US\$2	—	50%



19. PRINCIPAL SUBSIDIARIES AND ENTITIES CONSOLIDATED INTO THE CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

Company name	Place of incorporation/ operations	Principal activities	Amount of issued capital/ registered capital	Equity interest attributable to the Company	
				Directly	Indirectly
Talent Master Investments Limited	British Virgin Islands/ Hong Kong	Property investment	US\$1	—	100%
Triple8 KK	Japan	Property development and hotel management	JPY199,000,000	—	100%
White Pacific Limited ¹	British Virgin Islands/ Hong Kong	Property development and investment	US\$1	—	50%

Note:

- 1 These companies are wholly-owned subsidiaries of Silvery Sky Holdings Limited (collectively the “Silvery Sky Group”) and are consolidated by the Group as the Group owns more than one half of the shareholders’ voting rights and/or more than one half of the voting rights in the board of directors of these companies.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

19. PRINCIPAL SUBSIDIARIES AND ENTITIES CONSOLIDATED INTO THE CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

b. Summarised financial information of subsidiaries with material non-controlling interests

Set out below is the summarised consolidated financial information for Silvery Sky Group which are subsidiaries that have non-controlling interests that are material to the Group. Silvery Sky Group holds the property located at 3–6 Glenealy, Central, Hong Kong.

Summarised consolidated statement of financial position as at December 31, 2025 and December 31, 2024 is as follows:

HK\$ million	Silvery Sky Group	
	2025	2024
Non-current assets	7	42
Current assets	2,891	2,638
Total assets	2,898	2,680
Non-current liabilities	—	(1,029)
Current liabilities	(3,151)	(1,854)
Total liabilities	(3,151)	(2,883)
Net liabilities	(253)	(203)

Summarised consolidated financial information for the years ended December 31, 2025 and December 31, 2024 is as follows:

HK\$ million	Silvery Sky Group	
	2025	2024
Loss before income tax	(51)	(27)
Income tax	—	—
— Loss for the year	(51)	(27)

Continued Summarised consolidated cash flows for the years ended December 31, 2025 and December 31, 2024 are as follows:

HK\$ million	Silvery Sky Group	
	2025	2024
Net cash used in operating activities	(183)	(108)
Net cash generated from financing activities	181	112
Net increase/(decrease) in cash and cash equivalents	(2)	4
Cash and cash equivalents at January 1,	5	1
Cash and cash equivalents at December 31,	3	5

The information above represents amounts before inter-company eliminations and Group consolidation adjustments.



20. CURRENT ASSETS AND LIABILITIES

a. Sales proceeds held in stakeholders' accounts

The balance represents proceeds from the sales of properties of the Group's property development project that are retained in bank accounts opened and maintained by stakeholders. The amount is related to the residential portion of the Cyberport project and will be transferred to specific bank accounts, which are restricted in use, pursuant to certain conditions and procedures as stated in the Cyberport Project Agreement. The sales proceeds held in stakeholders' accounts of HK\$8 million as at December 31, 2025 (December 31, 2024: HK\$8 million) are exposed to minimal credit risk.

b. Trade receivables, net

(i) Aging analysis

An aging analysis of trade receivables, based on invoice date and before provision for receivable impairment, is set out below:

HK\$ million	2025	2024
1–30 days	121	96

Trade receivables have a normal credit period which ranges up to 30 days from the date of the invoice unless there is separate mutual agreement on extension of the credit period. Details about the Group's impairment policies are provided in note 2(l).

(ii) The Group applies the HKFRS 9 (2014) simplified approach to measure loss allowance for expected credit losses which uses a lifetime expected loss allowance for trade receivables.

As at December 31, 2025, trade receivables of HK\$121 million (December 31, 2024: HK\$96 million) are exposed to credit risk. No loss allowance for expected credit losses was made as at December 31, 2025 (December 31, 2024: Nil). The amounts in trade receivables balance relate to a wide range of customers for whom there is no recent history of default.

(iii) The carrying amounts of the Group's trade receivables are denominated in the following currencies:

HK\$ million	2025	2024
Hong Kong dollar	3	2
Japanese yen	118	91
Indonesian rupiah	—	3
	121	96



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

20. CURRENT ASSETS AND LIABILITIES — CONTINUED

c. Cash and bank balances

HK\$ million	2025	2024
Cash and cash equivalents		
Cash at banks and on hand	691	659
Restricted cash	34	71
	725	730

Restricted cash included cash of HK\$34 million (December 31, 2024: HK\$71 million) held in specific reserve accounts pledged for bank borrowing purposes.

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

HK\$ million	2025	2024
Japanese Yen	652	376
Hong Kong dollar	57	251
Indonesian Rupiah	—	81
Thai Baht	14	15
Others	2	7
	725	730

d. Trade payables

An aging analysis of trade payables, based on invoice date, is set out below:

HK\$ million	2025	2024
1–30 days	127	53

e. Accruals and other payables

Accruals and other payables mainly represents accruals for construction costs and operating costs for property development project, retention payables, interest payable and tenants deposits.



21. DISPOSAL GROUP HELD FOR SALE

On December 31, 2025, the Group is contemplating a plan to dispose the property investment business in Indonesia. The associated assets and liabilities were consequently presented as held for sale in the 2025 financial statements.

