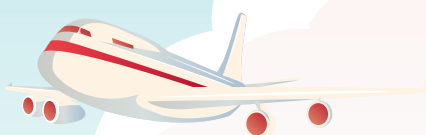




ART GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 565)



2025
ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Su Peixin (*Chairman*)
(appointed on 21 August 2024)
Dr. Wong Ho Yin (*Chief Executive Officer*)
(appointed on 5 November 2024)
Mr. Yao Linying
Mr. Chen Jinyan
Mr. Chen Jingdong
(resigned on 21 August 2024)
Mr. Chong Hon Wang*
(appointed on 25 July 2024)
Ms. Chuang Yin Lam*
(appointed on 26 March 2025)
Ms. Wang Yuqin*
Mr. Kwan Chi Fai*
(resigned on 25 July 2024)
Ms. Chong Sze Pui Joanne*
(resigned on 9 April 2025)

* *Independent Non-executive Director*

COMPANY SECRETARY

Ms. Yeow Mee Mooi

AUDITOR

Confucius International CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditors

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F., Chinachem Century Tower
178 Gloucester Road
Wan Chai, Hong Kong
Website: <https://artgroup.etnet.com.hk>

REGISTERED OFFICE

P.O. Box 31119
Grand Pavilion
Hibiscus Way
802 West Bay Road
Grand Cayman KY1-1205
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Vistra (Cayman) Limited
P. O. Box 31119
Grand Pavilion
Hibiscus Way
802 West Bay Road
Grand Cayman KY1-1205
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17th Floor, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Bank of Zhengzhou
Bank of China
Hang Seng Bank
Bank of Communications (Hong Kong)

SHARE LISTING

The Stock Exchange of Hong Kong Limited
(Stock code: 565)

CHAIRMAN'S STATEMENT

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Art Group Holdings Limited (錦藝集團控股有限公司) (the “**Company**”) and its subsidiaries (together, the “**Group**”), I would like to report that the Group recorded a total revenue of approximately HK\$140,350,000 (2024: HK\$111,160,000) and a profit for the year of approximately HK\$39,027,000 (a loss in 2024: HK\$270,792,000).

BUSINESS REVIEW

Property Operating Segment

With a view to magnifying the Company's development potential and the shareholders' return, the Group places its business focus and resources in property operating aspect to become an asset-light and service-oriented property operator, explore more prospects and develop relevant markets in-depth. The Group is engaged in property operating business through holding all equity interests in Zhengzhou Zhongyuan Jinyi Commercial Operation Management Co., Ltd.* (“鄭州中原錦藝商業運營管理有限公司”) (“**Zhongyuan Jinyi**”), Zhengzhou Jinfu Commercial Management Co., Ltd.* (“鄭州金福商業管理有限公司”) (“**Zhengzhou Jinfu**”), Zhengzhou Xufu Commercial Operation Management Co., Ltd.* (“鄭州旭福商業運營管理有限公司”) (“**Zhengzhou Xufu**”) and through a non-wholly-owned subsidiary, Zhengzhou Zhengxu Commercial Operation Management Co., Ltd.* (“鄭州正旭商業運營管理有限公司”) (“**Zhengzhou Zhengxu**”) in the People's Republic of China (the “**PRC**”). The principal activity of Zhongyuan Jinyi, Zhengzhou Jinfu, Zhengzhou Xufu and Zhengzhou Zhengxu is property operating business.

The Group leased the whole Zone C Shopping Mall, situated in Zhengzhou City, Henan Province, the PRC, from a number of landlords with rental periods expiring no later than 2040. The Zone C Shopping Mall is a 5-storey integrated commercial mall built over one level of basement commercial space with a gross floor area of approximately 80,118 square meters. The Zone C Shopping Mall is a shopping mall located adjacent to the Jiachao's Shopping Mall. The Group promoted and further rented out the Zone C Shopping Mall to various independent tenants under the respective tenancy agreements with a remaining term ranging from one year to eight years. As of 30 June 2025, approximately 95 tenants and approximately 89.6% of the lettable area of the Zone C Shopping Mall had been leased out as retail shops and restaurants and/or for entertainment and leisure use. The Zone C Shopping Mall offers a wide range of services and goods, including cinema, KTV, a photo shop, a bookshop, jewelries, beauty, electrical devices shops, car sales, international labels for fashion, fitness, lifestyle, casual wear/sport, kid's paradise, kid's learning and restaurants. Certain areas of the Zone C Shopping Mall are rented to tenants on short-term leases for use, including kiosks and booths of trendy and stylish items.

In addition, the Group leased part of the Jiachao's Shopping Mall, situated in Zhengzhou City, Henan Province, the PRC, from a landlord with a rental period to expire in the mid of 2036. As a result of certain areas of the Jiachao's Shopping Mall being involved in litigation with a number of creditors of its landlord, the Group could not generate any income on such areas, therefore, the Group's leased area of the Jiachao's Shopping Mall was reduced from 74,655.84 square meters to 27,749.09 square meters (the “**Remaining Area**”) during the year ended 30 June 2025. Since the Remaining Area is part of the Jiachao's Shopping Mall, if it is operated and managed by the same entity, the Remaining Area will benefit from promotional activities and events organised for the entire mall. If the Jiachao's Shopping Mall is split and operated by different entities, it may become challenging to hold promotional activities and events simultaneously or with a unified theme. The style and positioning of the Remaining Area may differ from those of other parts of the Jiachao's Shopping Mall, raising concerns about its ability to attract customer traffic if it is operated and promoted independently. The Directors believe that it would be in the interests of the Company and its shareholders as a whole to sub-let the Remaining Area to the same management company which operates the other parts of the Jiachao's Shopping Mall for the purpose of a cohesive operation and promotion. Therefore, during the year ended 30 June 2025, Zhongyuan Jinyi and the management company entered into a sub-lease agreement with a rental period to expire in the mid of 2036 whereby the Remaining Area is leased to that management company which would operate and manage the Remaining Area with the tenants while the Group would receive a fixed rental income from it without incurring operating and maintenance costs and expenses.

CHAIRMAN'S STATEMENT

The Group has the advantage of having an existing team of high-caliber and experienced management and staff to run the shopping malls and the industrial park together, which has served as a fundamental driver of the Group's ability to generate considerable incomes from the provision of rental, management and operating services to tenants of the shopping malls and the industrial park. The larger the area of the shopping malls and the industrial park, the more the number of similar types of shops open, and thus more customers will be attracted by offering them a large diversity and well-known brand choices. Positive benefits and synergy effects on the customer flow and the tenant quality will be brought to the Group through effective management of the Jiachao's Shopping Mall, the Zone C Shopping Mall and the Zhiyun City together, eventually contributing to affirmative revenue and profit margin of property operating business.

In light of the above advantage, the Company expanded its property operating business through its indirect wholly-owned PRC subsidiary which holds entire equity interests in Zhengzhou Yingrui Property Service Co., Ltd.* (“鄭州英睿物業服務有限公司”) (“**Zhengzhou Yingrui**”), Zhengzhou Yinghao Property Service Co., Ltd.* (“鄭州英浩物業服務有限公司”) (“**Zhengzhou Yinghao**”) and Zhengzhou Yinghan Property Service Co., Ltd.* (“鄭州英瀚物業服務有限公司”) (“**Zhengzhou Yinghan**”) during the reporting period.

Zhengzhou Yingrui leased 42 houses with a rental period to expire in the first half of 2027 and with a gross floor area of approximately 130,873 square meters in an industrial park, the Zhiyun City, located in Xinmi City, Zhengzhou City, Henan Province, the PRC. The Group promoted and further rented out the Zhiyun City to approximately 83 tenants and approximately 69.7% of the lettable area had been leased out as of 30 June 2025 as production, processing and sales of men's and women's shoes, processing and sales of shoe accessories and wholesale of groceries. Zhengzhou Yinghao leased 9 units with a rental period to expire in the mid of 2027 and with a gross floor area of approximately 40,142 square meters in the Zhiyun City. As of 30 June 2025, the Group promoted and further rented out the area leased by Zhengzhou Yinghao to approximately 182 tenants and approximately 53.0% of the lettable area had been leased out as wholesale of snacks, stationery and toys. And Zhengzhou Yinghan leased 7 units with a rental period to expire in the first half of 2039 and with a gross floor area of approximately 41,385 square meters in the Zhiyun City. As of 30 June 2025, the Group promoted and further rented out the area leased by Zhengzhou Yinghan to approximately 190 tenants and approximately 48.2% of the lettable area had been leased out for the wholesale of snacks, stationery, toys, sugar and machinery.

Furthermore, on 27 August 2025, Zhengzhou Longqixiang Commercial Operation Management Co., Ltd.* (“鄭州龍啟翔商業運營管理有限公司”) (“**Zhengzhou Longqixiang**”), an indirect non-wholly-owned subsidiary of the Company, entered into a lease agreement as the lessee in respect of the leasing of four floors of the Longhu Shopping Centre located in Longhu Town, Zhengzhou City, Henan Province, the PRC, from a landlord with a rental period to expire in the mid of 2035 and with a gross floor area of approximately 62,583 square meters. The Group promoted and further rented out the Longhu Shopping Centre to more than 120 tenants and approximately 96.9% of the lettable area had been leased out as of 27 August 2025 as retail shops and restaurants and/or for entertainment and leisure use. The Longhu Shopping Centre offers a wide range of services and goods including KTV, a supermarket and a convenience store, jewelries and watches, beauty, electrical devices shops, international labels for fashion, fitness, lifestyle, casual wear/sport, maternity and baby supplies, kid's paradise, technical learning and restaurants. Certain areas of the Longhu Shopping Centre are rented to tenants on short-term leases for use, including kiosks and booths of trendy and stylish items.

CHAIRMAN'S STATEMENT

The Group continues to penetrate the property operating market, explores other new market potentials and increases profit margin by leveraging its established strengths, experience and foresight and by applying strict cost control policy and financial planning. The Directors believe that the Group will achieve a steadily better performance in its future results.

On 28 April 2021, an indirect wholly-owned PRC subsidiary of the Company entered into a loan agreement with Fujian Qiancheng Lujingguan Engineering Co., Ltd.* (福建千城綠景觀工程有限公司), an independent third party, (the “**Borrower**”), pursuant to which, it was agreed to lend to the Borrower a loan in the principal amount of RMB250 million for a term of 12 months from the drawdown date at an interest rate of 7.5% per annum. During the year ended 30 June 2022, the principal amount was revised to RMB210 million, as well as the interest rate of 4.785% per annum. The Group keeps focusing its resources on property operating business and has no intention to commence money lending business. The Borrower approached the Group and looked for a source of financing. The entering into of the aforesaid loan agreement was due to (i) the surplus cash position of the Group; (ii) the interest income to be received by the Group; and (iii) the credit and repayment ability of the Borrower and its guarantor. On 29 June 2022, the parties agreed to extend the repayment date of the loan to 27 April 2023 (the “**Renewed Loan**”). Before extending the Renewed Loan, the Company had performed certain works to assess the credit risk and repayment ability of the Borrower and the guarantors and such works included (i) obtaining and reviewing the latest management accounts of the Borrower then available; (ii) understanding the updated business, operation and forecast of the Borrower; (iii) obtaining and reviewing certain current business contracts of the Borrower and the guarantors; and (iv) conducting updated background and corporate searches of the Borrower and the guarantors.

During the year ended 30 June 2024, the Borrower settled RMB20 million and HK\$15 million after the maturity date on 27 April 2023. Since then, the Group had not received further payments of the remaining principal amount of approximately RMB145.7 million. Pursuant to the civil mediation agreement of the Intermediate People's Court, Zhengzhou City, Henan Province, the PRC ((2024) Yu 01 Ming Chu No.1611*) (2024) 豫01民初1611號《民事調解書》, the Borrower shall pay the Group the principal of RMB5 million and RMB10 million before 31 December 2025 and 30 June 2026, respectively. Then the Borrower shall pay RMB15 million each before 31 December 2026, 30 June 2027, 31 December 2027, 30 June 2028, 31 December 2028, 30 June 2029 and 31 December 2029, respectively. Before 30 June 2030, the Borrower shall pay to the Group the principal of RMB25,675,000, interest of approximately RMB39,625,000 and case handling fee of approximately RMB484,000. If the Borrower can repay the principal and the case handling fee in full and on time according to the above schedules; the interest of approximately RMB39,625,000 will be waived by the Group.

If the Borrower fails to fulfill its payment obligations in accordance with any of the deadlines and amounts agreed upon in the mediation agreement, the PRC subsidiary shall have the right to apply to the People's Court for compulsory execution in accordance with the follows: (i) the principal and interest owed by the Borrower (the interest includes approximately RMB39,625,000 and that calculated based on the unpaid principal at an annual interest rate of 3.1% from 18 December 2024 (the next day of prosecution date) to the actual repayment date) and the case handling fee; (ii) the PRC subsidiary has the right to receive priority compensation for the proceeds from the discount, auction, or sale of one of the guarantors' 25% equity interest in Zhengzhou Jiachao Property Services Co., Ltd.* (“鄭州佳潮物業服務有限公司”) within the scope of the Renewed Loan involved in the case; and (iii) the guarantors assume joint and several liability for the Renewed Loan involved in the case of the Borrower.

CHAIRMAN'S STATEMENT

Discontinued operations

Cargo Aircraft Charter Segment

During the year ended 30 June 2025, the Group set up a non-wholly-owned Hong Kong subsidiary, Hainan-Hong Kong-Macau Aviation Development & Investment Holdings Limited (瓊港澳航空發展投資有限公司), to operate and manage certain specified cargo aircraft charter businesses including but not limited to cargo arrangement from Hong Kong to Miami and other locations ("**Cargo Aircraft Charter Business**"). The Group provided cargo aircraft chartering services from Hong Kong to Miami for the transportation of air cargoes. However, due to ongoing US tariff policy uncertainties that have significantly impacted the global economy and air cargo markets, it is difficult for the Group to keep existing airline and expand new airline, which also induced litigations for the Group. As such, the Group decided to cease its cargo aircraft charter business.

STRATEGIES AND OUTLOOK

After several years of the pandemic and slower-than-expected economic recovery to the PRC economy, the Group adjusts its future operating plans to upgrade its property operating segment by offering tenancies to more popular brands and will continue to diversify the types of tenants to meet the needs and interests of customers from different ages and backgrounds. To achieve these aims, the Group organises large-scale marketing and promotion activities in the eastern and western festivals to raise the popularity of the shopping malls, participates in food exchange forums every year by food and beverage suppliers of the industrial park to improve their marketability and professionalism, provides small advertising spaces and spray-painted banners in the industrial park, pays close attention to business operations, helps key merchants in time and follows closely with market trends to make appropriate management decisions in a timely manner.

Hence, the leased properties under the Group's management always generate a stable and constant stream of income and consistent cash flow to the Group, which ultimately benefits the Company and its shareholders as a whole. However, due to the pandemic since 2020, the return of funds has slowed down; the overall cash flow has had some impact on the Group's financial position. The Group's management assesses the performance of current leased properties regularly and will determine necessary arrangements in the best and long-term interests of the Company and its shareholders. Moreover, any possible investment opportunities of the property operating business will always be explored because of the enormous population and strong consuming power in the PRC under the effects of the Belt and Road Initiative and the Internal/External Circular Economy; as a result, a robust market potential is foreseeable.

In response to ongoing challenges, the Group has been focusing on maintaining sustainable financial results from its property operating business to obtain a more profitable outcome. The Board gives its input in determining the Group's strategy development and planning process, as well as the generation and preservation of the Group's long-term value. Consequently, the Board closely monitors and regularly reviews the results of the implementation of the strategies, with the goal of reviving the Group's performance, enhancing its competitiveness and improving its share value.

The Group continues with its prudent cost management policy to attain greater efficiency in operations and a reasonable financial position to pursue business development and new opportunities for strengthening its business momentum. The Group holds a moderate financial position, and its property operating business continues to contribute steady and constant cash flows. The Group maintains its long-standing commitment to a prudent and cautious financial management policy and is confident of increasing share value in the long term.

CHAIRMAN'S STATEMENT

Looking forward, a steady business growth of the Group is expected in the future. We will adopt a vigilant approach in developing the existing projects and exploring new opportunities, including cooperation with business partners. We will continue to seek and invest resources in appropriate property operating projects with the objective of expanding our revenue sources, improving our profitability as well as diversifying our types of business to further develop the business of the Group and increase the shareholders' return.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to present my heartfelt thanks to the tenants, customers, bankers, business partners and shareholders of the Company for their incessant support and trust and to each staff member of the Group for their diligent work. The achievement of the Group and its readiness to continue tackling the biggest challenges at an unprecedented pace and scale would not be possible without the contribution of each of the staff members and their dedication.

Su Peixin
Chairman

Hong Kong, 30 September 2025

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL AND FINANCIAL REVIEW

During the year ended 30 June 2025, the Group was principally engaged in property operating business and cargo aircraft charter business. The Group recorded a total revenue of approximately HK\$140,350,000 (2024: HK\$111,160,000) and a profit of approximately HK\$39,027,000 (a loss in 2024: HK\$270,792,000).

Property Operating Segment

The Group is engaged in property operating business through holding all equity interests in Zhengzhou Zhongyuan Jinyi Commercial Operation Management Co., Ltd.* (鄭州中原錦藝商業運營管理有限公司) (“**Zhongyuan Jinyi**”), Zhengzhou Jinfu Commercial Management Co., Ltd.* (鄭州金福商業管理有限公司) (“**Zhengzhou Jinfu**”) and Zhengzhou Xufu Commercial Operation Management Co., Ltd.* (鄭州旭福商業運營管理有限公司) (“**Zhengzhou Xufu**”) and through a non-wholly-owned subsidiary, Zhengzhou Zhengxu Commercial Operation Management Co., Ltd.* (鄭州正旭商業運營管理有限公司) (“**Zhengzhou Zhengxu**”) in the People’s Republic of China (the “**PRC**”). The principal activities of Zhongyuan Jinyi, Zhengzhou Jinfu, Zhengzhou Xufu and Zhengzhou Zhengxu are property operating business.

The Group leased the whole Zone C Shopping Mall, situated in Zhengzhou City, Henan Province, the PRC, from a number of landlords with rental periods expiring no later than 2040. The Zone C Shopping Mall is a 5-storey integrated commercial mall built over one level of basement commercial space with a gross floor area of approximately 80,118 square meters. The Zone C Shopping Mall is a shopping mall located adjacent to the Jiachao’s Shopping Mall. The Group promoted and further rented out the Zone C Shopping Mall to various independent tenants under the respective tenancy agreements with a remaining term ranging from one year to eight years. As of 30 June 2025, approximately 95 tenants and approximately 89.6% of the lettable area of the Zone C Shopping Mall had been leased out as retail shops and restaurants and/or for entertainment and leisure use. The Zone C Shopping Mall offers a wide range of services and goods, including cinema, KTV, a photo shop, a bookshop, jewelries, beauty, electrical devices shops, car sales, international labels for fashion, fitness, lifestyle, casual wear/sport, kid’s paradise, kid’s learning and restaurants. Certain areas of the Zone C Shopping Mall are rented to tenants on short-term leases for use, including kiosks and booths of trendy and stylish items.

In addition, the Group leased part of the Jiachao’s Shopping Mall, situated in Zhengzhou City, Henan Province, the PRC, from a landlord with a rental period to expire in the mid of 2036. As a result of certain areas of the Jiachao’s Shopping Mall involved in litigation with a number of creditors of its landlord, the Group could not generate any income on such areas, therefore, the Group’s leased area of the Jiachao’s Shopping Mall was reduced from 74,655.84 square meters to 27,749.09 square meters (the “**Remaining Area**”) during the year ended 30 June 2025. Since the Remaining Area is part of the Jiachao’s Shopping Mall, if it is operated and managed by the same entity, the Remaining Area will benefit from promotional activities and events organised for the entire mall. If the Jiachao’s Shopping Mall is split and operated by different entities, it may become challenging to hold promotional activities and events simultaneously or with a unified theme. The style and positioning of the Remaining Area may differ from those of other parts of the Jiachao’s Shopping Mall, raising concerns about its ability to attract customer traffic if it is operated and promoted independently. The directors believe that it would be in the interests of the Company and its shareholders as a whole to sub-let the Remaining Area to the same management company which operates the other parts of the Jiachao’s Shopping Mall for purpose of a cohesive operation and promotion. Therefore, during the year ended 30 June 2025, Zhongyuan Jinyi and the management company entered into a sub-lease agreement with a rental period to expire in the mid of 2036 whereby the Remaining Area is leased to that management company who would operate and manage the Remaining Area with the tenants while the Group would receive a fixed rental income from it without incurring operating and maintenance costs and expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

Furthermore, the Company was informed by the landlords of the Jiachao's Shopping Mall and the Zone C Shopping Mall that in enforcement of the relevant judgements obtained by their creditors, in June 2025, the Intermediate People's Court, Zhengzhou City, Henan Province, the PRC (the "**Court**") issued three "Notice to Vacate Within a Time Limit" (the "**Notice(s)**") whereby the Court plans to conduct an auction sale of certain premises of two shopping malls and the occupant(s) thereon shall move out from the premises within 30 days from the date of the Notices. The Company was further informed that the landlords of the Jiachao's Shopping Mall and the Zone C Shopping Mall have filed objections to the Notices with the Court. The Court's decisions on the objections are not available up to the reporting date. According to the Group's PRC legal adviser, Article 31 of the Provisions of the Supreme People's Court on Several Issues Concerning the Handling of Execution Objections and Reconsideration Cases by People's Courts* (最高人民法院關於人民法院辦理執行異議和覆議案件若干問題的規定), if a tenant signed a legal lease agreement, and already occupied and used the property before the court seized it and pays the rents according to the tenancy agreement, the court should uphold the tenancy. As such, Zhongyuan Jinyi has the right to continue to use the rental area subject to the Notices. In addition, during the period from the filing of the objections to the Court's decision, the existing occupants on the premises subject to the Notices can continue to occupy and use the premises, and therefore the Group's operation of these premises is not affected. The Company will make further announcements on the Court's decisions on the objection applications filed by the landlords of two shopping malls when and where appropriate.

The total rental area of the Jiachao's Shopping Mall subject to the Notices is 35,022.51 square meters. The total rental area of the Zone C Shopping Mall subject to the Notice is 15,037.58 square meters. Among the 35,022.51 square meters of the Jiachao's Shopping Mall, 16,311.24 square meters (the "**Ceased Area**") is currently vacant since March 2025. If continuing to lease it out, Zhongyuan Jinyi would have to pay enormous costs to renovate the Ceased Area before it could attract tenants, such as power distribution system transformation, current electrical monitoring system and fire protection renovation, etc. Zhongyuan Jinyi is also necessary to provide tenants, in particular renowned tenants, with renovation period and rent-free period. In addition, during the vacancy period, Zhongyuan Jinyi needs to assume management responsibilities by bearing the expenses of basic maintenance, such as site sanitation, ventilation, water and electricity, elevators, fire safety, management and staff, etc. and security responsibilities for the area. If homeless people occupy the Ceased Area or any accidents happen, Zhongyuan Jinyi would have to take up legal obligations. Therefore, by considering high costs and low benefits brought to the Group, Zhongyuan Jinyi decided not to continue the rental of the Cease Area. As a result of the cessation, the total rental area under the lease contract dated 26 April 2021 entered into with the landlord of the Jiachao's Shopping Mall was changed to 27,749.09 square meters. Please also refer to the announcements of the Company dated 9 October 2024 and 21 February 2025 for details.

According to the Group's PRC legal adviser, the two lease contracts dated 26 April 2021 each entered into by Zhengzhou Jiachao Property Services Co., Ltd.* (鄭州佳潮物業服務有限公司) ("**Zhengzhou Jiachao**") as lessor and Zhongyuan Jinyi as lessee in respect of the Jiachao's Shopping Mall and by Zhengzhou Hanyuan Real Estate Co., Ltd.* (鄭州翰園置業有限公司) as lessor and Zhongyuan Jinyi as lessee in respect of the Zone C Shopping Mall and the supplemental agreements or arrangements contemplated thereafter remain valid.

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

The Group further expanded its property operating business through its indirect wholly-owned PRC subsidiary which holds entire equity interests in Zhengzhou Yingrui Property Service Co., Ltd.* (鄭州英睿物業服務有限公司) (“**Zhengzhou Yingrui**”) during the year ended 30 June 2025. Zhengzhou Yingrui leased 42 units with a rental period to expire in the first half of 2027 and with a gross floor area of approximately 130,873 square meters in an industrial park, namely the Zhiyun City, located in Xinmi City, Zhengzhou City, Henan Province, the PRC. The Group promoted and further rented out the Zhiyun City to approximately 83 tenants and approximately 69.7% of the lettable area had been leased out as production, processing and sales of men’s and women’s shoes, processing and sales of shoe accessories and wholesale of groceries as of 30 June 2025.

The Group also enlarged its property operating business through holding all equity interests in Zhengzhou Yinghao Property Service Co., Ltd.* (鄭州英浩物業服務有限公司) (“**Zhengzhou Yinghao**”) and Zhengzhou Yinghan Property Service Co., Ltd.* (鄭州英瀚物業服務有限公司) (“**Zhengzhou Yinghan**”) during the year ended 30 June 2025. Zhengzhou Yinghao leased 9 units with a rental period to expire in the mid of 2027 and with a gross floor area of approximately 40,142 square meters in the Zhiyun City. As of 30 June 2025, the Group promoted and further rented out the area leased by Zhengzhou Yinghao to approximately 182 tenants and approximately 53.0% of the lettable area had been leased out as wholesale of snacks, stationery and toys. Zhengzhou Yinghan leased 7 units with a rental period to expire in the first half of 2039 and with a gross floor area of approximately 41,385 square meters in the Zhiyun City. As of 30 June 2025, the Group promoted and further rented out the area leased by Zhengzhou Yinghan to approximately 190 tenants and approximately 48.2% of the lettable area had been leased out as wholesale of snacks, stationery, toys, sugar and machinery.

The Group has an advantage of having an existing team of high-caliber and experienced management and staff to run the shopping malls and the industrial park together, which has served as a fundamental driver of the Group’s ability to generate considerable incomes from the provision of rental, management and operating services to tenants of the shopping malls and the industrial park. The larger the area of the shopping malls and the industrial park, the more the number of similar types of shops open, and thus more customers will be attracted by offering them a large diversity and well-known brand choices. Positive benefits and synergy effects on the customer flow and the tenant grade will be brought to the Group through effective management of the Jiachao’s Shopping Mall, the Zone C Shopping Mall and the Zhiyun City together, eventually contributing to affirmative revenue and profit margin of property operating business.

For the year ended 30 June 2025, the Group’s property operating segment recorded a revenue of approximately HK\$81,240,000 generated from periodical incomes of rental, management and operating service receivables from tenants, representing a decrease of approximately 26.9% from approximately HK\$111,160,000 in 2024, and a positive segment result of approximately HK\$76,286,000 (negative segment result in 2024: HK\$279,557,000). The decrease in revenue and the increase in segment result from the property operating segment during the year ended 30 June 2025 were mainly due to (1) property portfolio adjustments and (2) the initial operating scale of business expansion.

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

(1) The operating performance of the Jiachao's Shopping Mall and the Zone C Shopping Mall experienced significant changes during the year ended 30 June 2025. The total leased gross floor area of the Jiachao's Shopping Mall decreased from approximately 64,916 square meters to approximately 44,776 square meters, and its unit rent also fell by 38%. Moreover, the unit rent in the Zone C Shopping Mall fell by 17%, despite a slight increase in its occupancy rate. The above situations happened primarily because starting from 1 October 2024, the first to third floor of the Jiachao's Shopping Mall were no longer included in the leased area, which resulted in a reduction in total leased area and income base; in addition, the overall unit rent dropped significantly, reflecting the impact of the current economic environment in Zhengzhou City and the country as a whole.

The main reason for the decline in unit rent was the weakening macro-economy. In 2025, China's economy has faced deflationary pressure, with the consumer price index remaining sluggish. Tenants controlled their operating costs by lowering rental budgets, and the Group had to accept rent reductions to maintain occupancy rates. Intensified market competition has also exerted bargaining pressure. The number of similar shopping malls around the Group's two shopping malls has increased, and consumers have shown a preference for discounted and low-priced services. This has compelled the Group to introduce more suitable brands to attract customers and further compress the unit rent. In addition, changes in tenant structure have also affected rental levels. In order to adapt to consumer preferences and a shift to experience-based and service-oriented living patterns, the Group adjusted the tenant mix of its shopping malls by increasing the proportion of catering and/or entertainment tenants. However, these businesses usually command lower rental levels; consequently the overall average unit rent reduced.

(2) The Zhiyun City was the new property first leased by the Group during the year ended 30 June 2025. The revenue of Zhengzhou Yingrui, Zhengzhou Yinghao and Zhengzhou Yinghan shows notable differences among their gross floor areas, unit rents and occupancy rates. Although the leased area managed by Zhengzhou Yingrui had the lowest unit rent, its revenue generated was the highest among the three subsidiaries due to the largest leased area and relatively high occupancy rate. Zhengzhou Yinghao's leased area had a medium unit rent and occupancy rate, despite having the smallest area, its revenue generated was relatively stable. Although Zhengzhou Yinghan had the highest unit rent, its small rental area and low occupancy rate resulted in the lowest revenue among the three. The Group has reviewed the relevant leasing data and will adjust rental levels in future to raise occupancy rates and thereby achieve growth in property operating income.

Besides, net result of (i) net gains from several one-off transactions for termination of leases and derecognition of investment properties, amounting to approximately HK\$89,168 000; (ii) loss on fair value changes of investment properties of approximately HK\$56,476,000; and (iii) gain on bargain purchase of a subsidiary of approximately HK\$10,576,000 also played parts in the fluctuation.

MANAGEMENT DISCUSSION AND ANALYSIS

Discontinued operations

Cargo Aircraft Charter Segment

During the year, the Group set up a non-wholly-owned Hong Kong subsidiary, Hainan-Hong Kong-Macau Aviation Development & Investment Holdings Limited (瓊港澳航空發展投資有限公司), to operate and manage certain specified cargo aircraft charter businesses including but not limited to cargo arrangement from Hong Kong to Miami and other locations (“**Cargo Aircraft Charter Business**”). The Group provided cargo aircraft chartering services from Hong Kong to Miami for the transportation of air cargoes. However, due to ongoing US tariff policy uncertainties that have significantly impacted the global economy and air cargo markets, it is difficult for the Group to keep existing airline and expand new airline, which also induced litigations for the Group. As such, the Group decided to cease its cargo aircraft charter business (“**Discontinued Operations**”). During the year, the revenue and loss for the year from Discontinued Operations were approximately HK\$59,110,000 and HK\$5,973,000 respectively. Please refer to note 11 to the consolidated financial statements for details.

Profit/(Loss) for the Year

The Group's profit incurred for the year ended 30 June 2025 was approximately HK\$39,027,000 (loss in 2024: HK\$270,792,000). The profit margin was approximately 48.0% for the year ended 30 June 2025 (loss margin in 2024: 243.6%). Both increased significantly for the year ended 30 June 2025 mainly because of net result of (i) net gains from several one-off transactions for termination of leases and derecognition of investment properties, amounting to approximately HK\$89,168,000; (ii) loss on fair value changes of investment properties of approximately HK\$56,476,000; (iii) gain on bargain purchase of a subsidiary of approximately HK\$10,576,000; and (iv) loss for the year from discontinued operations of cargo aircraft charter business of approximately HK\$5,973,000.

Other Income and Other Gain and Loss

Other income and other gain and loss for the year ended 30 June 2025 was approximately HK\$100,765,000 (2024: HK\$54,951,000), which comprised loss on derecognition of investment properties, gain on termination of lease, gain on lease modification, interest incomes and other kinds of incomes generated from property operating segment, such as car parking fees and other services provided to tenants. The increase in other income and other gain and loss was mainly because net gains from several one-off transactions for termination of leases and derecognition of investment properties were generated during the year ended 30 June 2025.

Loss on derecognition of investment properties was approximately HK\$628,370,000 (2024: Nil) and gain on termination of lease was approximately HK\$717,538,000 (2024: Nil). As described in note 18 to the consolidated financial statements, since certain areas of the Jiachao's Shopping Mall were involved in litigation with a number of creditors of its landlord, the rental area of 46,906.75 square meters of the Jiachao's Shopping Mall was deducted during the year ended 30 June 2025 from the lease contract entered into with its landlord on 26 April 2021 in respect of the Jiachao's Shopping Mall. Moreover, the lease contract entered into with the original landlord of the Zone C Shopping Mall on 26 April 2021 in respect of the basement level of 6,692.93 square meters was terminated by the new landlord, who signed a new lease agreement with a rental period to expire in October 2040 with Zhengzhou Zhengxu, a non-wholly-owned subsidiary of the Group. Simultaneously, derecognition of investment properties and termination of lease were therefore recorded during the year ended 30 June 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

There was no gain nor loss on lease modification for the year ended 30 June 2025 (gain in 2024: HK\$41,698,000). As described in note 18 to the consolidated financial statements, since certain areas of the Jiachao's Shopping Mall were involved in litigation with a creditor of its landlord, the rental area of 50,532.48 square meters of the Jiachao's Shopping Mall was deducted from the Jiachao's Lease Contract pursuant to the judgment of the People's Court of Zhongyuan District, Zhengzhou City, Henan Province, the PRC. In light of the above, Zhongyuan Jinyi and Zhengzhou Jiachao entered into the Supplemental Agreement to amend the leased area under the Jiachao's Lease Contract starting from 22 June 2024, which constituted a lease modification in the year ended 30 June 2024.

Expenses

Administrative expenses amounted to approximately HK\$34,319,000 (2024: HK\$24,742,000), representing approximately 42.2% (2024: 22.3%) of revenue for the year ended 30 June 2025. Administrative expenses increased during the year ended 30 June 2025 due to increased operating expenses incurred for operating the new leased property and expanding into the cargo aircraft charter markets.

Reversal of allowance for expected credit loss on rental deposits amounted to approximately HK\$12,352,000 (allowance for expected credit loss in 2024: HK\$89,712,000) for the year ended 30 June 2025, which was because the landlord of the Jiachao's Shopping Mall notified the Group that rental payments were offset by the rental deposit previously paid. Allowance for expected credit loss on rental deposits was provided in prior years due to the seizure and title transfer of certain areas of the Jiachao's Shopping Mall and the Zone C Shopping Mall by a number of banks and financial institutions as a result of the exercise of their rights under the pledges of the shopping malls created by their owners, which in turn increased the credit risk to a certain extent.

The carrying value of the Group's investment properties, namely the Remaining Area of the Jiachao's Shopping Mall, the Zone C Shopping Mall and the Zhiyun City, as of 30 June 2025 of approximately HK\$466,154,000 (2024: HK\$568,817,000) was stated at fair value based on an independent valuation as at that date, which produced a loss on fair value changes of investment properties of approximately HK\$56,476,000 (2024: HK\$260,870,000). Decrease in the carrying value and the loss on fair value changes of investment properties were due to fewer areas of the Jiachao's Shopping Mall leased and operated by the Group and slow recovery of China's macro-economy during the year ended 30 June 2025, particularly the real estate market. Some real estate companies still have financial pressure. Under the influence of multiple factors, the supply and demand ends of the commercial real estate market are still weak. As a result, the commercial rental performance decreased. The PRC government, however, has initiated and implemented measures to expand domestic demand and increase customer consumption. In addition, customer consumption demands are constantly upgrading, and they pay more attention to consumption experience. The young customers (generation Z) prefer the integration of concepts such as green, health, humanities and art, which can fit their interests, hobbies and lifestyles. The Group has conducted large-scale marketing and promotional activities to fit and attract different kinds of customers.

Gain on bargain purchase was approximately HK\$10,576,000 (2024: Nil) which was generated when a PRC subsidiary was acquired for less than its fair market value during the year ended 30 June 2025, resulting in a gain to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs amounted to approximately HK\$25,147,000 (2024: HK\$39,485,000), representing approximately 31.0% (2024: 35.5%) of revenue for the year ended 30 June 2025. Decrease in finance costs was mainly due to lease termination with respect to certain areas of the Jiachao's Shopping Mall and the Zone C Shopping Mall involved in the litigation with several creditors of their landlords during the year ended 30 June 2025.

Loan Receivables

On 28 April 2021, an indirect wholly-owned PRC subsidiary of the Company entered into a loan agreement with Fujian Qiancheng Lujingguan Engineering Co., Ltd.* (福建千城綠景觀工程有限公司), an independent third party, (the “**Borrower**”), pursuant to which, it was agreed to lend to the Borrower a loan in the principal amount of RMB250 million for a term of 12 months from the drawdown date at an interest of 7.5% per annum. During the year ended 30 June 2022, the principal amount was revised to RMB210 million, as well as the interest of 4.785% per annum. The Group keeps focusing its resources on property operating business and has no intention to commence money lending business. The Borrower approached the Group and looked for a source of financing. The entering into of the aforesaid loan agreement was due to (i) the surplus cash position of the Group; (ii) the interest income to be received by the Group; and (iii) the credit and repayment ability of the Borrower and its guarantor. On 29 June 2022, the parties agreed to extend the repayment date of the loan to 27 April 2023 (the “**Renewed Loan**”). Before extending the Renewed Loan, the Company has performed certain works to assess the credit risk and repayment ability of the Borrower and the guarantors and such works included (i) obtained and reviewed the latest management accounts of the Borrower then available; (ii) understood the updated business, operation and forecast of the Borrower; (iii) obtained and reviewed certain current business contracts of the Borrower and the guarantors; and (iv) conducted updated background and corporate searches of the Borrower and the guarantors.

During the year ended 30 June 2024, the Borrower settled RMB20 million and HK\$15 million after the maturity date on 27 April 2023. Since then, the Group had not received further payments of the remaining principal amount of approximately RMB145.7 million. Pursuant to the civil mediation agreement of the Intermediate People's Court, Zhengzhou City, Henan Province, the PRC ((2024) Yu 01 Ming Chu No.1611*) (2024) 豫01民初1611號《民事調解書》, the Borrower shall pay the Group the principal of RMB5 million and RMB10 million before 31 December 2025 and 30 June 2026, respectively. Then the Borrower shall pay RMB15 million each before 31 December 2026, 30 June 2027, 31 December 2027, 30 June 2028, 31 December 2028, 30 June 2029 and 31 December 2029, respectively. Before 30 June 2030, the Borrower shall pay to the Group the principal of RMB25,675,000, interest of approximately RMB39,625,000 and case handling fee of approximately RMB484,000. If the Borrower can repay the principal and the case handling fee in full and on time according to the above schedules; the interest of approximately RMB39,625,000 will be waived by the Group.