The group of subsidiaries are reported in the current period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

a) Results and total comprehensive income from discontinued operation

HK\$ million	2025	2024
Revenue	208	206
Cost of sales	(7)	(7)
Gross profit	201	199
General and administrative expenses	(102)	(86)
Other income	1	1
Other gain	105	5
Interest income	—	2
Finance costs	(56)	(75)
Profit before taxation	149	46
Income tax	(37)	(33)
Profit from discontinued operation	112	13
Other comprehensive loss:		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Currency translation differences:		
Exchange differences on translating foreign operation	(87)	(184)
Total comprehensive profit/(loss) from discontinued operation	25	(171)
Basic and diluted earnings per share from discontinued operation (expressed in Hong Kong cents per shares)	5.50 cents	0.63 cents

The cumulative foreign exchange losses recognised in other comprehensive income in relation to the discontinued operation as at December 31, 2025 were HK\$1,234 million.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

21. DISPOSAL GROUP HELD FOR SALE — CONTINUED

b) Cash flows from discontinued operation

HK\$ million	2025	2024
Net cash inflow from operating activities	29	68
Net cash outflow from investing activities	(6)	(10)
Net cash outflow from financing activities	(68)	(80)
Net decrease in cash generated by the discontinued operations	(45)	(22)

c) Assets and liabilities of disposal group classified as held for sale

HK\$ million	2025
Non-current assets	
Investment properties (note i)	3,067
Property, plant and equipment	68
Prepayments and other receivables	122
	3,257
Current assets	
Inventories	3
Restricted cash	15
Trade receivables, net	3
Prepayments, deposits and other current assets	46
Amounts due from related companies	2
Cash and cash equivalents	42
	111
Current liabilities	
Borrowings (note ii)	1,165
Trade payables	2
Accruals and other payables	71
Deferred income and contract liabilities	53
	1,291
Net current liabilities	(1,180)
Total assets less current liabilities	2,077
Non-current liabilities	
Other payables	3
Net assets	2,074



21. DISPOSAL GROUP HELD FOR SALE — CONTINUED

c) Assets and liabilities of disposal group classified as held for sale — Continued

Note i) Investment Properties

As at December 31, 2025, value added tax receivables of HK\$112 million and HK\$16 million in relation to the land acquisition and construction of the investment property were included in non-current assets “Prepayments and other receivables” and current assets “Prepayment, deposits and other current assets” in the consolidated statement of financial position respectively.

- a. The following tables analyse the investment properties which are carried at fair value. The different levels are defined as follows:
- Quoted prices (unadjusted) in active markets for identical assets (level 1)
 - Inputs other than quoted prices that are observable either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
 - Inputs for asset that are not based on observable market data (level 3)

Fair value measurement

HK\$ million	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring fair value measurement			
Investment properties			
— Indonesia	—	—	3,067

Information about level 3 fair value measurements

Investment properties	Valuation technique	Significant unobservable inputs	Rate
— Indonesia	Income approach	Occupancy rate	90%
		Capitalisation rate	7%
		Rental growth rate	2.5%
		Discount rate	9.5%
		gross market rent:	
		for office	Rp 354,000/sq.m. to Rp 462,000/sq.m.
		for retail	Rp 333,000/sq.m. to Rp 605,000/sq.m.

Rp represents Indonesian rupiah



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

21. DISPOSAL GROUP HELD FOR SALE — CONTINUED

c) Assets and liabilities of disposal group classified as held for sale — Continued

Note i) Investment Properties — Continued

The fair value of investment property in Indonesia were determined by an independent professional valuer using the income approach. These valuations took into account expected market rental and capitalisation rate. A significant change in the expected market rental or capitalisation rate would result in a significant change in the fair value of the investment property.

b. The carrying amount of investment properties is analysed as follows:

HK\$ million	2025
Held in Indonesia	
On medium-term lease (10–50 years)	3,067
	3,067

Note ii) Borrowings

HK\$ million	2025
Secured Bank Borrowings, repayable within a period — not exceeding one year	1,165

On December 29, 2023, an indirect wholly-owned subsidiary of the Company renewed the term loan facility agreement for an aggregate amount of HK\$1,208 million with a maturity in December, 2026. Such facility is secured by the land and building, bank accounts, shares and other assets of certain indirect wholly-owned subsidiaries of the Company and subject to certain financial ratios covenants. As of December 31, 2025, none of the covenants were breached and the carrying value of the borrowing represents the loan drawdown of HK\$1,171 million (December 31, 2024: HK\$1,199 million) offset by the deferred loan arrangement costs of HK\$6 million (December 31, 2024: HK\$11 million).

Certain assets of disposal group held for sale with an aggregated carrying value of HK\$3,188 million were mortgaged and pledged to a bank as security for loan facilities included in the liabilities of the disposal group held for sale.



22. BORROWINGS

HK\$ million	2025	2024
Borrowings, repayable within a period		
— not exceeding one year	7,976	835
— over one year, but not exceeding two years	273	8,860
— over two years, but not exceeding five years	914	146
	9,163	9,841
Representing:		
Guaranteed notes (note a)	6,214	6,196
Bank borrowings (notes b, c, d, e and f)	2,949	3,645
	9,163	9,841
Secured	2,452	3,499
Unsecured	6,711	6,342

- a. On June 18, 2021, PCPD Capital Limited (“PCPD Capital”), an indirectly wholly-owned subsidiary of the Company, issued in an aggregate principal amount of US\$800 million 5.125 per cent guaranteed notes due 2026 (“Notes”), which are listed on the Singapore Exchange Securities Trading Limited. The estimated fair value of the option of the early redemption and repurchase rights are recognised as financial assets at fair value through profit or loss. The Notes are irrevocably and unconditionally guaranteed by the Company. The Notes rank pari passu among themselves and with all other present and future unsecured and unsubordinated obligations of PCPD Capital and the Company.
- b. On April 13, 2021, a project development loan facility agreement was entered into by an indirect wholly-owned subsidiary of the Company under which the lenders agreed to make available a term loan facility up to an aggregate amount of HK\$1,382 million with a maturity of April 2026 or twelve months after occupation permit of the development project in Hong Kong being issued by the building authority, whichever is earlier. Such facility is secured by certain land and property, bank accounts, shares and other assets of the indirect non-wholly owned subsidiaries of the Company and subject to certain financial ratios covenants. As of December 31, 2025, none of the covenants were breached and the carrying value of the borrowing represents the loan drawdown of HK\$1,191 million (December 31, 2024: HK\$1,031 million) offset by the deferred loan arrangement costs of HK\$2 million (December 31, 2024: HK\$3 million).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