If the Borrower fails to fulfill its payment obligations in accordance with any of the deadlines and amounts agreed upon in the mediation agreement, the PRC subsidiary shall have the right to apply to the People's Court for compulsory execution in accordance with the follows: (i) the principal and interest owed by the Borrower (the interest includes approximately RMB39,625,000 and that calculated based on the unpaid principal at an annual interest rate of 3.1% from 18 December 2024 (the next day of prosecution date) to the actual repayment date) and the case handling fee; (ii) the PRC subsidiary has the right to receive priority compensation for the proceeds from the discount, auction, or sale of one of the guarantors' 25% equity interest in Zhengzhou Jiachao within the scope of the Renewed Loan involved in the case; and (iii) the guarantors assume joint and several liability for the Renewed Loan involved in the case of the Borrower.

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

Please also refer to the announcements of the Company dated 28 April 2021, 13 May 2021, 19 November 2021, 27 May 2022, 29 June 2022, 23 February 2023, 6 December 2023 and 10 December 2024, as well as the circular of the Company dated 12 August 2022 for details.

There was no allowance nor reversal of allowance for expected credit loss on loan receivables for the year ended 30 June 2025 while there was a reversal of allowance of approximately HK\$37,310,000 for the year ended 30 June 2024 because of settlements of RMB20 million and HK\$15 million made by the Borrower during that financial year. The Renewed Loan had not been settled on its maturity date; hence, the Borrower was considered to be in default as of 28 April 2023, and therefore, relevant loan receivable was transferred to stage 3 or written-off during the year ended 30 June 2023 where lifetime expected credit loss was recognised. Moreover, there was no allowance for expected credit loss of another loan receivable of HK\$6.3 million arranged in April 2024 because of its pledged securities and subsequent settlement made during the reporting period.

Dividend

The Board does not recommend the payment of a final dividend for the year ended 30 June 2025 (2024: Nil).

Events after the Reporting Period

Please refer to note 40 to the consolidated financial statements for details.

Save as disclosed in note 40 to the consolidated financial statements, the directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2025 and up to the date of this report.

FUTURE PLANS AND PROSPECTS

In view of achieving the best interests of the Company and its shareholders as a whole, the Group has been putting effort into developing and expanding its operations of property operating business and cargo aircraft charter business. Substantial resources have been placed to explore prospects and develop relevant markets.

The Group targets to engage in the provision of rental, management and operating services to more tenants of different kinds of properties in various locations, such as entering into the lease agreement by an indirect non-wholly-owned PRC subsidiary with respect to the Longhu Shopping Centre after the current annual reporting period. Considering (i) the presence of an experienced and capable management team already operating at the Longhu Shopping Centre, (ii) the cost savings from avoiding recruitment, training, and project setup expenses, (iii) the stable rental income supported by existing tenants with medium- to long-term leases, and (iv) the improving macroeconomic conditions in the PRC – particularly the recovery in consumer spending and easing deflationary pressures, this arrangement offers financial benefits and delivers stable returns and long-term value to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group persists in upgrading the tenants of the leased properties by offering tenancies to more popular brands and diversifying the types of tenants to meet the needs and interests of customers from different ages and backgrounds. To achieve these aims, the Group conducts large-scale marketing and promotion activities in the eastern and western festivals to raise the popularity of the shopping malls, participates in food exchange forums every year by food and beverage suppliers of the industrial park to improve their marketability and professionalism, provides small advertising spaces and spray-painted banners in the industrial park, pays close attention to business operations, helps key merchants in time and follows closely with market trends to make appropriate management decisions in a timely manner so that a stable and constant stream of income and consistent cash flow can be continuously generated to the Group.

The world keeps changing due to geopolitical tensions, regulatory changes and relatively high-interest-rate environment, and the global economy in the coming year would still be highly variable and its pace of recovery from economic uncertainties continues to fluctuate. This poses a tremendous challenge to the Group. Nevertheless, the Group has been striving to use all its resources on hand flexibly to cope with the difficulties and remains committed to navigating the complex geopolitical and economic landscape effectively. By leveraging the Group's current strategic plan and established strengths, experience and foresight, the Group continues to seize opportunities to penetrate different areas of the property operating market, explore other new market potentials and increase profit margin. Furthermore, the Group will seek to renegotiate existing leases with less favourable terms with property owners to further reduce rental levels.

The Group will continue to deploy its resources to the property operating business including but not limited to (i) apart from the current caliber management and competent employees of its subsidiaries, recruit more candidates with high-caliber and experience in property operating business; (ii) explore suitable properties to expand the Group's property management and operating portfolio; (iii) possible merger and acquisition of asset-light property operating businesses in the PRC so as to further expand the Group's property management and operating portfolio; and (iv) keep implementing conservative and stringent cost control policies to maintain sufficient working capital and alleviate the financial pressure on the property operating business by imposing control over operating costs and capital expenditures and strengthening accounts receivable management.

According to the National Bureau of Statistics, gross domestic product in the first half year of 2025 was approximately RMB66,053.6 billion, representing an increase of approximately 5.3% from the corresponding period in 2024. The PRC government also gradually implemented policies to expand domestic demand for goods and services and promote consumption, which is expected to continue effectively to stimulate consumption potential, in particular household, promote the release of consumer demand, and thereby enhance merchant confidence. The shop leasing market in different cities is expected to continue to recover.

Looking forward, the Group continues to place on its property operating business by enhancing the value and economic returns of the existing leased properties, expanding the properties the Group operates and diversifying the Group's business when and where opportunities arise. By continually capturing opportunities for expansion and diversifying the Group's business with extra prudence in flexibility and efficiency in the management, decision-making and long-term strategy formulation, the market value of the Company and the return to its shareholders will be maximised in the long term.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2025, the Group had net current liabilities and total assets less current liabilities of approximately HK\$103,396,000 (2024: HK\$51,194,000) and HK\$429,745,000 (2024: HK\$571,561,000), respectively. The Group had maintained its financial position by financing its operations with internally generated resources and issue of bonds. As at 30 June 2025, the Group had cash and bank deposits of approximately HK\$44,404,000 (2024: HK\$40,239,000). The current ratio of the Group was approximately 41.1% (2024: 63.3%).

Total equity of the Group as at 30 June 2025 was approximately HK\$32,529,000 (total deficit in 2024: HK\$7,938,000). As at 30 June 2025, two bonds (2024: two bonds) measured at amortised cost were approximately HK\$10,005,000 (2024: HK\$10,005,000) in aggregate, the gross debt gearing ratio (i.e. bonds/shareholders' fund) was approximately positive 30.8% (2024: negative 126.0%). The substantial shareholders have agreed to provide the Company with sufficient financial support to enable the Company to meet its obligations to third parties as and when they fall due and to continue as a going concern.

Though the return of funds has slowed down since 2020 as a result of the pandemic, the Group still has maintained and will continue to maintain a reasonable amount of working capital on hand in order to maintain its financial position, and sufficient resources are expected to be generated from its business operations and financial support from the substantial shareholders of the Company in meeting its short-term and long-term obligations.

FINANCING

As at 30 June 2025, the Group had no banking facilities (2024: Nil). In addition, two bonds (2024: two bonds) amounted to approximately HK\$10,005,000 (2024: HK\$10,005,000) in aggregate, measured at amortised cost, were arranged with one (2024: one) independent third party.

The Board believes that the existing financial resources will be sufficient to meet future expansion plans and, if necessary, the Group will be able to obtain additional financing with favourable term.

CAPITAL STRUCTURE

As at 30 June 2025, the share capital of the Company comprised ordinary shares only.

FOREIGN EXCHANGE RISK AND INTEREST RATE RISK

During the year ended 30 June 2025, the Group was not subject to any significant exposure to foreign exchange rates risk as most of its transactions were denominated in RMB and USD. Hence, no financial instrument for hedging was employed.

The Board monitors interest rate change exposure and may consider a hedging policy should the need arise.

CHARGE ON GROUP'S ASSETS

As at 30 June 2025, the Group did not pledge any assets to any banks or financial institutions (2024: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL EXPENDITURE

During the year ended 30 June 2025, the Group invested approximately HK\$2,652,000 (2024: HK\$70,000) in property, plant and equipment, all was used for purchase of leasehold improvement and office equipment.

As at 30 June 2025, the Group had no capital commitments in property, plant and equipment (2024: Nil).

STAFF POLICY

The Group had 104 employees altogether in the PRC and Hong Kong as at 30 June 2025. The Group offers comprehensive and competitive remuneration, retirement schemes and benefit package to its employees. A discretionary bonus is offered to the Group's staff depending on their performance. The Group is required to make contribution to a social insurance scheme in the PRC. Moreover, the Group and its employees in the PRC are required to make respective contribution to fund the endowment insurance, unemployment insurance, medical insurance, employees' compensation insurance and birth insurance at the rates specified in the relevant PRC laws and regulations. The Group has adopted a provident fund scheme as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for its employees in Hong Kong.

The Group also provides periodic internal training to its employees.

Three independent non-executive directors are appointed by the Company for a term of one year commencing from 26 March, 25 July and 19 September each year respectively.

PENDING LITIGATION

Please refer to note 39 to the consolidated financial statements for details.

CONTINGENT LIABILITIES

Save as disclosed in note 24 to the consolidated financial statements, the Group and the Company did not have any significant contingent liabilities.

DIRECTORS

EXECUTIVE DIRECTORS

Mr. Su Peixin (蘇培欣), aged 35, was appointed as an Executive Director and the Chairman of the Company in August 2024 and November 2024, respectively and is responsible for the Group's operation. Mr. Su has over 15 years of experience in the property development industry. Mr. Su worked for Fujian Quanzhuo Nanan City Xinyi Property Development Co., Ltd.* (福建泉州南安市鑫溢房地產開發有限公司) and served as the project vice-president and supervisor from May 2010 to December 2014, a director and the sales director from December 2014 to December 2018 and a director and the operation director from December 2018 to June 2021. Before joining the Company, Mr. Su worked for Hebei Hong Pu Real Estate Co., Ltd.* (河北鴻樸置業有限公司) as the chief executive officer from August 2021.

Dr. Wong Ho Yin (黃浩賢), aged 39, was appointed as an Executive Director and the Chief Executive Officer of the Company in November 2024 and is responsible for administration and finance of the Group. Dr. Wong is a certified financial consultant and has over 14 years of investment and capital market experience. Dr. Wong has acted as an IPO consultant and pre-IPO strategic investor for numerous listed companies and specializes in mergers and acquisitions during the years. From June 2017 to September 2021, he acted as investment director in China Fund Limited. From 28 November 2023 to 19 April 2024, he was an executive director in KNT Holdings Limited, a company listed on the Stock Exchange (stock code: 1025).

Mr. Yao Linying (姚霖穎), aged 39, was appointed as an Executive Director of the Company in June 2024 and is responsible for screening, reviewing, research and analysis of the Company's external investment projects, and post-investment management and follow-ups. Mr. Yao has over 11 years of experience in investments area. Mr. Yao graduated from Coventry University in the United Kingdom with a master's degree in business administration in global financial services in November 2012.

Mr. Chen Jinyan (陳錦艷), aged 56, is the founder of the Group, the Executive Director of the Company and is responsible for the Group's operation. Mr. Chen has over 11 years of experience in property operations. Mr. Chen obtained a Diploma in the Design of Textile Products from the Textile Engineering Faculty of Jiangxi Textile Industry Academy* (江西紡織工業學院) and thereafter had over 28 years of experience in the textile industry. He is the executive director and executive vice president of China Federation of Overseas Chinese Entrepreneurs* (中國僑商聯合會) and the president of Henan Province Overseas Chinese Entrepreneurs* (河南省僑商聯合會).

* For identification purpose only

DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chong Hon Wang (莊瀚宏), aged 51, was appointed as an Independent Non-executive Director in July 2024. Mr. Chong currently is a Certified ESG Planner certified by the International Chamber of Sustainable Development as well as a Chartered Tax Adviser from the Taxation Institute of Hong Kong. Mr. Chong also holds the Certified Public Accountant (Practicing) Certificate issued by the Accounting and Financial Reporting Council. Mr. Chong obtained a Bachelor's degree of Arts in Accountancy from the Hong Kong Polytechnic University in 1996, followed by his study as an External Student with a Master's degree of Science in Financial Management from the University of London in 1998. Mr. Chong was also granted a Bachelor's degree of Laws from Tsinghua University in China in 2005. Mr. Chong has over 28 years of experience in auditing and accounting services.

Ms. Chuang Yin Lam (莊賢琳), aged 34, was appointed as an Independent Non-executive Director in March 2025. Ms. Chuang has over 10 years of experience in corporate advisory and business development. She joined Computershare Hong Kong Investor Services Limited ("**Computershare**") in 2014. As at the date of this report, she is taking up a dual role in Georgeson LLC, associated company of Computershare, as Senior Manager and Personal Assistant to Global Chief Operating Officer, Georgeson. Ms. Chuang was independent non-executive director of Differ Group Auto Limited (Stock code: 6878), a company whose shares are listed on the Main Board of the Stock Exchange from 15 May 2023 to 19 March 2025.

Ms. Wang Yuqin (王玉琴), aged 70, was appointed as an Independent Non-executive Director in September 2021. Ms. Wang had over 25 years of experience in accounting before her retirement in May 2006. Ms. Wang obtained a graduation certificate in Accounting from Henan Finance and Economics Academy*(河南財經學院) (now known as Henan University of Economics and Law* (河南財經政法大學)). Ms. Wang was the finance manager of Henan Songyue Group Zhengzhou Yufeng Textile Co., Ltd.*(河南嵩嶽集團鄭州豫豐紡織有限公司)("Yufeng") from 1982 to 1996 and the financial controller of Yufeng from 1996 to 2006.

* For identification purpose only

DIRECTORS' REPORT

The Directors present the annual report and the audited consolidated financial statements of the Group for the year ended 30 June 2025.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company. The activities of its principal subsidiaries as at 30 June 2025 are set out in note 36 to the consolidated financial statements.

Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a description of the principal risks and uncertainties facing by the Group and an indication of likely future development in the Group's business, can be found in the Chairman's Statement and Management Discussion and Analysis set out on pages 3 to 14 of this annual report. This discussion forms part of this Directors' report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 June 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 79 to 80.

The Directors do not recommend the payment of a final dividend for the year ended 30 June 2025 (2024: Nil).

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 173 of the annual report.

INVESTMENT PROPERTIES

Details of movements during the year ended 30 June 2025 in investment properties of the Group are set out in note 18 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year ended 30 June 2025 are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements during the year in the share capital of the Company are set out in note 31 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

Details of movements in reserves and changes in equity of the Company during the year ended 30 June 2025 are set out in note 35 to the consolidated financial statements.

DIRECTORS' REPORT

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive directors (each an “Executive Director”):

Mr. Su Peixin (appointed on 21 August 2024)
Dr. Wong Ho Yin (appointed on 5 November 2024)
Mr. Yao Linying
Mr. Chen Jinyan
Mr. Chen Jindong (resigned on 21 August 2024)

Independent Non-executive Directors (each an “Independent Non-executive Directors”):

Mr. Chong Hon Wang (appointed on 25 July 2024)
Ms. Chuang Yin Lam (appointed on 26 March 2025)
Ms. Wang Yuqin
Ms. Chong Sze Pui Joanne (resigned on 9 April 2025)
Mr. Kwan Chi Fai (resigned on 25 July 2024)

In accordance with Articles 86 and 87 of the Articles of Association of the Company, Dr. Wong Ho Yin and Ms. Chuang Yin Lam will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

Mr. Su Peixin has entered into a service agreement with the Company for a fixed term of one year commencing from 21 August 2024 and expiring on 20 August 2025 (both days inclusive), and subject to mutual agreement, his appointment will continue thereafter. Dr. Wong Ho Yin has entered into a service agreement with the Company for a fixed term of one year commencing from 5 November 2024 and expiring on 4 November 2025 (both days inclusive), and subject to mutual agreement, his appointment will continue thereafter. Mr. Yao Linying has entered into a service agreement with the Company for a fixed term of one year commencing from 24 June 2024 and expiring on 23 June 2025 (both days inclusive), and subject to mutual agreement, his appointment will continue thereafter. The service agreement for Mr. Chen Jinyan expired on 31 August 2024 and he was re-appointed by the Board on 1 September 2024 to continue to act as an Executive Director of the Company for a term of two years.

Mr. Su Peixin's service agreement, Dr. Wong Ho Yin's service agreement and Mr. Yao Linying's service agreement can be terminated by either party by giving one month's prior written notice. Mr. Chen Jinyan's service agreement can be terminated by either party by giving three months' prior written notice.

Each of the Independent Non-executive Directors entered into service agreements with the Company for a term of one year. Either the Company or Mr. Chong Hon Wang and Ms. Chuang Yin Lam, the Independent Non-executive Directors, may terminate the appointment by giving the other a prior notice of one month in writing before its expiration. Either the Company or Ms. Wang Yuqin, the Independent Non-executive Director, may terminate the appointment by giving the other a prior notice of two months in writing before its expiration.

Other than as disclosed above, none of the Directors being proposed for re-election at the forthcoming annual general meeting has a service agreement with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2025, the interests of the Directors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long positions

Ordinary shares of HK\$0.01 each of the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Chen Jinyan	Beneficial owner and held by controlled corporation (<i>Note</i>)	597,280,000	22.21%

Note:

Among the 597,280,000 shares, 593,480,000 shares are held by Fully Chain Limited, a company incorporated in the British Virgin Islands (the "**BVI**"), the entire issued share capital of which is beneficially owned by Mr. Chen Jinyan and 3,800,000 shares are held by Mr. Chen Jinyan.

Other than as disclosed above, none of the Directors, chief executives or their associates had any interest or short positions in any shares or underlying shares of the Company or any of its associated corporations as at 30 June 2025.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under the section headed "Share options" below, at no time during the year was the Company, its holding company, or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No transaction, arrangement or contract of significance, to which the Company, its holding company or any of its subsidiaries 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 30 June 2025.

MANAGEMENT CONTRACTS

No contracts, other than a contract of service with any director or any person engaged in the full-time employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 30 June 2025.

RELATED PARTY TRANSACTIONS

Details of the related party transactions are set out in note 33 to the consolidated financial statements. Those related party transactions constituted exempt connected transactions under the Listing Rules.

DIRECTORS' REPORT

DIRECTORS' REMUNERATION

The remuneration committee makes recommendations to the Board on the remuneration and other benefits paid by the Company to the Directors. The remuneration of all Directors is subject to regular monitoring by the remuneration committee to ensure that the levels of their remuneration and compensation are appropriate. Details of the Directors' remuneration are set out in note 13 to the consolidated financial statements.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2025, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed in the section headed "Directors' interests in shares and underlying shares" above, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Long positions – Ordinary shares of HK\$0.01 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Ms. Lin Lin	Beneficial owner and interest in a controlled corporation (<i>Note 1</i>)	369,100,000	13.73%
Mr. Chen Jindong	Held by his spouse (<i>Note 2</i>)	369,100,000	13.73%
Mr. Chen Jinqing	Beneficial owner and interest in a controlled corporation (<i>Note 3</i>)	188,315,000	7.00%
Dresdner VPV N. V.	Investment manager	139,755,200	5.20%

Notes:

- (1) Among the 369,100,000 shares, 324,340,000 shares are held by Jinjie Limited, a company incorporated in the BVI, the entire issued share capital of which is beneficially owned by Ms. Lin Lin and 44,760,000 shares are held by Ms. Lin Lin. Ms. Lin Lin is the sister-in-law of Mr. Chen Jinyan.
- (2) Mr. Chen Jindong, the spouse of Ms. Lin Lin, is deemed to be interested in 369,100,000 shares of the Company.
- (3) Among the 188,315,000 shares, 166,000,000 shares are held by Ultimate Name Limited, a company incorporated in the BVI, the entire issued share capital of which is beneficially owned by Mr. Chen Jinqing and 22,315,000 shares are held by Mr. Chen Jinqing. Mr. Chen Jinqing is the youngest brother of Mr. Chen Jinyan.