22. BORROWINGS — CONTINUED

- c. On December 24, 2024, an indirect wholly-owned subsidiary of the Company entered into the term loan facility agreement under which the lender agreed to make available a term loan facility up to an aggregate amount of HK\$500 million. The maturity of the term loan facility is in June, 2028. Such facility is secured by corporate guarantee of the Company and subject to certain financial ratios covenants. As of December 31, 2025, none of the covenants were breached and the carrying value of the borrowing represents the loan drawdown of HK\$500 million (December 31, 2024: HK\$150 million) offset by the deferred loan arrangement costs of HK\$3 million (December 31, 2024: HK\$4 million).
- d. On July 23, 2025, an indirect wholly-owned subsidiary of the Company entered into the term loan facility agreement under which the lender agreed to make available a term loan facility up to an aggregate amount of JPY23,500 million (equivalent to HK\$1,271 million) with a maturity in July, 2030. Such facility is secured by certain lands and properties, bank accounts, shares and other assets of certain indirect wholly-owned subsidiary of the Company and subject to certain financial ratios covenants. As of December 31, 2025, none of the covenants were breached and the carrying value of the borrowing represents the outstanding principal amount of JPY14,500 million (equivalent to HK\$724 million) (December 31, 2024: nil) offset by the deferred loan arrangement costs of JPY681 million (equivalent to HK\$34 million) (December 31, 2024: nil).
- e. On December 24, 2025, an indirect wholly-owned subsidiary of the Company entered into the term loan facility agreement under which the lender agreed to make available a term loan facility up to an aggregate amount of HK\$780 million. The maturity of the term loan facility is in June, 2030. Such facility is secured by corporate guarantee of the Company and subject to certain financial ratios covenants. As of December 31, 2025, none of the covenants were breached and no drawdown were made.
- f. On December 29, 2025, an indirect wholly-owned subsidiary of the Company entered into an amendment agreement to the term loan facility agreement up to an aggregate amount of HK\$780 million. The facility was renewed with the maturity date in June 2026 at the latest outstanding amount of HK\$575 million. Such facility is secured by corporate guarantee of the Company, certain indirect wholly-owned subsidiaries of the Company and PCCW Limited ("PCCW") up to its percentage of interest of the issued share capital of the Company and subject to certain financial ratios covenants. As of December 31, 2025, none of the covenants were breached and the carrying value of the borrowing represents the loan drawdown of HK\$575 million (December 31, 2024: HK\$780 million) offset by the deferred loan arrangement costs of HK\$1 million (December 31, 2024: HK\$2 million). Subsequent to December 31, 2025, full amount is repaid on January 30, 2026.



23. DEFERRED INCOME AND CONTRACT LIABILITIES

HK\$ million	2025	2024
Deferred income:		
Rental income from investment properties	2	75
Less: Amount classified as non-current liabilities	—	(12)
	2	63
Contract liabilities:		
— from sales of properties	188	6
— from hotel operations	132	114
— from property management businesses (note)	119	114
— from other businesses	1	3
	440	237
Deferred income and contract liabilities classified as current liabilities	442	300

Note:

The balance included receipt collected on behalf of the owner of the properties.

24. ISSUED EQUITY

	The Group	
	Number of shares	Issued equity
	(note a)	HK\$ million
	(note a)	(note a)
Ordinary shares of HK\$0.50 each at December 31, 2024 and December 31, 2025	2,038,236,743	3,802

a. Due to the use of reverse acquisition basis of accounting (as stated in note 2(d) to the 2004 Financial Statements), the amount of issued equity, which includes share capital and share premium in the consolidated statement of financial position, represents the amount of issued equity of the legal subsidiary, Ipswich Holdings Limited, at the date of completion of the reverse acquisition plus equity changes attributable to the Group after the reverse acquisition. The equity structure (i.e. the number and type of shares) reflects the equity structure of the legal parent, Pacific Century Premium Developments Limited, for all accounting periods presented.

b. The following is the movement in the share capital of the Company:

	The Company	
	Number of shares	Nominal value
		HK\$ million
Authorised:		
Ordinary shares of HK\$0.50 each at December 31, 2024 and December 31, 2025	4,000,000,000	2,000
Issued and fully paid:		
Ordinary shares of HK\$0.50 each at December 31, 2024 and December 31, 2025	2,038,236,743	1,019



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

24. ISSUED EQUITY — CONTINUED

- c. Pursuant to an ordinary resolution passed at the special general meeting of the Company held on May 2, 2012 and the announcements dated May 16, 2012 and June 21, 2012 in relation to the bonus issue of shares (with a right for shareholders to elect to receive bonus convertible notes in lieu of bonus shares), 405,378,544 bonus shares of HK\$0.10 each were allotted and issued on June 22, 2012 on the basis of four (4) bonus shares for every one (1) issued share held by the qualifying shareholders of the Company whose names appeared on the register of members of the Company on May 30, 2012 (other than those qualifying shareholders who had elected to receive bonus convertible notes in lieu of all of their entitlement to the bonus shares).

Bonus convertible notes of HK\$592,572,154.40 at the initial conversion price of HK\$0.10 per share were issued by the Company on June 22, 2012. Immediately after the share consolidation which took effect on June 25, 2012, the conversion price of the bonus convertible notes was adjusted from HK\$0.10 per share to HK\$0.50 per share pursuant to the terms of the applicable deed poll.

As at December 31, 2025, bonus convertible notes in an aggregated amount of HK\$592,552,133.20 have been converted into 1,185,104,266 shares of the Company and the remaining bonus convertible notes in an aggregated amount of HK\$20,021.20 are unlisted and irredeemable but have conversion rights entitling the noteholders to convert into an equivalent number of shares as the number of bonus shares which the noteholders would otherwise be entitled to receive under the bonus issue had the shareholder not elected for the bonus convertible notes. The bonus convertible notes do not carry voting rights at any general meeting of shareholders of the Company. The noteholders can exercise the conversion rights at any time after the issue of bonus convertible notes, subject to the terms and conditions of the applicable deed poll constituting the bonus convertible notes. The bonus convertible notes were recognised as equity and are presented in “Convertible notes reserve” in the consolidated statement of changes in equity. Upon conversion of the bonus convertible notes, the equivalent amount was converted into issued share capital.

25. EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement schemes

Employees of the Group are entitled to join the defined contribution retirement schemes operated by PCCW, including the Mandatory Provident Fund Scheme (the “MPF scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The schemes are administered by independent trustees.

Under the defined contribution retirement scheme, the employer is required to make contributions to the scheme at rates specified under the rules of the scheme. Where employees leave the scheme prior to the full vesting of the employer’s contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group.

Under the MPF scheme, the employer and its employees are each required to make contributions to the scheme at specific rates pursuant to the rules of the MPF scheme. Contributions to the scheme vest immediately upon the completion of the service in the relevant service period.



26. SHARE-BASED PAYMENT TRANSACTIONS

a. *Share option scheme*

The Group operated a share option scheme which was adopted by the Company's shareholders at the annual general meeting of the Company held on May 6, 2015, and became effective on May 7, 2015 following its approval by PCCW's shareholders (the "2015 Scheme"). The 2015 Scheme, which has a term of 10 years commencing on May 7, 2015, has expired on May 6, 2025 and no further share options will be granted thereunder.

Following the expiration of the 2015 Scheme, the Company has adopted a new share option scheme (the "2025 Scheme") on May 14, 2025 pursuant to the resolutions passed by the shareholders of the Company at the annual general meeting held on May 14, 2025. The 2025 Scheme is valid and effective for a period of 10 years commencing on May 14, 2025.

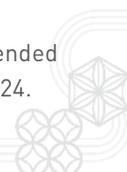
Under the 2025 Scheme, save as disclosed in the Report of the Directors, the board of directors of the Company may, at its discretion, grant share options to any eligible participants to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The exercise price of the options under the 2025 Scheme is determined by the board of directors of the Company in its absolute discretion but in any event shall not be less than the higher of (i) the closing price of the shares of the Company as stated in the daily quotations sheet of the Stock Exchange on the date of grant; and (ii) the average closing price of the shares of the Company as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of grant.

The total number of new shares which may be issued pursuant to the exercise of options granted under the 2025 Scheme must not exceed 10 per cent of the total number of shares in issue (excluding treasury shares, if any) as at May 14, 2025 (being 203,823,674 shares) (the "Scheme Limit"), subject to the scheme mandate limit. Within the Scheme Limit, the total number of new shares which may be issued pursuant to the exercise of options granted to the service providers (as defined in the scheme rule of the 2025 scheme) shall be no more than 0.5 per cent of the total number of shares in issue (excluding treasury shares, if any) as at May 14, 2025 (being 10,191,183 shares). The Company may also, having obtained separate shareholders' approval, grant options beyond the Scheme Limit to eligible participants specifically identified by the Company before the shareholders' meeting at which the aforesaid approval is sought.

The total number of shares issued and to be issued upon exercise of options and/or vesting of awards involving new shares granted and to be granted (whether under the 2025 Scheme or any other share scheme) to any single eligible participant, whether or not already a grantee, in any twelve (12)-month period shall be subject to a limit that it shall not exceed 1 per cent of the shares in issue (excluding treasury shares, if any) at the relevant time (the "Individual Limit"). Any grant or further grant of options to an eligible participant (whether or not already a grantee) which would result in the shares issued and that may be issued upon exercise of all options and/or vesting of all awards involving new shares granted and to be granted (whether under the 2025 Scheme or any other share scheme) to such eligible participant (excluding those shares issued or issuable in respect of options and/or awards lapsed in accordance with the terms of the corresponding scheme) in the twelve (12)-month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to the prior approval of shareholders of the Company, on which approval the eligible participant, his or her close associates (or associates, if the eligible participant is a connected person) shall abstain from voting.

The details of the share option scheme are disclosed under the section "Share Options and Directors' Rights to Acquire Shares or Debentures" in the Report of the Directors of the Company's 2025 Annual Report.