Other than disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2025.

SHARE OPTIONS

At the annual general meeting ("AGM") of the Company held on 22 November 2013, a share option scheme of the Company (the "Share Option Scheme") was adopted on 23 November 2013 upon expiry of the share option scheme adopted by the Company on 10 September 2003, and effective for a period for 10 years. At the AGM held on 23 November 2023, a new share option scheme of the Company (the "New Share Option Scheme") was adopted upon expiry of the Share Option Scheme, and effective for a period for 10 years. The Share Option Scheme expired on 22 November 2023. However, share options granted under the Share Option Scheme before its expiry date will remain valid, subject to the same terms and conditions.

DIRECTORS' REPORT

Share Option Scheme

Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is (i) to encourage the eligible participants (as defined below) to optimise their performance and work for the benefit of the Group; and (ii) to attract and retain or otherwise maintain ongoing relationships with eligible participants whose contributions are or will be beneficial to the long-term growth of the Group.

Eligible participants of the Share Option Scheme

(i) Any employee (whether full time or part time) of the Company, any of its subsidiaries or any entity (the “**Invested Entity**”) in which the Group holds any equity interest, including any Executive Director of the Company, any of such subsidiaries or any Invested Entity; (ii) any non-executive directors (including Independent Non-executive Directors) of the Company, any subsidiaries or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of the Group or any Invested Entity; (v) any consultants, advisers, managers, officers who provide research, development, other technological support or services to the Group or any Invested Entity; and (vi) any shareholder or any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity are eligible to participate in the Share Option Scheme.

Maximum number of options available for grant

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall be subject to a maximum limit of 10% of the shares in issue on 22 November 2013, the date on which the Share Option Scheme is conditionally adopted and approved by the shareholders at the AGM, which is 104,060,258 shares.

The number of options available for grant under the Share Option Scheme at the beginning and the end of the financial year ended 30 June 2025, and as at the date of this annual report was Nil, representing 0% of the total number of shares in issue on 30 June 2025 and the date of this annual report. As at 30 June 2025 and the date of this annual report, there were 26,850,000 (30 June 2024: 26,850,000) outstanding options granted under the Share Option Scheme, representing 1% (30 June 2024: 1%) of the shares in issue at the date of this annual report.

Maximum entitlement of each eligible participant

The total number of shares issued and which may fall to be issued upon exercise of any option which may be granted and any options or awards which may be granted under any other share option scheme and share award scheme of the Group (including both exercised or outstanding options but excluding any options and awards lapsed in accordance with the terms of the scheme) to each grantee in any 12-month period up to and including the date of such grant shall not exceed 1% of the issued share capital of the Company for the time being.

Where any grant of options to a substantial shareholder or an Independent Non-executive Director, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding but excluding any options and awards lapsed in accordance with the terms of the scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares in issue and having an aggregate value in excess of HK\$5 million based on the official closing price of the shares at the date of each grant. Such grant of options must be approved by shareholders in a general meeting with the grantee, his associates and all connected (as defined in the Listing Rules) persons of the Company to abstain from voting in favour at such general meeting.

DIRECTORS' REPORT

Vesting period

Generally, an option must be held by the grantee for at least 12 months before the option can be exercised. The Board (or the remuneration committee of the Company where it relates to grants of options to an employee participant who is a Director) may at its discretion grant a shorter vesting period to an employee participant.

The Board may determine and set any performance targets, which shall be stated in the offer to the grantee, to be attained before the exercise of an option granted to the grantee as the Board may think fit.

Exercise period

An option may be exercised at any time during a period to be determined and notified by the Directors to the grantee but in any event shall not be more than ten (10) years from the offer date of that option.

Time of acceptance and vesting of the option

An offer may be accepted within a period of up to 21 days from the date, which must be a business day, on which the offer is made and a consideration of HK\$1.00 must be paid upon acceptance.

Basis of determining the subscription price for shares

The subscription price in respect of any option shall, subject to any adjustments in the Share Option Scheme not be less than the highest of:

- (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on the date of grant;
- (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant; and
- (iii) the nominal value of a share.

Remaining life of the Share Option Scheme

The Share Option Scheme commenced on 23 November 2013 and expired on 22 November 2023. Options granted under the Share Option Scheme may be exercised at any time from the grant date until the 10th anniversary of the grant date. As at 30 June 2025 and the date of this annual report, there were 26,850,000 (30 June 2024: 26,850,000) outstanding options granted all with an exercise period from 15 January 2018 to 14 January 2028.

New Share Option Scheme

Purpose of the New Share Option Scheme

The purposes of the New Share Option Scheme are (i) to enable the Company to grant share options to the eligible participants (as defined below) as incentives or rewards for their contribution to the growth and development of the Group; (ii) to attract and retain personnel to promote the sustainable development of the Group; and (iii) to align the interest of the grantees with those of the shareholders to promote the long-term financial and business performance of the Company.

DIRECTORS' REPORT

Eligible participants of the New Share Option Scheme

(i) Any Directors and employees of the Group (including persons who are granted options under the New Share Option Scheme as an inducement to enter into employment contracts with any member of the Group); and (ii) directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company are eligible to participate in the New Share Option Scheme.

Maximum number of options available for grant

The total number of shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme shall be subject to a maximum limit of 10% of the shares in issue on 23 November 2023, the date on which the New Share Option Scheme is conditionally adopted and approved by the shareholders at the AGM, which is 268,880,516 shares.

The number of options available for grant under the New Share Option Scheme at the beginning and the end of the financial year ended 30 June 2025, and as at the date of this annual report was 268,880,516 shares, representing 10% of the total number of shares in issue on 30 June 2025 and the date of this annual report. As at 30 June 2025 and the date of this annual report, no share options were granted under the New Share Option Scheme and there were no shares that may be issued in respect of options granted during the year ended 30 June 2025 and up to the date of this annual report.

Maximum entitlement of each eligible participant

The total number of shares issued and which may fall to be issued upon exercise of any option which may be granted and any options or awards which may be granted under any other share option scheme and share award scheme of the Group (including both exercised or outstanding options but excluding any options and awards lapsed in accordance with the terms of the scheme) to each grantee in any 12-month period up to and including the date of such grant shall not exceed 1% of the issued share capital of the Company for the time being.

Where any grant of options to a substantial shareholder or an Independent Non-executive Director, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding but excluding any options and awards lapsed in accordance with the terms of the scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares in issue. Such grant of options must be approved by shareholders in a general meeting with the grantee, his associates and all core connected persons of the Company to abstain from voting in favour at such general meeting.

Vesting period

Generally, an option must be held by the grantee for at least 12 months before the option can be exercised. The Board (or the remuneration committee of the Company where it relates to grants of options to an employee participant who is a Director) may at its discretion grant a shorter vesting period to an employee participant.

The Board may determine and set any performance targets, which shall be stated in the offer to the grantee, to be attained before the exercise of an option granted to the grantee as the Board may think fit.

Exercise period

An option may be exercised at any time during a period to be determined and notified by the Directors to the grantee but in any event shall not be more than ten (10) years from the offer date of that option.

DIRECTORS' REPORT

Time of acceptance and vesting of the option

An offer may be accepted within a period of up to 21 days from the date, which must be a business day, on which the offer is made and a consideration of HK\$1.00 must be paid upon acceptance.

Basis of determining the subscription price for shares

The subscription price in respect of any option shall, subject to any adjustments in the New Share Option Scheme not be less than the highest of:

- (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on the date of grant;
- (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant; and
- (iii) the nominal value of a share.

Remaining life of the New Share Option Scheme

The New Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the New Share Option Scheme is adopted, i.e. 23 November 2023. Options granted under the New Share Option Scheme (if any) may be exercised at any time from the grant date until the 10th anniversary of the grant date.

The following table disclosed movements in the Company's share options during the year:

Grantee	Date of grant	Exercise period	Exercise price HK\$	Outstanding as at 1.7.2024	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding as at 30.6.2025
Employees	15.1.2018	15.1.2018 to 14.1.2028	0.430	26,850,000	-	-	-	26,850,000
Granted Total				26,850,000	-	-	-	26,850,000

DIRECTORS' REPORT

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the Independent Non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The Company considers that all of the Independent Non-executive Directors are independent.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 30 June 2025, the aggregate sales attributable to the Group's five largest customers accounted for 53% (2024: 11%) of the Group's total sales and the sales attributable to the Group's largest customer were approximately 38% (2024: 5%) of the Group's total sales. The aggregate purchases during the year attributable to the Group's five largest suppliers accounted for 72% (2024: 44%) of the Group's total purchases and the purchases attributable to the Group's largest supplier were approximately 60% (2024: 15%) of the Group's total purchases.

None of the Directors, their associates or any shareholders of the Company which, to the knowledge of the Directors, owned more than 5% of the Company's issued share capital, had any interest in any of the five largest customers or suppliers of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 30 June 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). As of 30 June 2025, the Company did not hold any of treasury shares.

PRE-EMPTIVE RIGHTS

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

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association of the Company, every Director shall be entitled to be indemnified by the Company out of the assets of the Company against all costs, charges, losses, damages and expenses which he/she may sustain or incur or about the execution and discharge of his/her duties or in relation thereto. The Company has arranged appropriate Directors' and Officers' liability insurance coverage for the Directors and officers of the Company during the year ended 30 June 2025.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence. The emoluments of the Directors are decided by the Board, who are authorised by the shareholders in the annual general meeting, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted share option schemes as an incentive to the Directors and eligible employees, details of these schemes are set out in note 32 to the consolidated financial statements for the year ended 30 June 2025.

DIRECTORS' REPORT

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, there was a sufficient prescribed public float of the issued shares of the Company under the Listing Rules throughout the year ended 30 June 2025.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 31 to 47 of this annual report.

SOCIAL RESPONSIBILITIES AND ENVIRONMENTAL POLICIES

Information on the work done and efforts made by the Company on environmental protection and other aspects for the sustainable growth and development of the business of the Group is set out in the Environmental, Social and Governance Report on pages 48 to 71 of this annual report.

EVENT AFTER THE REPORTING PERIOD

Please refer to note 40 to the consolidated financial statements for details.

Save as disclosed in note 40 to the consolidated financial statements, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2025 and up to the date of this report.

AUDITOR

The financial statements for the two years ended 30 June 2022 and 2023 had been audited by Elite Partners CPA Limited ("**Elite Partners**").

Following the resignation of Elite Partners and Peng Sheng CPA Limited as the auditor of the Company on 20 August 2024 and 16 September 2024 respectively, Confucius International CPA Limited ("**CICPA**") was appointed by the Board as the new auditor of the Company on 16 September 2024 to fill the casual vacancy.

The consolidated financial statements for the two years ended 30 June 2024 and 2025 have been audited by CICPA who shall retire at the forthcoming AGM and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of the auditor will be proposed at the AGM.

On behalf of the Board

Su Peixin
CHAIRMAN

Hong Kong, 30 September 2025

CORPORATE GOVERNANCE REPORT

The Group adheres to the purpose of “serving the country by industry”, establishes the values of “integrity, dedication, teamwork, and win-win” and always adheres to the business development direction of making the industry bigger and stronger. At present, the Group has successfully cultivated its property operating and cargo aircraft charter businesses through its current resources and strengths, both human and financial. Moreover, the Group is committed to achieving the best corporate governance practices as a listed company. The corporate governance policy aims to improve the accountability and transparency of the Group by regulating the Group’s corporate governance practices. During the year ended 30 June 2025, the Group applied the principles and met the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE “MODEL CODE”)

The Group has adopted the Model Code set out in Appendix C3 of the Listing Rules as the code of conduct regarding directors’ securities transactions. Specific enquiry had been made to all Directors and all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 30 June 2025.

The Company has also established written guidelines (the “**Employees Written Guidelines**”) no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company during the year ended 30 June 2025.

THE BOARD

The Board reviewed the effectiveness of the policy annually in order to ensure the adherence of the Group’s culture and satisfied with its implementation and effectiveness. During the year under review, the composition of the Board, with at least one-third of which are independent non-executive Directors, was as follows:

Mr. Su Peixin	<i>(Chairman, Executive Director, appointed on 21 August 2024)</i>
Dr. Wong Ho Yin	<i>(Chief Executive Officer, Executive Director, appointed on 5 November 2024)</i>
Mr. Yao Linying	<i>(Executive Director)</i>
Mr. Chen Jinyan	<i>(Executive Director)</i>
Mr. Chen Jindong	<i>(Executive Director, resigned on 21 August 2024)</i>
Mr. Chong Hon Wang	<i>(Independent Non-executive Director, appointed on 25 July 2024)</i>
Ms. Chuang Yin Lam	<i>(Independent Non-executive Director, appointed on 26 March 2025)</i>
Ms. Wang Yuqin	<i>(Independent Non-executive Director)</i>
Mr. Kwan Chi Fai	<i>(Independent Non-executive Director, resigned on 25 July 2024)</i>
Ms. Chong Sze Pui Joanne	<i>(Independent Non-executive Director, resigned on 9 April 2025)</i>

Pursuant to Rule 3.09D of the Listing Rules, Mr. Su Peixin obtained legal advice on 21 August 2024. Dr. Wong Ho Yin obtained legal advice on 5 November 2024. Mr. Chong Hon Wang obtained legal advice on 25 July 2024. Ms. Chuang Yin Lam obtained legal advice on 26 March 2025. They had confirmed that they understood their obligations as the Directors.

Each executive Director (the “**Executive Director(s)**”) has sufficient experience to hold the position so as to carry out his/her duties effectively and efficiently.

CORPORATE GOVERNANCE REPORT

THE BOARD *(Continued)*

Each independent non-executive Director (“**INED(s)**”) has confirmed his/her independence with the Company and the Company considers that each of the INEDs to be independent under Rule 3.13 of the Listing Rules. Each INED was appointed either for a term of one year or three years. The Board members have no financial, business or other material/relevant relationships with each other except that Mr. Chen Jinyan is the elder brother of Mr. Chen Jindong.

Under Code Provision B.2.2, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Board has effectively overseen and monitored the activities of the Company and the decisions were made in the best interests of the Company and its shareholders taken as a whole. During the year ended 30 June 2025, thirteen Board meetings were held and the attendance of all Directors at the Board meetings was as follows:

Name of Directors	Attendance
Mr. Su Peixin <i>(Note 1)</i>	11/12
Dr. Wong Ho Yin <i>(Note 2)</i>	8/10
Mr. Yao Linying	12/13
Mr. Chen Jinyan	10/13
Mr. Chen Jindong <i>(Note 3)</i>	0/1
Mr. Chong Hon Wang <i>(Note 4)</i>	13/13
Ms. Chuang Yin Lam <i>(Note 5)</i>	3/4
Ms. Wang Yuqin	12/13
Mr. Kwan Chi Fai <i>(Note 6)</i>	0/0
Ms. Chong Sze Pui Joanne <i>(Note 7)</i>	6/11

Notes:

- (1) 12 Board meetings were held during the period from 21 August 2024 to 30 June 2025.
- (2) 10 Board meetings were held during the period from 5 November 2024 to 30 June 2025.
- (3) 1 Board meeting was held during the period from 1 July 2024 to 21 August 2024.
- (4) 13 Board meetings were held during the period from 25 July 2024 to 30 June 2025.
- (5) 4 Board meetings were held during the period from 26 March 2025 to 30 June 2025.
- (6) No Board meeting was held during the period from 1 July 2024 to 25 July 2024.
- (7) 11 board meetings were held during the period from 1 July 2024 to 9 April 2025.

CORPORATE GOVERNANCE REPORT

THE BOARD *(Continued)*

The Board convened the Board meetings in performance of its duties, to consider, approve and review, inter alia,

- the interim review fee for the period ended 31 December 2024 and the annual audit fee for the year ended 30 June 2025;
- the adequacy of resources, qualifications and experience of staff for the Company's accounting and financial reporting function, and their training programmes and budget;
- publication of interim and annual results announcements;
- declaration, recommendation and payment of interim, final and special dividends;
- the internal control review report of the Company;
- the change of the auditor of the Company;
- the entering into the supplemental agreement with respect to the lease contract dated 26 April 2021 entered into by Zhengzhou Jiachao Property Services Co., Ltd.* (鄭州佳潮物業服務有限公司) as lessor and Zhengzhou Zhongyuan Jinyi Commercial Operation Management Co., Ltd.* (鄭州中原錦藝商業運營管理有限公司) as lessee in respect of the Jiachao's Shopping Mall;
- the entering into an agreement between Zhongyuan Jinyi and Henan Zhongyu Zhongyuan Commercial Operation Management Co., Ltd.* (河南中豫中原商業運營管理有限公司) ("Henan Zhongyu") whereby both parties agreed that on 1 October 2024, the tenants on certain area of the Jiachao's Shopping Mall be transferred to Henan Zhongyu; and
- the entering into a supplemental agreement with respect to the lease agreement dated 28 November 2024 entered into by Henan Province Yuhua Construction Co., Ltd.* (河南省宇華建設有限公司) as lessor and Zhengzhou Yinghan Property Service Co., Ltd.* (鄭州英瀚物業服務有限公司) as lessee in respect of 7 premises in an industrial park located in Xinmi City, Zhengzhou City, Henan Province, the PRC.

Directors' training is an ongoing process and its purpose is to improve Directors' knowledge of, and performance in, business operations and compliance matters. During the year ended 30 June 2025, the Directors received regular updates and presentations on changes and developments to the Group's business and to the legislative and regulatory environments in which the Group operates. All Directors should attend relevant training courses and can be claimed at the Company's expense. Moreover, all Directors are required to provide the Company with their respective training records. The record of continuing professional development relating to director's duties and regulatory and business development that has been received by the Directors for the year ended 30 June 2025 is summarised as follows: (i) attending training sessions such as briefings, seminars, conferences and workshops; and (ii) reading/studying relevant material such as newspapers, journals, magazines and other publications.

CORPORATE GOVERNANCE REPORT

THE BOARD *(Continued)*

The Group has mechanisms to ensure independent views and input are available to the Board and such mechanisms will be reviewed annually by the Board, encouraging all directors including INEDs to express their views in an open manner during the Board and Board committees meetings; All INEDs are also members of the board committees, thereby promoting the incorporation of diverse and independent perspectives into the Company's decision-making process.

In addition, all Directors, including INEDs, are entitled to seek further information and documentation from the management on the matters to be discussed at the Board meetings. They can also seek assistance from the company secretary (the “**Company Secretary**”) and, where necessary, independent advice from external professional advisers at the Company's expense.

The Board considered the said mechanisms have been operating effectively.

OPERATION OF THE BOARD

The principal roles of the Board are to oversee the Company's operation, administration and finance, to design and set corporate policies and development strategies and to implement and monitor the Company's business plans, such as property operating market expansion and tenant growth with delighting shoppers, while the senior management is responsible for the execution of the Board's decisions in order to achieve the Company's goals and objectives. The Board has separate and independent access to the senior management for collecting information on operation.

The Company has arranged appropriate liability insurance to indemnify the Directors for their liabilities arising out of corporate activities. The insurance coverage will be reviewed regularly to ensure its effectiveness and sufficiency.