No share options had been granted, exercised, cancelled or lapsed under the 2015 Scheme and the 2025 Scheme during the years ended December 31, 2025 and December 31, 2024. There were no share options outstanding as at December 31, 2025 and December 31, 2024.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

27. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

a. Statement of Financial Position of the Company

HK\$ million	Note	2025	2024
ASSETS AND LIABILITIES			
Non-current asset			
Investment in a subsidiary		2,870	2,870
Current assets			
Prepayments		1	1
Amounts due from subsidiaries		7,034	7,042
		7,035	7,043
Current liabilities			
Accruals and other payables		2	2
Amounts due to subsidiaries		4,375	4,375
		4,377	4,377
Net current assets		2,658	2,666
Total assets less current liabilities		5,528	5,536
Net assets		5,528	5,536
CAPITAL AND RESERVES			
Share capital	24b	1,019	1,019
Reserves	27b	4,509	4,517
		5,528	5,536

Li Tzar Kai, Richard
Director

Benjamin Lam Yu Yee
Director



27. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY — CONTINUED

b. Reserves of the Company

HK\$ million	2025				Total
	Share premium	Capital redemption reserve	Convertible notes reserve	Retained earnings	
Balance at January 1, 2025	2,585	1	—	1,931	4,517
Total comprehensive loss for the year	—	—	—	(8)	(8)
Balance at December 31, 2025	2,585	1	—	1,923	4,509

HK\$ million	2024				Total
	Share premium	Capital redemption reserve	Convertible notes reserve	Retained earnings	
Balance at January 1, 2024	2,585	1	—	1,937	4,523
Total comprehensive loss for the year	—	—	—	(6)	(6)
Balance at December 31, 2024	2,585	1	—	1,931	4,517



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28. DEFERRED INCOME TAX

- a. The components of deferred income tax assets and liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred income tax liabilities HK\$ million	Accelerated tax depreciation	Revaluation of properties	Others	Total
At January 1, 2024	3	6	24	33
Charged to the consolidated statement of comprehensive income	—	—	3	3
At December 31, 2024	3	6	27	36
At January 1, 2025	3	6	27	36
Charged to the consolidated statement of comprehensive income	—	—	2	2
At December 31, 2025	3	6	29	38

Deferred income tax assets

HK\$ million	Tax losses	Total
At January 1, 2024	—	—
Credited to the consolidated statement of comprehensive income	34	34
At January 1, 2025	34	34
Credited to the consolidated statement of comprehensive income	49	49
At December 31, 2025	83	83

There were no deferred income tax assets netted off against deferred income tax liabilities recognised in the consolidated statement of financial position as at December 31, 2025 (December 31, 2024: Nil). As at December 31, 2025, no deferred tax liabilities (December 31, 2024: Nil) was recognised on undistributed profits of subsidiaries.

- b. The deferred income tax liabilities as at December 31, 2025 of HK\$38 million (December 31, 2024: HK\$36 million) are expected to be recovered after more than 12 months.
- c. Deferred tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The recognition during the year is primarily attributable to the Group's property development business in Japan. The Group has unrecognised estimated tax losses of HK\$1,213 million as at December 31, 2025 (December 31, 2024: HK\$1,475 million) to be carried forward for deduction against future taxable profits. HK\$652 million (December 31, 2024: HK\$981 million) tax losses relating to subsidiaries operating outside Hong Kong would be expired within one to ten years from December 31, 2025 (December 31, 2024: one to ten years). The remaining HK\$561 million (December 31, 2024: HK\$494 million) tax losses are mainly related to Hong Kong companies which can be carried forward indefinitely.



29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

a. Reconciliation of loss before taxation to net cash (used in)/generated from operating activities

HK\$ million	2025	2024
Loss before taxation from continuing and discontinued operations	(45)	(206)
Adjustments for:		
– interest income	(4)	(7)
– finance costs	351	313
– depreciation of property, plant and equipment	166	147
– depreciation of right-of-use assets	27	27
– fair value change on investment properties	73	(5)
– reversal of impairment loss of property, plant and equipment	—	(126)
– reversal of impairment loss of properties held for development	(89)	—
– Overprovision of other non-current payable	(179)	—
Operating profit before changes in working capital	300	143
(Increase)/decrease in operating assets:		
– properties under development/held for sale	(300)	(144)
– properties held for development	(1)	(25)
– inventories	1	(5)
– prepayments, deposits and other current assets	38	(19)
– sales proceeds held in stakeholders' accounts	—	1
– trade receivables, net	(27)	(9)
– amounts due from related companies	1	—
(Decrease)/increase in operating liabilities:		
– trade payables, accruals and other payables	(24)	(6)
– deferred income and contract liabilities	164	32
– other non-current payables	9	(2)
Cash generated/(used in) from operations	161	(34)
Interest received	4	7
Tax paid		
– in Hong Kong	(1)	—
– outside Hong Kong	(32)	(48)
Net cash generated from/(used in) operating activities	132	(75)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS — CONTINUED

b. Movements of assets and liabilities in the consolidated statement of financial position arising from financing activities

HK\$ million	2025				Total
	Restricted cash	Interest payables (included in accruals and other payables)	Lease liabilities	Bank and other borrowings	
At January 1, 2025	(71)	16	48	9,841	9,834
Cash flows in financing activities					
Proceeds from borrowing, net	—	—	—	1,232	1,232
Repayment for bank borrowings	—	—	—	(779)	(779)
Payment for borrowing costs	—	(491)	—	—	(491)
Payment for lease liabilities (including interest)	—	—	(31)	—	(31)
Decrease in restricted cash	22	—	—	—	22
Cash flows in financing activities	22	(491)	(31)	453	(47)
Non-cash changes	—	488	28	34	550
At December 31, 2025	(49)	13	45	10,328	10,337



29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS — CONTINUED

b. *Movements of assets and liabilities in the consolidated statement of financial position arising from financing activities — Continued*

HK\$ million	2024					Total
	Restricted cash	Interest payables (included in accruals and other payables)	Lease liabilities	Bank and other borrowings		
At January 1, 2024	(43)	14	38	9,441		9,450
Cash flows in financing activities						
Proceeds from borrowing, net	—	—	—	513		513
Repayment for bank borrowings	—	—	—	(46)		(46)
Payment for borrowing costs	—	(489)	—	—		(489)
Payment for lease liabilities (including interest)	—	—	(29)	—		(29)
Increase in restricted cash	(28)	—	—	—		(28)
Cash flows in financing activities	(28)	(489)	(29)	467		(79)
Non-cash changes	—	491	39	(67)		463
At December 31, 2024	(71)	16	48	9,841		9,834



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

30. COMMITMENTS

a. Capital

Capital expenditure contracted for at the end of the year but not yet incurred was as follows:

HK\$ million	2025	2024
Contracted but not provided for		
Property development projects	618	945
Investment properties	—	2
Property, plant and equipment	18	28
	636	975

b. Short-term leases

As at December 31, the total minimum future lease payments under short-term leases were payable as follows:

HK\$ million	2025	2024
Properties and equipments	1	1

c. Lease receivables

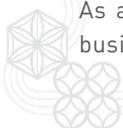
As at December 31, the total future minimum lease receivables under non-cancellable operating leases were as follows:

Land and buildings (as lessor)

HK\$ million	2025	2024
Within one year	2	137
After one year but within two years	2	117
After two years but within three years	2	90
After three years but within four years	—	45
After four years but within five years	—	22
After five years	—	3
	6	414

As at December 31, 2025, the leases typically run for an initial period of one to three years (2024: one to ten years). None (2024: Nine) of the leases includes contingent rentals with reference to the revenue of the lessee operations.

As at December 31, 2024, the total future minimum lease receivables of HK\$412 million was attributable to the property investment business in Indonesia.



31. GUARANTEES

Save as disclosed elsewhere in the consolidated financial statements,

- a. On June 18, 2021, the Company had executed guarantee in favour of the note holders of the New Notes, in principal amount of US\$800 million issued by PCPD Capital (note 23 (a)).
- b. On April 13, 2021, the Company had executed guarantee in favour of the lender whom agreed to make available a loan facility up to an aggregate amount of HK\$1,382 million (note 23 (b)).
- c. On December 24, 2024, the Company had executed guarantee in favour of the lender whom agreed to make available term loan facilities up to an aggregate amount of HK\$500 million (note 23 (c)).
- d. On July 23, 2025, the Company had executed guarantee in favour of the lender whom agreed to make available term loan facilities up to an aggregate amount of JPY23,500 million (2024: Nil) (note 23 (d)).
- e. On December 24, 2025, the Company had executed guarantee in favour of the lender whom agreed to make available term loan facilities up to an aggregate amount of HK\$780 million (2024: Nil) (note 23 (e)).
- f. On December 29, 2025, the Company had executed guarantee in favour of the lender whom agreed to make available term loan facilities up to an aggregate amount of HK\$575 million (note 23 (f)).

32. BANKING FACILITY

The banking facility as at December 31, 2025 was HK\$4,410 million (December 31, 2024: HK\$4,458 million) of which HK\$1,422 million (December 31, 2024: HK\$703 million) remain undrawn by the Group (note 23).

Security pledged for the banking facilities includes:

HK\$ million	2025	2024
Investment properties	—	3,221
Property, plant and equipment	1,437	1,459
Properties under development/held for sale	3,195	2,926
Restricted cash	34	71
Cash and cash equivalents	3	88
	4,669	7,765



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

33. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the following transactions were carried out with related parties:

a. During the year, the Group had the following significant transactions with related companies:

HK\$ million	2025	2024
From continuing operations		
Sales of services:		
Office leases rental	2	2
Facilities and project management services	9	8
Corporate services	1	—
Purchases of services:		
Corporate services	14	10
Information technology and other logistic services	2	2
Marketing agency services	—	—
Property and development management services	2	1
Interest expenses of guaranteed notes:		
— Substantial shareholder	40	40

The above transactions were carried out after negotiations between the Group and the related parties in the ordinary course of business.

b. Details of key management compensation

HK\$ million	2025	2024
Salaries and other short-term employee benefits	14	14
Bonuses	9	9
Directors' fee	1	1
Retirement scheme contribution	1	1
	25	25

c. Year-end balances arising from sales of services

As at December 31, 2025, the receivables from related companies were HK\$2 million (2024: HK\$4 million).



34. FINANCIAL RISK MANAGEMENT

The Group's investment policy is to prudently invest all surplus funds managed by the Group in a manner which will satisfy liquidity requirements, safeguard financial assets and manage risks while optimising return on investments.

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk and fair value interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's performance.

Financial risk management is carried out by a central treasury department ("Group Treasury") under policies approved by the Board. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's business units. The Board provides principal policies for overall financial risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity.

a. Foreign exchange risk

At the reporting date, the Group's exposure to foreign currency risk arising from significant recognised financial assets or liabilities is as follows:

HK\$ million	2025 US dollar	2024 US dollar
Cash and cash equivalents	2	6
Guaranteed notes (including interest)	(6,231)	(6,224)
	(6,229)	(6,218)

The Group operates in the Asia-Pacific region and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The risk management policy is to have the liquid assets mainly denominated in Hong Kong dollars and US dollars. As US dollar is pegged to Hong Kong dollar, the Group does not expect any significant movements in the US dollar/Hong Kong dollar exchange rate. The Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. In addition, the Group may use derivative financial instruments to hedge the risk exposure when appropriate.

The Group has certain investments in foreign operations, where the net assets are exposed to foreign currency translation risk. The Group's currency exposures with respect to these operations are mainly from Thai baht, Japanese yen and Indonesian rupiah.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

34. FINANCIAL RISK MANAGEMENT — CONTINUED

a. Foreign exchange risk — Continued

Sensitivity analysis for foreign currency exposure

The table below summaries the impact on loss after tax and equity if Hong Kong dollar had appreciated by, one (1) per cent against US dollar or five (5) per cent against other currencies including Thai baht, Japanese yen and Indonesian rupiah at December 31, 2025. This represents the translation of financial assets and liabilities at the end of the reporting period. It assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as 2024.