Risk Management and Internal Control Systems

The Board acknowledges its responsibility to establish, maintain, and review the sufficiency and effectiveness of the Group's risk management and internal control systems. Sound and effective systems of risk management and internal control are thereby designed and adopted to achieve the Group's strategic objectives and safeguard shareholders' investments and the Group's assets. Such systems are designed to manage rather than eliminate risk of failure to achieve strategic objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. Policies and procedures form the basis and set forth the control standards required for functioning of the Group's business entities. These policies and procedures covered various aspects, including operations, finance and accounting, human resources, regulatory and compliance, delegation of authority, etc.

The Board monitors the Group's risk exposures, oversees the actions of management and reviews the overall effectiveness of the Group's risk management and internal control systems annually. An external professional party conducted review of the effectiveness of the Group's systems of risk management and internal control. The audit committee of the Board reviewed the findings and opinion of the external professional party on the effectiveness of the Group's systems of risk management and internal control.

CORPORATE GOVERNANCE REPORT

OPERATION OF THE BOARD *(Continued)*

Risk Management and Internal Control Systems *(Continued)*

1. Risk Identification: to identify the Group's key risks in the areas of business and strategic, operational, and regulatory compliance.
2. Risk Review: to design risk review questionnaire to understand and assess the risk level of key risks and whether the Group's existing procedures and controls are adequate.
3. Risk Response: to propose and recommend mitigating controls for identified key risk and assist process owners or business units to implement relevant remedial measures.
4. Risk Report: to report to the Board on the implementation of the remedial measures and to follow-up on the implementation status of these remedial measures.

During the review process for the year ended 30 June 2025, the Group has identified a number of key risks that may impact the Group's strategic objectives in responding to the changes in the business and external environment. These risks are prioritized according to the likelihood of their occurrence and the significance of their impact on the business of the Group.

Whistleblowing Policy

The Company has adopted Whistleblowing Policy to allow and encourage all employees to raise concerns about improprieties in matters of financial reporting, criminal action, environmental protection, compliance and other malpractices at the earliest. Employees can raise concerns confidentially about any improprieties such as misconduct and malpractice in any matter related to the Group. All the concerns received will be handled confidentially in prompt and fair manner. The policy aims at protecting the whistle-blowers from unfair dismissal, victimisation and unwarranted disciplinary actions.

Anti-Corruption Policy

Anti-Corruption Policy is set up as a part of the employees' guideline. The employees should follow the anti-corruption policy as their daily working guideline. The Group maintains a high standard of integrity, openness and discipline in the business operations. Combined with Whistleblowing Policy, the Group's expectations and requirement of business ethics are adopted with all employees.

In addition, the Board reviewed the adequacy of the resources, qualifications and experience of staff for the Group's accounting and financial reporting function, and their training programmes and budget. The audit committee also reviewed and was satisfied with the adequacy of the staffing of the financial reporting functions.

The Board comprises of INEDs who are independent of and not related to each other and any members of the senior management. INEDs are members of all related committees. Separation of the role of the Chairman and the Chief Executive Officer ensures that there is a balance of power and authority. The Nomination Policy sets a maximum tenure of nine consecutive years for INEDs to be eligible for nomination by the Board to stand for re-election by shareholders. INEDs receive fixed fee(s) for their role as members of the Board. In assessing suitability of the candidates, the nomination committee will review their profiles, including their qualification and time commitment, having regard to the Board's composition, the Directors' skills matrix, the list of selection criteria approved by the Board, the Nomination Policy and the Board Diversity Policy.

CORPORATE GOVERNANCE REPORT

OPERATION OF THE BOARD *(Continued)*

The Board composition and Board skills and experience are set out below:

Board Composition

Designation	4 Executive Directors, 3 INEDs
Gender	5 Males, 2 Females
Ethnicity	All Chinese
Age Group	4 Directors aged below 50, 3 Directors aged 50 or above
Length of Service	6 Directors served below 10 years, 1 Director served 10 years or above
Numbers of Other Listed Companies Directorship	7 Directors with no directorship

In view of the existing strategic needs of the Company, the composition of the Board brings about the necessary balance of skills and experience appropriate for the requirements of the business development of the Company. In terms of the following:

- (i) Embedding robust sustainability and corporate social responsibility (CSR) into property operations strategies:

The Company aims to develop, operate, and maintain properties that are innovative, high-quality, and environmentally responsible. This commitment supports long-term sustainable performance and value creation across its portfolio.

- (ii) Implementing a robust risk management framework and internal controls:

The Company oversees the implementation of a comprehensive risk management framework and internal control systems to ensure its corporate governance structure aligns with applicable laws, regulations, industry best practices, and emerging global standards relevant to property operations.

- (iii) Leveraging technology to enhance operational efficiency:

The Company utilises advanced technologies to improve resource efficiency, streamline property management processes, and enhance productivity across its operations – supporting smarter decision-making and long-term performance.

The skills matrix below sets out the skills and experience of the Board.

Board Skills and Experience

	Property operating business or cargo aircraft charter business	Mainland China	Global business include Hong Kong	Accounting/ Finance/Legal & Compliance/Risk Management and Internal Controls	ESG	Technology
<i>Executive Directors</i>						
Su Peixin (Chairman)	✓	✓	✓	✓	✓	✓
Wong Ho Yin (Chief Executive Officer)	✓	✓	✓	✓	✓	✓
Yao Linying	✓	✓	✓	✓	✓	✓
Chen Jinyan	✓	✓	✓	✓	✓	✓
<i>INEDs</i>						
Chong Hon Wang	✓	✓	✓	✓	✓	✓
Chuang Yin Lam	✓	✓	✓	✓	✓	✓
Wang Yuqing	✓	✓		✓	✓	✓

CORPORATE GOVERNANCE REPORT

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of 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 ended 30 June 2025. The Directors ensure that the financial statements for the year ended 30 June 2025 were prepared in accordance with statutory requirements and applicable accounting standards. The financial statements were prepared on a going concern basis. There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. It is the responsibility of the auditor to form an independent opinion on these statements and to report their opinion to the Group.

DISTINCTIVE ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of chairman and chief executive officer are segregated in order to ensure a balance of power and authority in the management of the Board and the day-to-day management of the business. Mr. Su Peixin is the Chairman of the Company and Dr. Wong Ho Yin is the Chief Executive Officer of the Company. The duties of the Chairman include:

- (a) to ensure all Directors are properly briefed on issues arising at Board meetings;
- (b) to ensure all Directors receive adequate information, which must be complete and reliable, in a timely manner;
- (c) to provide leadership to the Board;
- (d) to hold a meeting with the INEDs without the presence of other director annually;
- (e) to ensure appropriate steps have been taken to provide effective communication with shareholders, such as release of website announcements, circulars, interim and annual reports and holding of annual general meeting etc.;
- (f) to ensure that good corporate governance practices and procedures are established; and
- (g) to conform to any requirement, direction and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by the Listing Rules or other applicable laws, rules and regulations.

The duties of the Chief Executive Officer include:

- (a) to be responsible for the day-to-day management of the Group's business;
- (b) to develop strategies and policies for the Board's approval;
- (c) to be responsible for the performance of the Group and the implementation of the Board's strategies and policies;
- (d) to maintain effective systems of internal control and risk management;
- (e) to ensure that proper financial records and accounts are kept; and
- (f) to ensure all applicable laws, rules and regulations and other relevant statements of best practice are complied with.

CORPORATE GOVERNANCE REPORT

COMMITTEES OF THE COMPANY

The Board had established the audit committee, remuneration committee and nomination committee and their authorities and duties that stated in specific written terms of reference had been discussed and approved in the Board meeting.

AUDIT COMMITTEE

With specific written terms of reference, the audit committee of the Company (the “AC”) comprises three members, all being INEDs; namely, Mr. Chong Hon Wang (appointed on 25 July 2024), Ms. Chuang Yin Lam (appointed on 26 March 2025), Ms. Wang Yubin, Mr. Kwan Chi Fai (resigned on 25 July 2024) and Ms. Chong Sze Pui Joanne (resigned on 9 April 2025). Mr. Chong Hon Wang, who is a Certified ESG Planner certified by the International Chamber of Sustainable Development as well as a Chartered Tax Adviser from the Taxation Institute of Hong Kong and also holds the Certified Public Accountant (Practicing) Certificate issued by the Accounting and Financial Reporting Council, is the chairman of the AC. The AC’s terms of reference are posted on the websites of the Company and the Stock Exchange.

The principal role and function of the AC are:

- (a) in relation to the Company’s external auditor, to recommend the Board on its appointment, re-appointment and removal, remuneration and terms of engagement of the external auditor, its independence, effectiveness of audit process, as well as nature and scope of audit and reporting obligations before the audit commences;
- (b) to monitor the integrity of financial statements of the Group and the annual reports and interim reports focusing particularly on any changes in accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, going concern assumptions and qualifications, compliance with accounting standards and the Listing Rules;
- (c) to review and make recommendations of the Group’s financial control, internal control and risk management systems;
- (d) to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management’s response to these findings;
- (e) where an internal audit function exists, to review the internal audit programme, ensure coordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
- (f) to discuss with the management the system of internal control and ensure that the management has discharged its duty to have an effective internal control system;
- (g) to review the external auditor’s management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management’s response;
- (h) to ensure that the Board will provide a timely response to the issues raised in the external auditor’s management letter; and
- (i) to review the Group’s financial and accounting policies and practices.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE *(Continued)*

In addition, the AC has been delegated by the Board to be responsible for performing the corporate governance duties that are listed as follows:

- (a) to develop and review the Company's policies and practice on corporate governance and make recommendations to the Board;
- (b) to perform the Company's corporate governance functions;
- (c) to review and monitor the training and continuous professional development of directors and senior management of the Company;
- (d) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (e) to develop, review and monitor the code of conduct and compliance manual applicable to employees and directors of the Company; and
- (f) to review the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

During the year ended 30 June 2025, six AC meetings were held and the attendance of its members was as follows:

Name of members	Attendance
Mr. Chong Hon Wang <i>(Note 1)</i>	6/6
Ms. Chuang Yin Lam <i>(Note 2)</i>	0/0
Ms. Wang Yuqin	5/6
Mr. Kwan Chi Fai <i>(Note 3)</i>	0/0
Ms. Chong Sze Pui Joanne <i>(Note 4)</i>	5/6

Notes:

- (1) 6 AC meetings were held during the period from 25 July 2024 to 30 June 2025.
- (2) No AC meeting was held during the period from 26 March 2025 to 30 June 2025.
- (3) No AC meeting was held during the period from 1 July 2024 to 25 July 2024.
- (4) 6 AC meetings were held during the period from 1 July 2024 to 9 April 2025.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE *(Continued)*

The following is a summary of the work performed by the AC during the year ended 30 June 2025 in discharging its responsibilities and its duties set out in the CG Code:

- reviewed the annual report and interim report, focusing particularly on any changes in accounting policies and practices, major judgmental areas, significant adjustments resulting from audit, the going concern assumptions, compliance with accounting standard and compliance with the Listing Rules and the Hong Kong Companies Ordinance;
- assessed the risk environment and risk management system, reviewed internal control procedure manual of the Group and auditor's findings and opinion on the Group's system of internal control and considered that the internal control system and the risk management system are effective and adequate and there is no immediate need to set up internal audit function within the Group. The AC will review and consider establish such department when it thinks necessary;
- reviewed the adequacy of the resources, qualifications and experience of staff for the Group's accounting and financial reporting function, and their training programmes and budget and was satisfied with the adequacy;
- reviewed external auditor's significant audit matters;
- considered and approved the annual audit fee and interim review fee; and
- reviewed and monitored the external auditor's independence and engagement to perform non-audit services and the interim review for the period ended 31 December 2024 before the Board meeting.

The chairman of the AC reports the findings and recommendations of the AC to the Board after each meeting. The AC had discussed with the auditor regarding the annual audit for the year ended 30 June 2024 and the interim review for the period ended 31 December 2024 before the Board meeting.

The Group's audited consolidated financial statements for the year ended 30 June 2025 have been reviewed by the AC, which was of the opinion that the preparation of such financial statements complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

The AC considered that the existing proposed terms in relation to the appointment of the Group's external auditors are fair and reasonable.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

With specific written terms of reference, all members of the remuneration committee of the Company (the “RC”) are INEDs; namely, Mr. Chong Hon Wang (appointed on 25 July 2024), Ms. Chuang Yin Lam (appointed on 26 March 2025), Ms. Wang Yuqin, Mr. Kwan Chi Fai (resigned on 25 July 2024) and Ms. Chong Sze Pui Joanne (resigned on 9 April 2025). Mr. Chong Hon Wang, who is a Certified ESG Planner certified by the International Chamber of Sustainable Development as well as a Chartered Tax Adviser from the Taxation Institute of Hong Kong and also holds the Certified Public Accountant (Practicing) Certificate issued by the Accounting and Financial Reporting Council, is the chairman of the RC. The RC’s terms of reference are posted on the websites of the Company and the Stock Exchange.

The role and function of the RC include making recommendations to the Board on the Company’s policy and structure for all remuneration of key executives of the Company, proposing their specific remuneration packages by considering factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and the Company’s performance and ensuring that no Director or any of his/her associate(s) is involved in deciding his/her own remuneration. The RC performs an advisory role to the Board, with the Board retaining the final authority to approve key executives’ remuneration. The RC should also review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

The chairman of the RC reports the findings and recommendations of the RC to the Board after each meeting. During the year ended 30 June 2025, there were five RC meetings and the attendance of its members was as follows:

Name of members	Attendance
Mr. Chong Hon Wang (<i>Note 1</i>)	4/5
Ms. Chuang Yin Lam (<i>Note 2</i>)	0/1
Ms. Wang Yuqin	5/5
Mr. Kwan Chi Fai (<i>Note 3</i>)	1/1
Ms. Chong Sze Pui Joanne (<i>Note 4</i>)	2/5

Notes:

- (1) 5 RC meetings were held during the period from 25 July 2024 to 30 June 2025.
- (2) 1 RC meeting was held during the period from 26 March 2025 to 30 June 2025.
- (3) 1 RC meeting was held during the period from 1 July 2024 to 25 July 2024.
- (4) 5 RC meetings were held during the period from 1 July 2024 to 9 April 2025.

The work performed by the RC during the year ended 30 June 2025 included the review of the remuneration policy for this financial year and the remuneration of the Executive Directors and the INEDs.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

With specific written terms of reference, all members of the nomination committee of the Company (the “**NC**”) are INEDs; namely, Mr. Chong Hon Wang (appointed on 25 July 2024), Ms. Chuang Yin Lam (appointed on 26 March 2025), Ms. Wang Yuqin, Mr. Kwan Chi Fai (resigned on 25 July 2024) and Ms. Chong Sze Pui Joanne (resigned on 9 April 2025). Mr. Chong Hon Wang, who is a Certified ESG Planner certified by the International Chamber of Sustainable Development as well as a Chartered Tax Adviser from the Taxation Institute of Hong Kong and also holds the Certified Public Accountant (Practicing) Certificate issued by the Accounting and Financial Reporting Council, is the chairman of the NC. The NC’s terms of reference are posted on the websites of the Company and the Stock Exchange.

The role and function of the NC include:

- (a) to review the structure, size and composition (including the skills, knowledge, diversity and experience) of the Board at least annually and make recommendations to the Board regarding any proposed changes so as to complement the Company’s corporate strategy;
- (b) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships with due regard for the benefits of diversity on the Board with reference to the Board Diversity Policy;
- (c) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors in particular the chairman and the chief executive officer of the Company, taking into account the Company’s corporate strategy and the mix of skills, knowledge, experience and diversity needed in the future, together with the Board, as appropriate;
- (d) to assist the Board in maintaining a board skills matrix;
- (e) to assess the independence of INEDs in accordance with the provisions of the Listing Rules and other relevant laws, rules and regulations;
- (f) to support the Company’s regular evaluation of the Board’s performance;
- (g) to review the Board Diversity Policy, to develop and review measurable objectives for implementing the Board Diversity Policy and to monitor the progress on achieving these objectives; and
- (h) where the Board proposes a resolution to elect an individual as an INED at the general meeting, the NC should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why they believe he/she should be elected and the reasons why they consider him/her to be independent.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE *(Continued)*

The chairman of the NC reports the findings and recommendations of the NC to the Board after each meeting. During the year ended 30 June 2025, there were six NC meetings and the attendance of its members was as follows:

Name of members	Attendance
Mr. Chong Hon Wang <i>(Note 1)</i>	5/6
Ms. Chuang Yin Lam <i>(Note 2)</i>	1/2
Ms. Wang Yuqin	6/6
Mr. Kwan Chi Fai <i>(Note 3)</i>	1/1
Ms. Chong Sze Pui Joanne <i>(Note 4)</i>	2/5

Notes:

- (1) 6 NC meetings were held during the period from 25 July 2024 to 30 June 2025.
- (2) 2 NC meetings were held during the period from 26 March 2025 to 30 June 2025.
- (3) 1 NC meeting was held during the period from 1 July 2024 to 25 July 2024.
- (4) 5 NC meetings were held during the period from 1 July 2024 to 9 April 2025.

The NC recommended that two Executive Directors, Mr. Su Peixin and Mr. Yao Linying and two INEDs, Mr. Chong Hon Wang and Ms. Wang Yuqin, retiring by rotation at the AGM held in December 2024, be re-elected. The NC made this recommendation for re-appointment based on their contributions to the Board and their firm commitment to their roles. The Board accepted the NC's recommendation and accordingly, the Executive Directors and the INEDs above offered themselves for re-election at the AGM held in December 2024. The NC also considered the contribution of each Director to the effectiveness of the Board, reviewed the attendance and participation of the Directors at the Board and Board meetings.

During the year ended 30 June 2025, the NC reviewed the structure, size, and diversity of the Board and the Board Diversity Policy so as to ensure that the Board's composition complies with the Listing Rules and reflects an appropriate mix of skills, experience, and diversity that are relevant to the Company's strategy, governance, and business and contribute to the Board's effectiveness and efficiency.

As at 30 June 2025, there were two female Directors in the Board which brought the female representation more than one-fourth of the Board. The Board targets to maintain at least the current level of female representation, with the ultimate goal of achieving gender parity. In considering the Board's succession, the NC would help identify potential candidates for INEDs, as and when appropriate. The Board will continue to take opportunities to increase the proportion of female members over time as and when suitable candidates are identified.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE *(Continued)*

Nomination Policy

The NC recommends candidates for nomination to the Board, which approves the final choice of candidates. The NC is responsible to maintain the nomination policy of the Company (the “**Nomination Policy**”) and review the same regularly. The objective of the Nomination Policy is to provide guidance for the Company to fulfill its duties and responsibilities as provided in its terms of reference. This Nomination Policy sets out, inter alia, the selection criteria and the evaluation procedures in nominating candidates to be appointed or re-appointed as Directors of the Company.

The NC shall consider any and all candidates recommended as nominees for Directors to the committee by any Directors or shareholders of the Company in accordance with its Articles of Association. The NC may also undertake its own search process for candidates and may retain the services of professional search firms or other third parties to assist in identifying and evaluating potential nominees. The NC shall endeavour to find individuals of high integrity who possess the qualifications, qualities, skills, experience and independence (in case of INEDs) to effectively represent the best interests of all shareholders. Candidates will be selected for their ability to exercise good judgment, and to provide practical insights and diverse perspectives.

The NC may use any process it deems appropriate for the purpose of evaluating candidates including personal interviews, background checks, written submission by the candidates and third party references. As far as practicable, nominees for each election or appointment of Directors shall be evaluated using a substantially similar process. The NC shall review the Nomination Policy from time to time.

AUDITOR'S SERVICES

(a) Audit service

The fee for annual audit quoted by Confucius International CPA Limited (“**CICPA**”) had been reviewed by the Board and the AC. For the year ended 30 June 2025, the auditor's remuneration was HK\$1,200,000.