HK\$ million	2025		2024	
	Decrease in loss after tax	Decrease in other comprehensive income for currency translation	Decrease/ (increase) in loss after tax	Decrease in other comprehensive income for currency translation
US dollar	62	—	62	—
Thai baht	—	(58)	—	(47)
Japanese yen	—	(75)	—	(83)
Indonesian rupiah	—	—	—	(163)

b. Credit risk

The Group is exposed to credit risk, which is the risk that a counterparty will be unable to pay outstanding amounts in full when due. The Group has policies in place to ensure that the pre-sale of the properties is binding and enforceable. For the property investment and other business segments, the Group obtained rental deposits from the tenants while for other businesses, certain customers are fellow subsidiaries and related parties which the credit risk is relatively low and other individual customers are with good repayment history. Overall expected credit risk of trade and other receivable and receivables due from fellow subsidiaries and related parties is considered minimal.



34. FINANCIAL RISK MANAGEMENT — CONTINUED

b. Credit risk — Continued

The credit quality of cash and cash equivalents and restricted cash balances can be assessed by reference to Moody's ratings (if available) as follows:

Cash and cash equivalents

HK\$ million	2025	2024
Aa1	—	84
Aa3	12	—
A1	452	213
A3	—	160
Baa1	14	15
Baa2	—	—
Unrated	213	187
	691	659

Restricted cash

HK\$ million	2025	2024
Aa1	—	36
A1	27	33
A3	7	2
	34	71



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

34. FINANCIAL RISK MANAGEMENT — CONTINUED

c. Liquidity risk

Due to the dynamic nature of the Group's underlying businesses, prudent liquidity risk management implies maintaining sufficient cash and cash equivalents to meet operational needs and possible investment opportunities.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interest payments computed using contractual rates or if floating, based on most current interest rates at the end of the reporting period).

HK\$ million	Within 1 year or on demand	More than 1 year but within 2 years	More than 2 years but within 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying Amount
At December 31, 2025						
Trade payables	126	—	—	—	126	126
Accruals and other payables	142	—	—	—	142	142
Short-term borrowings (including interest)	8,171	—	—	—	8,171	7,989
Long-term borrowings (including interest)	46	314	1,009	—	1,369	1,187
Lease liabilities	21	12	13	—	46	45
Other non-current payables	—	11	—	—	11	11



34. FINANCIAL RISK MANAGEMENT — CONTINUED

c. Liquidity risk — Continued

HK\$ million	Within 1 year or on demand	More than 1 year but within 2 years	More than 2 years but within 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying Amount
At December 31, 2024						
Trade payables	53	—	—	—	53	53
Accruals and other payables	303	—	—	—	303	303
Short-term borrowings (including interest)	824	—	—	—	824	805
Current portion of long-term borrowings (including interest)	42	—	—	—	42	30
Long-term borrowings (including interest)	447	9,150	155	—	9,752	9,006
Lease liabilities	24	18	7	—	49	48
Other non-current payables	—	5	—	178	183	183

d. Interest rate risks

Apart from the cash and cash equivalents which are for working capital, the Group has no significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises primarily from long-term borrowings. Borrowings at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

34. FINANCIAL RISK MANAGEMENT — CONTINUED

d. Interest rate risks — Continued

The following table details the interest rate profile of the Group's borrowings.

	2025		2024	
	Effective interest rate	HK\$ million	Effective interest rate	HK\$ million
Fixed rate borrowings:				
Guaranteed notes (note 22)	5.25%	6,214	5.25%	6,196
Variable rate borrowings:				
Bank borrowings (note 22)	4.50%	2,949	5.53%	3,645
Total borrowings		9,163		9,841

If interest rate on variable rate borrowings had decreased by 50 basis points as at December 31, 2025 (December 31, 2024: 50 basis points) with all other variables held constant, the Group's finance costs recognised in the consolidated statement of comprehensive income for the year ended December 31, 2025 would have increased by approximately HK\$15 million (December 31, 2024: HK\$18 million) and the Group's loss after tax would have decreased by approximately HK\$15 million (December 31, 2024: HK\$18 million), taking into account of the capitalisation of finance cost into properties under development/held for sale, properties held for development and property, plant and equipment.



35. CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as short-term and long-term borrowings less cash and cash equivalents. Adjusted capital comprises the issued equity, retained earnings and non-controlling interests.

The debt-to-adjusted capital ratio at both December 31, 2025 and 2024 are as follows:

HK\$ million	2025	2024
Short-term borrowings	7,976	835
Long-term borrowings	1,187	9,006
Less: Cash and cash equivalents	(691)	(659)
Net debt	8,472	9,182
Issued equity	3,802	3,802
Add: Accumulated losses	(1,339)	(1,270)
Add: Non-controlling interests	133	133
Adjusted capital	2,596	2,665
Debt-to-adjusted capital ratio	326%	345%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements, except for the financial covenant requirements under the loan facility agreements with external parties (note 22).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

36. FAIR VALUE ESTIMATION

a. Financial instruments carried at fair value

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices that are observable either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for asset or liability that are not based on observable market data (level 3).

See note 13 for disclosure of the investment properties that are measured at fair value.