(b) Non-audit service

The fee charged by CICPA of interim review for the period ended 31 December 2024 was HK\$300,000. CICPA reviewed the interim financial statements and made a review conclusion.

BOARD DIVERSITY POLICY

The Board and the NC adopted and approved the Board Diversity Policy for the purpose of supporting the attainment of strategic objectives and sustainable and balanced development of the Company. A summary of the Board Diversity Policy, together with the measureable objectives set for implementing this policy, and the progress made towards achieving those objectives are disclosed as below.

CORPORATE GOVERNANCE REPORT

BOARD DIVERSITY POLICY *(Continued)*

Measurable Objectives

In designing the Board's composition, all Board appointments will be based on merits, and candidates of the Board membership will be considered against objective criteria, including but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, with due regard for the benefits of diversity on the Board. The Board believes that such merit-based appointments will be best enabled the Company to serve its shareholders. As at 30 June 2025, the Board comprised five male Directors and two female Directors which represent approximately 71% and 29%, respectively, of the total member of the Board, with different age, experience, background and diversity perspectives, which have been disclosed in biographical details of Directors of this annual report.

Monitoring and Reporting

The NC will report annually the composition of the Board in the Corporate Governance Report. The NC will also review the objectives of the Board Diversity Policy and closely monitor it in order to ensure the implementation of this policy. Furthermore, the NC will discuss any revisions that may be required and recommend any such revisions to the Board for consideration and approval.

As at 30 June 2025, the Board comprised seven Directors, three of whom were INEDs, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, whether considered in terms of gender, age, experience, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

DIVIDEND POLICY

The Company has in place a dividend policy. Any declaration and payment of dividend shall be determined at the sole discretion of the Board with the long-term objective of maximising shareholder value of the Company.

According to the dividend policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account; inter alia, the following factors:

- (a) operating and financial results;
- (b) cash flow situation;
- (c) business conditions and strategies;
- (d) future operations and earnings;
- (e) taxation considerations;
- (f) capital requirements and expenditure plans;
- (g) interests of shareholders;
- (h) any restrictions on payment of dividends; and
- (l) any other factors that the Board may consider relevant.

CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY *(Continued)*

Such declaration and payment of the dividend by the Company is also subject to any restrictions under the Companies Act of the Cayman Islands, any applicable laws, rules and regulations and the Articles of Association of the Company.

Any declaration and payment of future dividends under the dividend policy are subject to the Board's determination that the same would be in the best interests of the Group and the shareholders of the Company as a whole. The Board will review the dividend policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the dividend policy at any time as it deems fit and necessary. There is no assurance that dividends will be paid in any particular amount for any given period.

WORKFORCE DIVERSITY POLICY

As at 30 June 2025, the Group actively embraces and reflects diversity across its operations. The Group is committed to fostering an inclusive and respectful working environment where individual differences are valued and all employees are treated with dignity. Its workforce comprises individuals from a wide range of backgrounds, including varied races, ethnicities, genders, beliefs, religions, ages, abilities, sexual orientations, and cultural identities. Recruitment, promotion, and other employment decisions are made irrespective of age or gender, with a strong emphasis on equal opportunities in hiring, training, development, remuneration, and career progression. Employees bring a rich mix of experiences, skills, and perspectives that enhance the Group's collaborative and inclusive culture. A formal diversity policy is forthcoming to articulate and reinforce these longstanding values and practices.

COMMUNICATION WITH SHAREHOLDERS

The Board uses the AGM to communicate with shareholders and encourages their participation. At the AGM held in December 2024, the Chairman proposed a separate resolution in respect of each substantially separate issue. The Chairman also arranged a member of the AC and the auditor to answer questions at the meeting. Moreover, the Company provides extensive information to its shareholders in its annual reports, interim reports, announcements and circulars that are published on the websites of the Company and the Stock Exchange. Shareholders may at any time send their enquiries and concerns to the Board addressing to the Company Secretary of the Company by fax or by post to the Company's head office and principal place of business in Hong Kong as follows:

Art Group Holdings Limited
31/F., Chinachem Century Tower
178 Gloucester Road, Wan Chai, Hong Kong
Fax: +852 2333 3560

In light of the above, the Company considered that its shareholders' communication policy implemented during the year ended 30 June 2025 is effective.

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

The Company Secretary is Ms. Yeow Mee Mooi. The Company Secretary is an employee of the Company and has day-to-day knowledge of the Group's affairs. She reports to Chairman and Chief Executive Officer. The Board has access to the advice and service of the Company Secretary to ensure that the board procedures and all applicable laws, rules and regulations, are followed. She had taken not less than 15 hours of relevant professional training during the year ended 30 June 2025 as required under Rule 3.29 of the Listing Rules.

RIGHTS OF SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

Pursuant to Article 58 of the Articles of Association of the Company, shareholder(s) 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 shall at all times have the right, by written requisition to the Board or the Company Secretary deposited at the Company's head office and principal place of business in Hong Kong, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

VOTING BY POLL

The Articles of Association of the Company set out the procedures, requirements and circumstances where voting by poll is required. Pursuant to Rule 13.39 of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll.

The poll results will be published on the websites of the Stock Exchange and of the Company as soon as possible after conclusion of the general meeting, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following the general meeting.

CHANGES TO CONSTITUTIONAL DOCUMENTS

The Company has not made any amendments to its constitutional documents during the year ended 30 June 2025.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group is committed to the long-term sustainability of the environment and communities in which it engages. Acting in an environmentally responsible manner, the Group endeavours to identify and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction. This report is prepared by the Group in compliance with the Environmental, Social and Governance (“**ESG**”) Reporting Guide (the “**ESG Reporting Guide**”) set out in Appendix C2 to the Listing Rules. This report complies with the “comply or explain” provisions set out in the ESG Reporting Guide for the year ended 30 June 2025 by making general disclosures on environmental and social information.

The corporate governance is the key to effective ESG management. The Board assumes the overall ESG responsibility and is committed to strong ESG performance. The Board holds meetings to assess the ESG risks; formulate the ESG strategies and policies and ensure the establishment and maintenance of effective internal control procedures on the ESG aspects of its business and operations. The Board also regularly discusses with the management to check the execution of strategies and policies and collect feedback from the stakeholders. Independent assessment organisation was also engaged to further evaluate the environmental aspect of the Group’s business and operations. With such governance structure, the Board can effectively oversee ESG issues with both internal and external perspectives taken into consideration.

The Group has adhered to the following reporting principles in its preparation of the report.

Materiality: The Group has identified material ESG topics relevant to its development and operation through internal review and communication with stakeholders to understand their concerns and expectations.

Quantitative: The Group accounts for and discloses key performance indicators (“**KPIs**”) in quantitative terms for proper evaluation of the effectiveness of ESG policies and actions.

Balance: The report aims to disclose data in an objective way, which aims to provide stakeholders with a balanced overview of the Group’s overall ESG performances.

Consistency: The Group adopts consistent measurement methodology to achieve meaningful comparison of ESG performance over time whenever practicable. Any updates in the methods or KPIs used will be disclosed.

The Group further strengthened ESG reporting by expanding and prioritising group-wide efforts and activities on ESG. The Group is now reviewing, updating and refining its ESG-related issues to ensure the consistency of its policies, systems, processes and standards with global best practice and trends. As the ESG rating and disclosure guidelines evolve, the Group’s disclosures will follow accordingly.

THE BOARD STATEMENT

The Board believes that good environmental conditions, social impact and governance structure are important to the Group’s development. The Group should have a long-term strategic management mission and firmly believes that the positive realization of ESG is the cornerstone of sustainable development. To achieve the Group’s commitment to long-term operation and sustainable development, the Group adopts different guidance and monitoring system to ensure the operation is efficient and minimise the risk of operation. The Board regularly reviews the sustainability goals and policies and implements appropriate management measures to ensure that the Group keeps pace with the times and its commitment to sustainable development is not only the mission of an enterprise, but also a driving force for our success in market.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

THE BOARD STATEMENT *(Continued)*

Since the Group has community members, customers, employees, government and regulatory agencies, shareholders and investors, suppliers and tenants, as significant stakeholders, the Group during its business maintains communications with them to understand their view and meet their expectations. The Group strives to integrate ESG considerations in its daily property operations. Reducing and controlling emissions of gas and waste remains a top priority for the Group by having in place policies and indicators in specific areas to encourage waste reduction, recycling and sustainability.

The table below presents key stakeholders of the Group and how the Group communicates with them through a variety of communication channels:

Stakeholders	Communication Channels
Community members	– Community activities participation – Charity and social donation – Emails
Customers	– Company website – Annual reports, interim reports, ESG reports and other public information – Emails and customer support hotline – Customer feedback forms
Employees	– Training – Meetings – Performance evaluations – Emails
Government and regulatory agencies	– On-site inspections and checks – Regular dialogue and filings – Annual reports, interim reports, ESG reports and other public information – Emails
Shareholders and investors	– Annual general meetings and other general meetings of shareholders – Company website – Annual reports, interim reports, ESG reports and other public information – By fax and by post – Emails
Suppliers	– Meetings – Regular review – Emails
Tenants	– Meetings – Emails

The operations of the Group have impacts on various stakeholders while stakeholders have different expectations of the Group. Looking forward, the Group will continuously strengthen its communications with its stakeholders and extensively collect stakeholders' opinions on various ways that would lead to a more comprehensive materiality analysis. Meanwhile, the Group would also enhance the reporting principles in terms of quantitative, balance and consistency, and define the presentation of content and information of the report in a way which better conforms to stakeholders' expectations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT

To better understand the views and expectations of stakeholders on the ESG performance of the Group, materiality assessment is conducted annually to assess the importance of ESG issues to the stakeholders and to identify ESG related risks and opportunities. The Group considered the significance of all potential ESG issues by assessing their importance to the stakeholders and the Group through various communication approaches.

Qualified testing personnel of an experienced testing company in the People’s Republic of China (the “**PRC**”) identified and selected ESG factors based on the operating conditions of the investment properties and then provided the quantitative information for the reporting of emissions. The testing equipment is kept in good working conditions, and it is checked and maintained regularly. The testing work is based on “Technical Guideline on Environmental Monitoring Quality Management” 《環境監測品質管制技術導則》. The intensity of emissions and resource usage are calculated by using the total gross floor area of the investment properties.

In order to preserve a meaningful comparison, there was no material change to the methods or KPIs used by the Group in the years ended 30 June 2024 or 30 June 2025. The Group did not have any reporting boundaries of the ESG report. Moreover, the Group identified property operating area to be included in the ESG report because it is the principal business activity of the Group.

The table below illustrates the result of the Group’s materiality assessment. The listed issues are also considered to be the most material and may have significant influence over the Group’s ESG performance.

Aspects	Material issues
Environment	Waste management for tenants, increase exhaust pipes in the Zone C Shopping Mall’s carpark; detect air emissions at fixed points in the industrial park
Employment and Labour	Service providers’ staff training
Community	Voluntary work for community, assist relevant government departments in carrying out anti-fraud and policy publicity in industrial park

Contact Us

The Group values your feedback and opinions on sustainable development performance. You could provide valuable opinions on this ESG report or on the Group’s performance of sustainable development as follow:

Art Group Holdings Limited
31/F., Chinachem Century Tower
178 Gloucester Road, Wan Chai, Hong Kong
Fax: +852 2333 3560

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL

The Group is committed to ensuring that environmental management should comply with laws and regulations. The Group aims to reduce the environmental impact and support sustainable development. The Group strictly follows all environmental laws set by Hong Kong and the PRC governments and other markets where it operates. The operations comply with regulations on air pollution, water pollution, waste pollution, toxic chemicals and environmental impact.

During the reporting period, there were no incidents of non-compliance or grievances related to air and greenhouse gas (“GHG”) emissions, water usage and discharges into land, and generation of hazardous and non-hazardous waste that would have a significant impact on the Group.

According to the announcement dated 21 February 2025 and the interim report dated 28 February 2025, the Jiachao's Shopping Mall is not managed by the Group. Emissions and Use of Resources are intermingled with areas not owned by the Group and the remaining area of 27,749.09 square meters of the Jiachao's Shopping Mall (the “**Remaining Area**”). Consequently, the Group is unable to collect data for the Remaining Area only. The Group understands that there have been no significant changes in the Remaining Area during the reporting period. The Group maintains contact with the management company to understand the operations of the Remaining Area.

On 19 December 2024, the Group is accepted as regulated agent by the Aviation Security Section of Airport Standards Division, Civil Aviation Department. A non-wholly-owned Hong Kong subsidiary was set up to operate and manage certain specified cargo aircraft charter businesses. However, the Group ceased its cargo aircraft charter business in June 2025.

As at the date of this report, the Group has not received any incidents of non-compliance or grievances related to ESG issues concerning the Remaining Area from the management company or public information. The Group considers that the Remaining Area does not have any incidents of non-compliance or grievances related to ESG issues for the Group. The Group will continue to monitor the Remaining Area through public information, site visits, or communication with the management company to ensure that the Remaining Area does not have a serious negative impact on ESG issues for the Group.

Emissions

The Group has three major business sectors, namely the Zone C Shopping Mall, an industrial park and cargo aircraft charter business (discontinued).

Direct Air Emissions by the Zone C Shopping Mall

In accordance with the “Environmental Protection Law of the PRC”《中華人民共和國環境保護法》and the “Regulations on the Administration of Environmental Protection of Construction Projects”《建設項目環境保護管理條例》, the facilities for pollution prevention and control in the construction project must be designed, constructed and put into use at the same time as the main project. Pollution prevention and control facilities, such as “three simultaneous” concept, are considered as the effective measures to strictly control the new pollution sources and pollutant emissions and to curb the trend of environmental deterioration. During the project construction and operation period, the Group's pollution prevention and control measures strictly complied with the relevant regulations and standards of the PRC government.

During the reporting period, the Group's emissions were mainly from underground garage and automobile exhaust and amounted to approximately 1.06 tons of carbon monoxide in total. From the understanding of the Group, after the real estate developer sets up an independent air supply and exhaust system in underground parking lot, the impact of automobile exhaust on the surrounding environment becomes minimal. 5 exhaust pipes installed in the underground garage discharged emissions for approximately 1,450 hours per annum. Though the Group is only responsible for operating the underground garage, it also observes the status of the exhaust emissions from time to time.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL *(Continued)*

Emissions *(Continued)*

Direct Air emission by the industrial park

The industrial park is managed by the Group and the major businesses of the industrial park are warehouses, light industry, such as plastic toys and textiles industry. The most polluting industry is shoe manufacturing. The Group closely monitors the business in the industrial park and ensures there is no toxic pollutant or pollutants that are beyond of the country's standard release from the industrial park. As at the date of the report, the Group does not receive any feedback about the pollution problem for the industrial park.

The Group mainly manages public area of the industrial park. Therefore, the major direct emission of the industrial park is from the car emission. During the reporting period, the total emission of the CO₂ is approximately 14.44 tons and the NO_x is approximately 3.62 tons. It is because people travelling to work by private cars and there are many trucks to load and unload cargos. The Group noted that the electronic vehicles have become more popular. It also introduces the electronic trucks; the Group believes that in long term the air pollution will be improved due to more electronic vehicles.

Indirect Air emission by the Group's tenants

According to the announcement dated 21 February 2025 and the interim report dated 28 February 2025, the management company of the remaining area of 27,749.09 square meters of the Jiachao's Shopping Mall (the "**Remaining Area**") was changed. The Group made enquiry of the management company, it is not a requirement of the data collection of air emission in the PRC in a period of time. Therefore, the Group was unable to collect data of the Remaining Area. Although the Group was unable to collect relevant data, by comparing with the Group's total air emission of the Remaining Area does not bring into significant effect of environmental impact. As at the date of this report, the Group has not received any incidents of non-compliance or grievances related to air and GHG emissions related to the Remaining Area.

In order to prevent the pollution caused by catering industry fumes on the atmospheric environment and living environment, the catering tenants of the Group, in accordance with the "Air Pollution Control Law of the PRC" 《中華人民共和國大氣污染防治法》 and "Catering Fume Emission Standards" 《飲食業油煙排放標準》 specially formulated by the Ministry of Environmental Protection of the PRC, installed fume purification facilities and implemented pollution prevention and control measures to achieve pollutant discharge standards. Fume purification facilities are installed and used by the catering tenants after inspection and approval by the organisations qualified by the PRC government. From the understanding of the Group, the specifications of the fume purification facilities follow the relevant standards, and the Environmental Protection Administrative Department is responsible for monitoring the implementation. The Group also monitors the status of fumes emissions in the catering shop units from time to time.

The Group also encourages the catering industry to reduce the fumes and suggests the catering industry to develop "smoke-free cuisine" as a part of the indoor installation. The Group also welcomes the public to monitor any restaurant that emits any oily cooking fumes and odour.

The manufacturers of the industrial park discharge air pollutants through an independent municipal pipeline system. Emission standards are clearly outlined in the tenancy agreements, requiring that all discharged air must remain below country pollution thresholds. Although the Group is unable to collect detailed emission data from each individual tenant, the Group's staff closely monitor emission pipe of the tenancy and measure the air quality around the industrial park.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL (Continued)

Emissions (Continued)

Indirect Air emission by the Group's tenants (Continued)

In addition, the Group actively encourages public reporting of any concerns related to air emissions. To the best of the Directors' knowledge, there have been no complaints or government actions regarding air pollution from the industrial park.

Indirect Air emission by cargo aircraft charter business (discontinued)

Improving fuel efficiency is a key pillar in lowering the GHG emissions. The better fuel efficiency, the less carbon emitted with the same unit of freight. While the Group relies on the works of governments and regulators to ensure that the Group is allowed to operate in the most efficient manner for all flight phases. The Group constantly initiates that the Group are within control to further enhance on operational efficiency and reduce the carbon emissions.

Waste water discharge

With rain and sewage diversion system and the compliance of sewage treatment by the septic tank, the Group deals with waste water drainage by the municipal sewage pipe network in accordance with the sewage standards issued by the relevant PRC government departments. The real estate developer had built altogether 2 sewage outfalls and 6 sewage outfalls for the purpose of sewage discharge in the shopping mall and in the industrial park, respectively. The quality of waste water discharged by the Group met the third standard of the "Integrated Wastewater Discharge Standard" 《污水綜合排放標準》(GB8978-1996) and B grade standard of the "Sewage into the City Sewer Water Quality Standard" 《污水排入城市下水道水質標準》(CJ343-1996) before the waste water is transferred to the Wulongkou sewage treatment plant. According to the test data of a testing company, the sewage discharge measured in the shopping mall throughout the whole reporting period was approximately 46 kilograms. The tenants of the industrial park installed independent municipal pipeline, the public area pipeline mainly discharges the rain which is unable to be measured. The Group has not received any incidents of non-compliance or grievances related to industrial water discharge. In addition, the staff also monitors the surrounding of the industrial park to monitor any unlawful discharge or pipe leakage.

Waste Management

In the public areas of the shopping mall and the industrial park managed by the Group, the Group has set up waste sorting bins, handles the waste in a timely manner and maintains the sanitation around the collection bins. The Group centralises the wastes collected in the public areas of the shopping mall and the industrial park managed by it for disposal. According to the requirements of the government departments, the Group carries out the collection of wastes and their separation in the designated areas. These wastes are then transported to the municipal solid waste recycling station for unified disposal. Moreover, the following procedures are implemented: (i) an agreement was signed with a kitchen waste treatment company which is assigned by the Zhengzhou City Municipal Government; (ii) a domestic garbage dumping certificate was obtained; (iii) an agreement was signed with a disinfection and pesticide company for regular sterilisation of public areas and merchant shops; (iv) unified collection of merchant wastes at unified recycling station; and (v) uniform treatment of swill.

During the reporting period, the Group produced three types of non-hazardous waste, namely (i) 2,610 cubic meters of construction waste in the shopping mall, such as renovation and decoration materials from tenants and promotion activities. The industrial park has not measured construction waste as the generated construction waste is disposed of by the tenants themselves; (ii) 4,000 cubic meters and 288 cubic meters of domestic waste in the shopping mall and the industrial park, respectively, such as packing materials and sundry items etc.; and (iii) 900,000 liters of kitchen waste in the shopping mall while a small amount of kitchen waste in the industrial park was included in the domestic waste and could not be counted separately. To the knowledge of the Directors, no hazardous waste is produced in the Group's operation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL *(Continued)*

Emissions *(Continued)*

Waste Management *(Continued)*

The direct emission target of air is 15 tons for the shopping mall while the air emission of the industrial park is discharged outdoor and the estimated usage cannot be measured. The Group increases the emission target because of the introduction of the new business during the reporting period. The Group strengthens publicity and guidance to advocate green travel, promote the use of new energy vehicles, introduce new energy vehicle brands and install new energy vehicle charging piles in parking lots. The emission target of waste water discharge is 150 kilograms. The Group strengthens the promotion of waste water discharge reduction and management to catering tenants and ensures that the waste water from catering tenants is discharged after doing some measures, such as oil separation and residue filtration. The emission targets of three types of non-hazardous waste for the shopping mall are 7,000 cubic meters of construction waste, 15,000 cubic meters of domestic waste and 2,500,000 liters of kitchen waste and the emission target for the industrial park is 300 cubic meters of domestic waste. The construction waste increased to 7,000 cubic meters for the reporting period as the Group had foreseen the end of the contracts of some tenants and some new tenants joined the shopping mall. The Group suggested all tenants try to reduce, reuse and recycle the renovation and decoration materials. However, all tenants had their own design language; some new tenants might use the existing renovation and decoration materials. Furthermore, the Group makes a good classification of the waste and hands it over to the supplier for unified processing, strengthens publicity and guidance to stabilise tenants' business operations for reducing shop replacements, conducts online promotion activities, advocates low-carbon and green lifestyles, reduce the use of plastic products, such as disposable chopsticks and plastic bags and promote proper meal ordering for saving food and reducing waste.

The Group also recognises that tenant participation is crucial to reducing waste in the industrial park. The Group encourages tenants to consistently apply the Reduce, Reuse and Recycle (the "3Rs") to minimise waste. Additionally, the Group is responsible for collecting waste from tenants in designated areas. In accordance with government department requirements, the Group conducts the collection and separation of wet and dry domestic waste in these designated areas. These wastes are then transported to the municipal solid waste recycling station for unified destruction. Furthermore, the following procedures are implemented: (i) obtaining a domestic garbage dumping certificate; (ii) signing an agreement with a disinfection and pesticides company for tenants; (iii) unified collection of merchant wastes at a unified recycling station; and (iv) uniform treatment of swill.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL *(Continued)*

Use of Resources

1. Electricity: Greenhouse gases emission is closely related to the consumption of energy, and the Group recognises that the main source of its energy consumption is electricity. The Group targets and encourages its tenants to put energy conservation practices in place and support global warming mitigation, such as turning off lights after office hours and using effective energy-saving light bulbs as far as possible. During the reporting period, the Group's electricity consumption consists of commercial electricity provided to investment properties and details of which are set out below. The electricity consumption of the Group during the reporting period was approximately 15,963,000 kWh and 9,497,000 kWh in the shopping mall and the industrial park.

Henan Electricity Company Zhengzhou Branch provides commercial electricity to the Group's investment properties. The charges of electricity usage in office, public facilities such as landscape area, public access etc. are borne by the Group while tenants of each commercial unit bear their own costs based on independent measurement by meters. The electricity consumption of the Group supplied by Henan Electricity Company Zhengzhou Branch was approximately 15,963,000 kWh and 9,497,000 kWh in the shopping mall and the industrial park respectively during the reporting period.

The Group responded to the call of the state by actively participating in the Zhengzhou City Power Sales Platform jointly organised by the Zhengzhou City Municipal Government and the National Development and Reform Commission. A power sales agreement was signed by the Group which in turn benefits the Group by reducing electricity costs and saving energy. Furthermore, the Group has cooperated with the implementation of the document issued by the Zhengzhou City Municipal Government, namely, the "Encourage electricity consumption for large-sized businesses and enterprises, and reduce electricity consumption costs" (對大型商業、企業鼓勵用電，降低用電費用).

The Group continues to strive to lower the future costs by setting the energy use efficiency target at 32,000,000 kWh and 9,900,000 kWh for the shopping mall and the industrial park, respectively. The Group strengthens publicity and guidance to increase the awareness of energy saving and consumption reduction to tenants, to choose energy-saving equipment and facilities, and turn off all lighting after office hours for reducing ineffective lighting. Furthermore, the Group reasonably arranges the operation of elevators and other equipment based on the opening hours of the shopping mall, adjusts the operation and temperature of air-conditioning based on weather conditions and the temperature inside the shopping mall, as well as the installation of transparent curtains at the entrances and exits to ensure lower energy consumption and appropriate temperature in the shopping mall. The industrial park is equipped with solar panels for power supply, which are mainly concentrated on the roofs of buildings, and photovoltaic power generation is mainly used for commercial electricity consumption.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL *(Continued)*

Use of Resources *(Continued)*

2. Natural gas: The real estate developer installed 3 boilers in the shopping mall to provide heating to office and public areas during the period from 15 November 2024 to 15 March 2025. These boilers were functioned by natural gas which was supplied by Zhengzhou Vanguard Natural Gas Holdings Co., Ltd. and the heating cost was borne by the Group. The natural gas consumption of the Group was approximately 94,000 cubic meters during the reporting period.

During the period from 15 November 2024 to 15 March 2025, the heating was turned on only when the investment properties were opened and the heating was turned off when the investment properties were closed. The flow of natural gas is determined by the weather through adjusting the size of valves. The Group continues to strive to lower the costs by setting the energy use efficiency target at 95,000 cubic meters, adjusts the heating time and flow rate according to the weather conditions and the temperature inside the shopping mall, cuts off the heating in time before closing the shopping mall and installs cotton curtains at the entrances and exits to use less energy while ensuring that the temperature inside the shopping mall is appropriate. The Group also welcomes the public to report any leakage of the windows and doors to prevent any further heat loss in shopping mall.

During the reporting period, the Group's air fuel consumption consists of number of cargo flight. The air fuel consumption of the Group during the reporting period was approximately 1,272,744 kg.

3. Water consumption: Zhengzhou Tap Water Investment Holdings Co., Ltd. provides urban water for commercial use in office and public facilities such as public restrooms. Such water fee is borne by the Group while tenants of each commercial unit bear their own water fee based on independent measurement by meters. The water fee includes the sewage charge paid to the government. The water consumption of the Group was approximately 60,000 cubic meters and 68,000 cubic meters in the shopping mall and the industrial park, respectively during the reporting period.

The Group did not have any issue in sourcing water that is fit for purpose. For the sake of hygiene and good service quality, the Group sets the water use efficiency target at 200,000 cubic meters and 90,000 cubic meters for the shopping mall and the industrial park, respectively and continues to strive to lower water consumption through the policies below. In long term, the Group will install all water-efficiency equipment in all restrooms such as automatic faucet. The Group also collects rain drops as grey water for gardening to achieve water saving. Secondly, the Group increased the posting of "Water Conservation" signage in the shopping mall and the service counters broadcast water conservation promotion from time to time to improve the awareness of water conservation for customers and tenants. Finally, the Group also monitor water meter, and water pipe, to prevent any water leakage and abnormal water usage.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL *(Continued)*

Use of Resources *(Continued)*

4. Use of Resources (Electricity and Water consumption) is increased during the year ended 30 June 2025 because of an introduction of new business. In the short term, the Use of Resources (Natural gas and Water consumption) in the Group should be maintained at the same level and the Use of Resources (Electricity) is planned to slightly increase or remain the same in the future due to demand for electronic cars. Furthermore, the Group makes a good policy or operation strategy for reducing the Use of Resources. It ensures to provide green and clean environment for customers and tenants in the shopping mall and the industrial park.
5. The Group noticed that the new energy vehicle is becoming more popular in the future. It also had some of the government policy to promote the use of new energy vehicles. The PRC plans to have only new energy cars available for sale in 2035. As the shopping mall installs new energy vehicle charging piles in parking lots, the customers may use charging piles to charge the new energy vehicles. The Group believes that the use of electricity may remain the same or increase in the future.

The Environment and Natural Resources

The Group strictly abides by the requirements of the relevant environmental protection laws and regulations, departmental regulations and local regulations during the implementation of large-scale marketing and promotional activities. Equipment used in these activities is all made from environmentally friendly materials and there is no pollution such as waste smoke, waste water, waste garbage and noise. No pollution accidents and no illegal activities such as violation of pollution discharge regulations or environmental pollution have occurred. The major pollutant business is shoe manufacturers in the industrial park. All of the shoe manufacturers are equipped with environmental protection equipment, and air emissions can only be discharged after being treated by environmental protection equipment.

Marketing and promotional activities

1. In the large-scale marketing and promotional activities, only environmentally-friendly materials and equipment are used while dangerous goods such as fireworks and firecrackers that generate waste smoke and waste gas are restricted to be used.
2. Audio and lighting are strictly in compliance with the relevant requirements of national policies. There are qualified personnel to always control and monitor the volume decibels. Lighting is also controlled and prohibited from shining in residential areas. After nine o'clock in the evening, the audio and lighting must be turned off to avoid light pollution and noise pollution.
3. After completion of these activities, activity materials and domestic garbage are disposed of properly to reduce environmental pollution.
4. Materials used for supporting and fixing stage construction are recyclable and environmentally-friendly. Most materials are aluminum or steel, which are also easy to recycle.
5. The Group uses utility model patents at design and production, of which, the environmentally-friendly exhibition construction system adopts advanced process structure and patented advertising board basic materials. This can eliminate the use of glue, paint, medium density fiberboard and other traditional materials in the entire exhibition booth construction process. Consequently, the process is close to zero pollution, and the materials can be recycled.
6. The Group advocates a paperless and environmentally-friendly office by sending documents electronically, using draft paper rationally and when printing documents for internal use, trying to minimise the headers, footers, line spacing, word spacing and font size of the file contents.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL *(Continued)*

The Environment and Natural Resources *(Continued)*

Industrial park operation

1. The Group gives the handout to the tenants to encourage them to follow the 3Rs. To reduce unnecessary wastes.
2. The Group also sets up the recycle bin in public area. It allows the tenants to dispose of the recycled material such as metal, paper, glass and plastic. The Group will arrange for recycle service to recycle the waste.
3. The Group also monitors the air pollution.

Ecological environment

The Group has arranged green area of 1,148 square meters and 8,500 square meters in the shopping mall and the industrial park, respectively to improve the ecological environment.

During the reporting period, the Group not only kept preserving the original green area, but it also increased some potted plants, and maintained and pruned them regularly.

Summary of Environmental Performance Data

Environmental performance data for the Group for the year ended 30 June 2025

Environmental KPIs	Unit	2025
Air Emissions		
Nitrogen oxides (NOx) emissions	Tons	5.10
Sulphur oxides (SOx) emissions	Tons	0.02
Particulate matter (PM) emissions	Tons	0.38
Total GHG emissions	tonne CO ₂ e	21,733.24
GHG emissions intensity	tonne CO ₂ e/employee	209
Direct emission (Scope 1)	tonne CO ₂ e	19.12
Energy indirect emission (Scope 2)	tonne CO ₂ e	15,424
Other indirect emission (Scope 3)	tonne CO ₂ e	6,209.12
Waste		
Total hazardous waste	tonne	0
Hazardous waste intensity	tonne/employee	0
Total non-hazardous waste	cubic meter	6,898
Non-hazardous waste intensity	cubic meter/employee	75
Use of Resources		
Total energy consumption (solar & bill)	kWh	Not measurable
Total energy consumption intensity	kWh/employee	244,808
<i>Total direct energy consumption</i>		
Diesel	kg/litre	0
Unleaded Petrol	kg/litre	0
Natural Gas	m ³	94,000
<i>Total indirect energy consumption</i>		
Purchased electricity (electricity bill)	kWh	25,460,000
Water		
Water consumption	m ³	128,000
Water consumption intensity	m ³ /employee	1,231

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL *(Continued)*

Summary of Environmental Performance Data *(Continued)*

Notes:

1. Air pollutant emissions of the Group are calculated based on “Appendix 2: Reporting Guidance on Environmental KPIs” published by the HKEx.
2. GHG emissions of the Group include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride and nitrogen trifluoride. The GHG emissions are calculated based on GHG Protocol: Corporate Accounting and Reporting Standard (2004) and presented in CO₂ equivalent emissions (“CO₂e”).
3. The data includes GHG emissions from the combustion of fuels in stationary combustion sources, fugitive emissions from anthropogenic systems and combustion of fuels in vehicles of the Group and is calculated based on the emission factors “Appendix 2: Reporting Guidance on Environmental KPIs” published by the Stock Exchange.
4. The emission factor of electricity for ESG report has been made reference to the emission factor currently published by Ministry of Ecology and Environment of the PRC.
5. Emissions data relating to cargo aircraft charter business of the Group was based on International Civil Aviation Organisation Carbon Emissions Calculator (“ICAO”) and the “Environmental Reporting Guidelines: Including mandatory GHG emissions reporting guidance” issued by DEFRA in the UK.
6. Due to the nature of its business, the Group does not produce material hazardous waste in its operation.
7. Energy consumption from fossil fuels in the use of stationary combustion sources and vehicles is calculated with reference to “Appendix 2: Reporting Guidance on Environmental KPIs” published by the Stock Exchange and the International Energy Agency (“IEA”) energy statistics manual.
8. Solar panels have been installed on the rooftop of the industrial park; however, their power output has proven to be inconsistent. The electricity generated is supplied directly to the industrial tenants for their operational use.
9. There is no fossil fuel company car and direct use of the fossil fuel in property operations and cargo aircraft charter operation.
10. Other indirect emission (Scope 3) mainly represents the consumption of aircraft fuel.

Climate change

During the reporting period, the Group has not been affected by extreme climate significantly. Major issues related to extreme climate, such as heavy rains, earthquakes, hail, flooding, landslide etc. may affect the Group in the future. The Board is majorly responsible to oversee the strategies of climate impact of the Group and the Board can also seek external professional if needed. In addition, the PRC government introduced the National Carbon Market and 碳排放權交易管理暫行條例 aimed at reducing carbon emission in the PRC. In long term the PRC aims for Net Zero Carbon emission in 2060.

In the view of the Board, it is not expected to have a significant impact on the Group in short term (less than 5 years). However, in medium to long term (more than 5 years), the Group may face to increase the cost pressure as the area increases to adopt the “carbon tax” in low carbon production area.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL *(Continued)*

Climate change *(Continued)*

The Group notices the extreme weather may have an impact on the business operation such as extreme cold or extreme hot weather. The Group also notices the extreme weather events are more frequent in the future.

In August 2025, following the reporting period, Zhangzhou experienced heavy rainfall which led to significant flooding across the region. The Group closely monitored the weather conditions and promptly followed government directives, including mandatory suspension of production, business operations, classes, public transport, and group outdoor activities. As a result of these precautionary measures, no injuries or property damage were reported within the Group. This incident demonstrates the effectiveness of the Group's current policies in managing extreme weather events. Although the flooding did have a temporary impact on business operations, the Group's swift response helped minimise disruption and ensure the safety of staff and assets.

In order to assess the impact of climate-related risks and opportunities on the Group's operations, the Group seeks various international initiatives related to sustainability and climate change, identified three major climate risks and opportunities, and actively formulated solutions through discussions among the Board.

The Board noticed that climate change and managing its associated risk and opportunities may impact on the sustainability and success of the business. In addition, the Board will also take into account the environmental and climate change impacts when considering any new business adopted in the future.

The Board classified two kinds of risks related to climate change: physical risk, transition risk and opportunities.

Physical risk:

The Board noticed that the increase in intensity of extreme climate may cause different damage to the shopping mall and the industrial park (such as broken windows, damage glass doors and flooding in the shopping mall); the result may disruptions to business operations and loss of revenue. In addition, the tenants may not renew the leasing contract as operation impact.

Transition risk:

There is more government policies related to the emission regulation and use of resources in future (such as using more energy efficient equipment and reducing air pollution emissions). It may increase operating costs, shifting customer preference for environmental-friendly building may cause pressure and costs.

The Board also noticed that the rising temperature in future also causes heat waves and extreme cold weather. The shopping mall and industrial park need to increase using higher levels of energy to maintain a comfortable room temperature for the customers. Therefore, it may increase the operational cost, increase use of electricity and increase greenhouse gas emission.

As the cargo aircraft charter section is no longer in operation, the Board will not discuss its associated risks and opportunities and will instead focus primarily on the property operations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL (Continued)

Climate change (Continued)

Key climate risks and opportunities and adaptation strategies			
Climate-related risk/ opportunity issues		Potential impact on the Group	Adaptation and management strategies
Physical risk	Cause different damage due to increase intensity of extreme weather	Cause different damage to the shopping mall and industrial park (such as broken windows, damaged glass doors and flooding in the shopping mall and the industrial park).	Replace the glass with the harder tempered glass prevents glass from breaking easily. Prepare Flood Prevention System such as sandbags and fences.
	Rising average temperature	The shopping mall and the industrial park need to increase using higher levels of energy to maintain a comfortable room temperature to the customers.	Install the solar shade in window to reflect the heat and control the indoor temperature to reduce the use of electricity. Use equipment with low power consumption as much as possible.
Transition risk	Carbon Trading System	Due to total volume control requirements of government, the Group may need to purchase carbon rights through carbon market transactions to reduce emissions in the future; and the price of carbon emissions per tonne may increase year by year, resulting in cost pressure on the Group.	Understand/participate in carbon trading market.
	Mandatory regulation of existing service	The PRC government targets 2060 to achieve carbon neutrality. There will be more regulations on carbon emission.	Reduce the demand for high emission and low efficiency equipment and service.
	Cost to transition to lower emission technology	The Group incurs cost to replace more green equipment.	The Group replaces the major green equipment until the old equipment ends up with service or close to end of service.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL *(Continued)*

Climate change *(Continued)*

Key climate risks and opportunities and adaptation strategies <i>(Continued)</i>			
Climate-related risk/ opportunity issues		Potential impact on the Group	Adaptation and management strategies
Climate Opportunities	Resource efficiency	Improving resource efficiency can reduce operating costs, including optimizing the use of energy resources, thereby increasing profit margins.	Improve energy and water usage efficiency and reduce the environmental footprint of operation.
	Reputation of the Group as to provide safe places to customers and tenants	The customers are more willing to shop in the safe place, and the tenants are willing to renew the leases as less impact on the extreme weather condition.	Increase the number of left-behind personnel on duty 24 hours to ensure that the sewage pump on site can be used normally; Set up water barriers and flood control sandbags at the ramp entrance to prevent the parking lot from being flooded; Check the roof drainage system regularly to ensure smooth flow; and Always pay attention to weather reports released by official departments.
	Reduce the cost of the energy	The Group uses the green equipment or follows suggestions of environmental policies such as recommended room temperature of air conditioners in the PRC to reduce the cost of the energy.	The Group keeps on monitoring the environmental policies and green equipment and will adopt the policies and equipment if suitable for our business.