HK\$ million	2025			Total
	Level 1	Level 2	Level 3	
Recurring fair value measurements				
Assets				
Financial assets at fair value through profit or loss	1	—	—	1

HK\$ million	2024			Total
	Level 1	Level 2	Level 3	
Recurring fair value measurements				
Assets				
Financial assets at fair value through profit or loss	1	—	—	1

During the years ended December 31, 2025 and December 31, 2024, there were no transfers of financial instruments between different levels. There were no changes in valuation techniques during the years.



36. FAIR VALUE ESTIMATION — CONTINUED

b. Fair value of financial liabilities measured at amortised cost

All financial instruments are carried at amounts not materially different from their fair values as at December 31, 2025 and December 31, 2024 except as follows:

HK\$ million	2025		2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Guaranteed notes (note 22)	6,214	6,124	6,196	5,406

The fair values of short-term and long-term borrowings are the net present value of the estimated future cash flows discounted at the prevailing market rates. The fair values are within level 2 of the fair value hierarchy.

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily listed equity investments classified as financial assets at fair value through profit or loss.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

36. FAIR VALUE ESTIMATION — CONTINUED

b. Fair value of financial liabilities measured at amortised cost — Continued

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- Dealer quoted price, taking into account of the spot and forward exchange rates that are quoted in an active market and the observable yield curves and the implied volatility; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.



FIVE-YEAR FINANCIAL SUMMARY

(Expressed in Hong Kong dollars)

Results

HK\$ million	2025	2024	2023	2022	2021
Continuing Operations					
<i>Revenue by Principal Activities</i>					
Property development	230	10	39	29	51
Hotel operation	402	349	276	150	74
Property investment	—	—	239	239	248
All-season recreational activities	254	206	156	74	37
Other businesses	160	130	112	69	57
	1,046	695	822	561	467
Finance costs, net	(296)	(238)	(311)	(329)	(425)
Loss before taxation	(194)	(252)	(400)	(544)	(783)
Income tax	13	9	(66)	(54)	(42)
Loss for the year from continuing operations	(181)	(243)	(466)	(598)	(825)
Discontinued operation					
Profit for the year from discontinued operation	112	13	—	—	—
Loss for the year	(69)	(230)	(466)	(598)	(825)

Assets and Liabilities, as at December 31,

HK\$ million	2025	2024	2023	2022	2021
Total non-current assets	2,825	6,330	6,564	9,479	10,192
Total current assets	8,524	4,537	4,461	1,811	4,854
Total current liabilities	(10,048)	(1,540)	(1,172)	(1,495)	(3,363)
Net current (liabilities)/assets	(1,524)	2,997	3,289	316	1,491
Total assets less current liabilities	1,301	9,327	9,853	9,795	11,683
Total non-current liabilities	(1,265)	(9,261)	(9,171)	(8,582)	(9,139)
Net assets	36	66	682	1,213	2,544



SCHEDULE OF PRINCIPAL PROPERTIES

1 Major completed properties for investment and/or own use

Address	Use	Approximate gross site area (sq.m.)	Approximate gross floor area (sq.m.)	Category of the lease*	Percentage held by the Group
Indonesia					
Pacific Century Place, Jakarta Jenderal Sudirman Kav. No. 52-53 Lot 10 Senayan, Kebayoran Baru South Jakarta, Indonesia	Commercial	9,277	93,316	Medium	100%
Japan					
Midtown Niseko Niseko Hirafu 4-jo-1-3-3, Kutchan-cho, Abuta-gun, Hokkaido Japan	Eco Hotel	11,114	13,605	Freehold	100%
Park Hyatt Niseko Hanazono Residences	Residential	24,118	423	Freehold	100%
Park Hyatt Niseko, Hanazono	Hotel	20,448	29,650	Freehold	100%
Hanazono Edge 328-1 Aza Iwaobetsu, Kutchan-cho, Abuta-gun, Hokkaido, Japan	Ski Center	3,002	2,295	Freehold	100%
Thailand					
Golf Course and Golf and Country Club	Golf course and residential and F&B facilities for the golfers, residents and visitors	569,970	6,245	Freehold	93.23%

* Medium term: Lease less than 50 years but not less than 10 years



2 Major properties under development for sale and/or own use

Address	Use	Stage of completion	Expected date of completion	Approximate gross site area (sq.m.)	Approximate gross floor area (sq.m.)	Percentage held by the Group
Japan						
328–36 Aza Iwaobetsu, Kutchan-cho, Abuta-gun, Hokkaido, Japan	Commercial and residential	Construction in progress	N/A	864,249	475,144	100%
Thailand						
First phase development Moo 3 & 9, Thai Muang Subdistrict, Thai Muang District Phang-nga, 82120 Thailand	Residential	Construction in progress	2028	57,000	4,698	93.23%
Hong Kong						
Central Residence by the Park 3–6 Glenealy, Central, Hong Kong	Residential	Construction in progress	2026	1,106	8,911	50%

3 Major properties held for development

Address	Approximate gross site area (sq.m.)	Percentage held by the Group
Thailand		
Moo 3 & 9, Thai Muang Subdistrict, Thai Muang District Phang-nga, 82120 Thailand	1,061,795	93.23%



INVESTOR RELATIONS

LISTING

The Company's ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited and the stock code is 00432.

Any enquiries regarding the Company should be addressed to the Investor Relations at the address provided on this page.

BOARD OF DIRECTORS

Executive Directors

Li Tzar Kai, Richard
Benjamin Lam Yu Yee (*Deputy Chairman and Group Managing Director*)

Non-Executive Director

Dr Allan Zeman, GBM, GBS, JP

Independent Non-Executive Directors

Prof Wong Yue Chim, Richard, SBS, JP (*Independent Non-Executive Chairman*)
Chiang Yun
Dr Vince Feng

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