The Group also adopts latest government policies and regulations as soon as possible. The Group also promoted to the tenants the use of energy efficient equipment, and the tenants should comply with the latest government policies and regulations in tenancy agreement.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SOCIAL

Employment

The Group complies with and implements the relevant laws and regulations of the PRC including, the Labour Law of the People's Republic of China 《中華人民共和國勞動法》 (the “**Labour Law**”), “Recruitment Management Approach” (招聘管理辦法), “Pay Management Approach” (薪酬管理辦法), “Attendance Management Approach” (考勤管理辦法) and “Promotion Management Approach” (晉升管理辦法) in respect of recruitment, employment, working hours and resignation without any violation of the Labour Law to date. The Group sets grassroots positions with equal pay and provides employees from top level to bottom level with standard welfare. The Group establishes a fair and impartial promotion mechanism to ensure there is no discrimination or bias on age, sex, geographical location etc. at the time of employment. Moreover, the employment laws and regulations, including the Employment Ordinance 《僱員條例》 (Chapter 57 of the Laws of Hong Kong) and the Mandatory Provident Fund Schemes Ordinance 《強制性公積金計劃條例》 (Chapter 485 of the Laws of Hong Kong) are applied to the employees in Hong Kong. During the reporting period, the Group has complied with policies and relevant laws and regulations regarding remuneration, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination and termination of employment.

Health and Safety

The Group has strictly complied with the relevant laws and regulations of the PRC and Hong Kong including the “Employer’s Occupational Disease Hazard Prevention and Control Regulations” 《用人單位職業病危害防治八條規定》, pursuant to which it is necessary to carry out health check, archive personal details for engineering and technical posts and arrange insurance for the employees. The Group provides qualified protective equipment during work process and erects warning notices during the construction process to ensure the safety of employees. Moreover, the laws and regulations, including the Employees’ Compensation Ordinance 《僱員補償條例》 (Chapter 282 of the Laws of Hong Kong) and the Occupation Safety and Health Ordinance 《職業安全及健康條例》 (Chapter 509 of the Laws of Hong Kong) are strictly adhered to by the Group in Hong Kong. The Group also adopts safety first culture widely among different levels of employees. The employee has notice safety also priority in working. In addition, the Group also provides health and safety training to the employees. During the reporting period, the Group has complied with policies and relevant laws and regulations regarding safe working environment and prevention of occupation hazard workplace. The Group neither reported work-related accidents and injuries from employees nor recorded any lost days due to work injury during the reporting period. In the past three years (including the reporting period), the number and incidence of work-related deaths per year are zero.

Development and Training

To cultivate internal staff, according to the relevant provisions of the Group’s “Internal Training and Training Points Management System”, the Group adopts the combination of internal training and external training. There are two types of internal training, namely training hosted by internal lecturers and external lecturers. Theme topics and contents of these trainings are tailor-made for staff at mid-to-high-level and elementary level. A training card system has been set up for each employee in the shopping mall who should accumulate at least 12 points in one year to fulfill one of the appraisal criteria. External training is divided into two categories: the first category is to organise activities every year to improve staff cohesion, such as hiking and other outdoor team building activities; the second category is technical/professional training. The Group provides full support to the employees of the property and engineering departments in studying certificates necessary for their posts, such as fire protection and electric power, security and cleaning service. The Group also bears training costs and grants time for employees to attend external training to improve their professional skills.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SOCIAL *(Continued)*

Development and Training *(Continued)*

In addition to the regular training provided to the Group's staff, the Group also offers training to the service providers' staff prior to the commencement of services and at least once per year. All service providers' staff are required to understand the Group's standards and deliver the same quality of service as the Group's staff. The Group's staff also monitor the performance of the service providers' staff. Should any service providers' staff fail to meet the Group's standards, the Group will organise additional training for them. Furthermore, the Group provides updated information training courses to majority of staff to ensure that both the Group's staff and the service providers' staff receive the same information. The Group welcomes any enquiries from service providers' staff regarding the Group's policies or standards. As at the date of this report, the Group has not received any serious complaints related to the performance of the service providers' staff or any serious violations of the Group's standards. The Group considers the training provided to the service providers' staff to be sufficient.

Labour Standards

The Group abides by the standard requirements of the Labour Law in full in the recruitment of employees in the PRC or the Employment Ordinance 《僱傭條例》 (Chapter 57 of the Laws of Hong Kong) in full in the recruitment of employees in Hong Kong in the screening of resume and interview. Structured interview methods and written examination are used for interview process. The Group further confirms the authenticity of employee candidate's information, including age, through background checks. The Group prohibits the employment of any child labour or forced labour, and there is no child labour or forced labour noted in the Group. During the reporting period, the Group has complied with policies and relevant laws and regulations regarding prohibition of child labour and forced labour.

The Group is dedicated to fostering an inclusive and respectful working environment where individual differences are valued and all employees are treated with dignity. Recruitment and promotion decisions are made irrespective of age or gender, with a strong emphasis on diversity and equal opportunities across hiring, training, development, remuneration, and career progression. Although a formal workforce diversity policy was not in place as at 30 June 2025, the Group actively embraces diversity across its operations, with a workforce comprising individuals from a wide range of backgrounds, including varied races, ethnicities, genders, beliefs, ages, abilities, sexual orientations, and cultural identities. Employees contribute a rich mix of experiences and perspectives, enhancing the Group's collaborative culture. A formal policy is forthcoming to reinforce and articulate these longstanding values and practices.

Supply Chain Management

According to the "Seven Principles of Supply Chain Management", the Group, based on the required service characteristics, divides the suppliers into different categories, namely procurement suppliers, constructors and external security and cleaning suppliers. The Group selects suppliers and constructors through a unified form of bidding for screening and clearly sets out the standard specifications. The Group also evaluates the ESG performance of the procurement suppliers, constructors and external security and cleaning suppliers on a regular basis. The Group will not engage, and will terminate, any supplier, service provider or business partner with adverse reputation for environmental or social issues. Several departments unify their calibration in accordance with the tender requirements. In the process of cooperation, the Group's several departments set up a few links for control and audit and establish information systems of supply chain to achieve win-win cooperation. At the end of the year, all suppliers and constructors will be surveyed to review their quality of service. For external security and cleaning suppliers, the Group develops an assessment system for supervision. The assessment system is linked with wage and the implementation of reward and punishment system, thereby enhancing the quality of field service.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SOCIAL *(Continued)*

Supply Chain Management *(Continued)*

All suppliers cooperating with the Group are required to provide business licenses, professional qualification certificates, account opening permits, and other company cooperation cases related to the industry of the Group (all are needed to conduct industry and commerce, banks and industry surveys to verify facts). For the goods provided by the suppliers, the Group has a three-party acceptance process, and strictly inspects the brand, trademark, anti-counterfeiting and environmental protection signs of the goods before entering the warehouse, and all non-conforming goods are returned. During the construction process, construction units are required to take a series of measures such as dust prevention and noise reduction; for professional environmental renovation construction units, they are required to provide safety production permits and professional qualifications for environmental protection projects before they can carry out construction operations.

Product Responsibility

According to the provisions of the “Product Liability Insurance”, products sold by tenants must be genuine and no fake and shoddy products shall be put up for sale. Catering business should obtain the business license and “Food Safety Permit” and employees should hold health certificate for their posts. Food sold must be within its expiration date. Shoes produced by shoe manufacturers in the industrial park must undergo quality inspection before being wholesaled or sold. The Group, as the operator of investment properties, is required to have public liability insurance. In the ordinary operation, the shopping mall has a few customer service desks which are designed to deal with customers’ complaints and any difficult problems. To protect the legitimate and safe operation of tenants, the Group also provides them with advertising and fire safety training regularly. Apart from providing the above services to tenants, the Group conducts comprehensive supervision and management of them in the usual business operations. The Group’s mission is to provide a safe and effective place for business operations of tenants and to provide customers with a safe, comfortable and healthy shopping environment. During the reporting period, the Group has complied with policies and relevant laws and regulations regarding health and safety, advertising, labelling and privacy matters in relation to products and services provided and methods of redress. Once a complaint is received, the Group treats every complaint equally and addresses the issue of the problem. During the reporting period, the Group did not receive any complaints from the tenants about its services.

The Group checks tenants’ relevant business licenses, authorisation letters and other relevant qualification certificates before their operations in the shopping mall. The lease contracts signed with tenants have relevant stipulations in respect of quality maintenance during the rental period and appropriate amounts of quality deposits are collected from tenants. The product recall is mainly carried out by tenants according to their own procedures. The Group is responsible for supervision and control by publishing the recalled product information on its common publicity channels.

During the reporting period, no products have been recalled for safety and health reasons. In the initial stage of shop or kiosk rental, potential cooperative brands need to provide the Group with relevant qualification certificates such as brand business license, trademark registration certificate, authorisation letter, identity card and product quality inspection certificate. The Group signs a lease contract with the tenant, of which, it clearly stipulates that the Group is responsible for keeping confidential the sales data and other commercial secrets obtained from the lease contract. The Group strictly abides by the terms of the contract. In its daily work, the merchants’ accounts and sales data are managed uniformly by the relevant departments.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SOCIAL *(Continued)*

Anti-corruption

To prevent employees, suppliers and tenants from engaging in bribery behavior, the Group adopted some measures in this regard. First, the Group signs “Honest Agreement” with employees and tenants. Secondly, the Group sets up compliant hotline and if any of the employees are found to be engaging in bribery, the Group would strictly follow the “Reward and Punishment Management System” and impose penalty on the employees involved accordingly. Besides, the Criminal Law of the People’s Republic of China《中華人民共和國刑法》, the Anti-Money Laundering Law of the People’s Republic of China《中華人民共和國反洗錢法》, the Prevention of Bribery Ordinance《防止賄賂條例》(Chapter 201 of the Laws of Hong Kong) and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance《打擊洗錢及恐怖分子資金籌集條例》(Chapter 615 of the Laws of Hong Kong) is strictly adhered to by the Group in the PRC and Hong Kong. During the reporting period, the Group did not have any corruption-related lawsuit cases. Directors and employees are informed of related matters in detail and relevant training is provided from time to time.

Community Investment

The shopping mall not only improves the facilities for the residents living nearby but also provides a very convenient shopping environment for a vast number of consumers of different kinds, as well as creating over 7,000 job opportunities. There is an affirmative contribution to the community, especially in children’s entertainment, education and culture aspects, which is expected to be more prosperous in the next few decades. The operation of the shopping mall stimulates the consumption level of the western part of Zhengzhou City. The shoe factories and shops in the industrial park have created over 1,000 job opportunities in the surrounding area, and the leasing of critical shops has promoted the development of the surrounding catering industry.

The Group encourages employees to take part in community services, including various cultural events, community volunteering, employee outings, and supporting charitable organisations. As an increasing number of employees participate in volunteer work, the Group is considering introducing a “volunteer work holiday” or organising volunteer work for all employees. This initiative would enable employees to engage in community services without the stress of their daily work responsibilities. During the reporting period, the Group provides different children activities in children day and study rooms to public, students can have a better environment to study. In addition, the Group organised different activities between the community and the employees. The Group believes that different activities can build a better and harmonious relationship with each other. The Group hopes to foster employees’ sense of social responsibility, thus encouraging them to actively participate in social activities for public good to make greater contributions to society.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SOCIAL (Continued)

Summary of Social Performance Data

Social performance data of the Group for the year ended 30 June 2025:

	Unit	2025
Total Workforce		
Employee	number	104
<i>Employee by employment type</i>		
Regular	number	104
Contractual	number	–
<i>Employee by gender</i>		
Female	number	45
Male	number	59
<i>Employee by age group</i>		
Age under 45	number	76
Age 45 or above	number	28
<i>Employee by geographical region</i>		
Zhengzhou	number	65
Hong Kong	number	10
Other parts of the PRC excluding Zhengzhou and Hong Kong	number	29
<i>Employee by employment category</i>		
Management	number	31
General Employee	number	73
Total turnover and turnover rate		
Total turnover	number	10
Turnover rate	%	10
<i>By gender</i>		
Female	number (%)	2
Male	number (%)	8
<i>By age group</i>		
Age under 45	number	7
Age 45 or above	number	3
<i>By geographical region</i>		
Zhengzhou	number	7
Hong Kong	number	–
Other parts of the PRC excluding Zhengzhou and Hong Kong	number	3
Employee development and training		
Percentage of employees trained	%	90
<i>Percentage of employees trained by gender</i>		
Female	%	46
Male	%	54
<i>Percentage of employees trained by employment category</i>		
Management	%	32
General Employee	%	68
<i>Average training hours by gender</i>		
Female	hours	11
Male	hours	9

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	Unit	2025		
Average training hours by employment category				
Management	hours	12		
General Employee	hours	14		
Supply Chain Management				
Total number of suppliers	number	260		
Number of suppliers by geographical region				
Zhengzhou	number	250		
Hong Kong	number	2		
Other parts of the PRC excluding Zhengzhou and Hong Kong	number	8		
Employee Health and Safety				
Work injuries reported	number	0		
Paid leave due to work injuries	number	0		
Total number of workdays		0		
Total number of workdays per employee		264 days		
Employee Health and Safety	Unit	2025	2024	2023
Work-related fatalities	number	0	0	0
Regular	%	0	0	0
Contractual	%	0	0	0

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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Subject areas, aspects, general disclosures and KPIs		Section/statement	Page no.
A. Environmental			
A1 Emissions			
A1	General disclosure	Emissions	51
A1.1	Types of emissions and respective emission data	Emissions	51
A1.2	Direct and energy indirect greenhouse gas emissions and, where appropriate, intensity	Emissions	51
A1.3	Total hazardous waste produced and, where appropriate, intensity	Not applicable. No hazardous waste was generated in the Group's operation.	–
A1.4	Total non-hazardous waste produced and, where appropriate, intensity	Emissions	51
A1.5	Description of emission target(s) set and steps taken to achieve them	Emissions	53
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	Emissions	53
A2 Use of resources			
A2	General disclosure	Use of Resources	55
A2.1	Direct and/or indirect energy consumption by type in total and intensity	Use of Resources	55
A2.2	Water consumption in total and intensity	Use of Resources	56
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Use of Resources	56
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	Use of Resources	56
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	Not applicable. No packaging material was used in the Group's operations.	–
A3 The environment and natural resources			
A3	General disclosure	The Environment and Natural Resources	57
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	The Environment and Natural Resources	57
A4 Climate change			
A4	General disclosure	Climate change	59
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Climate change	59

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORT DISCLOSURE INDEX *(Continued)*

Subject areas, aspects, general disclosures and KPIs		Section/statement	Page no.
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Employment and labour practices			
B1 Employment			
B1	General disclosure	Employment	63
B1.1	Total workforce by gender, employment type, age group and geographical region	Employment	63
B1.2	Employee turnover rate by gender, age group and geographical region	Employment	
B2 Health and safety			
B2	General disclosure	Health and Safety	63
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Health and Safety	63
B2.2	Lost days due to work injury	Health and Safety	63
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Health and Safety	63
B3 Development and training			
B3	General disclosure	Development and Training	63
B3.1	Percentage of employees trained by gender and employee category	Development and Training	63
B3.2	Average training hours completed per employee by gender and employee category	Development and Training	63
B4 Labour standards			
B4	General disclosure	Labour Standards	64
B4.1	Description of measures to review employment practices to avoid child and forced labour	Labour Standards	64
B4.2	Description of steps taken to eliminate such practices when discovered	Labour Standards	
B5 Supply chain management			
B5	General disclosure	Supply Chain Management	64
B5.1	Number of suppliers by geographical region	Supply Chain Management	64
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Supply Chain Management	64
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Supply Chain Management	64
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Supply Chain Management	64

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORT DISCLOSURE INDEX *(Continued)*

Subject areas, aspects, general disclosures and KPIs		Section/statement	Page no.
B6 Product responsibility			
B6	General disclosure	Product Responsibility	
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not applicable to the Group's operations	–
B6.2	Number of products and service related complaints received and how they are dealt with	Product Responsibility	65
B6.3	Description of practices relating to observing and protecting intellectual property rights	Not applicable to the Group's operations	–
B6.4	Description of quality assurance process and recall procedures	Product Responsibility	65
B6.5	Description of customer data protection and privacy policies, how they are implemented and monitored	Product Responsibility	65
B7 Anti-corruption			
B7	General disclosure	Anti-corruption	
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Anti-corruption	66
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Anti-corruption	66
B7.3	Description of anti-corruption training provided to directors and staff	Anti-corruption	66
B8 Community investment			
B8	General disclosure	Community Investment	
B8.1	Focus areas of contribution	Community Investment	66
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INDEPENDENT AUDITOR'S REPORT



天健國際會計師事務所有限公司
Confucius International CPA Limited

Certified Public Accountants

香港灣仔莊士敦道181号大有大厦1501-08室
Rooms 1501-08, 15th Floor, Tai Yau Building,
181 Johnston Road, Wanchai, Hong Kong
电话 Tel: (852) 3103 6980
传真 Fax: (852) 3104 0170

TO THE MEMBERS OF ART GROUP HOLDINGS LIMITED

錦藝集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Art Group Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 79 to 172, which comprise the consolidated statement of financial position as at 30 June 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**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 (“**HKSAs**”) 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 are independent of the Group in accordance with the HKICPA’s “Code of Ethics for Professional Accountants” (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

The accompanying consolidated financial statements for the year ended 30 June 2025 have been prepared assuming that the Group will continue as a going concern. We draw attention to note 3 to the consolidated financial statements which indicates that as at 30 June 2025, the Group had net current liabilities of approximately HK\$103,396,000. This condition indicates the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern. Management’s arrangements to address the going concern issue are described in note 3 to the consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified in respect of this matter.

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 matter

How our audit addressed the key audit matter

Valuation of investment properties

Refer to note 18 to the consolidated financial statements.

We identified the valuation of the Group's investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with significant judgments involved in determining the inputs used in the valuation.

Management estimated the fair value of the Group's investment properties at approximately HK\$466,154,000 (2024: HK\$568,817,000) as at 30 June 2025. The amount represented 77% (2024: 80%) of the Group's total assets.

Fair value loss of approximately HK\$56,476,000 (2024: HK\$260,870,000) on investment properties was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2025.

The investment properties are stated at fair value based on valuation performed by an independent professional valuer (the "Valuer") engaged by the Group.

The fair value of the Group's investment properties were determined by adopting the valuation techniques with significant unobservable inputs, assumptions of market conditions and judgments.

Our major procedures in relation to the management's valuation of investment properties:

- Evaluating the competence, capabilities and objectivity of the Valuer;
- Obtaining and reviewing the valuation reports prepared by the Valuer;
- Discussing the valuation with management and the Valuer and challenging the key estimates adopted and inputs and data used in the valuations;
- Assessing the valuation methodologies used and considering the appropriateness of the key assumptions and parameters based on our knowledge of the PRC property industry; and
- Checking the accuracy and relevance of the key inputs used in the valuations, including the monthly unit rent and yield.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(Continued)*

Key audit matter

Allowance for expected credit loss ("ECL") on trade and other receivables, loan receivables and rental deposits

Refer to note 19, note 21 and note 22 to the consolidated financial statements.

We identified the allowance for ECL on the Group's trade and other receivables, loan receivables and rental deposits as a key audit matter due to its significance to the consolidated financial statements, and the use of judgement by the management in evaluating the recoverability of trade and other receivables, loan receivables and rental deposits.

The Group had trade and other receivables, loan receivables and rental deposits of approximately HK\$19,657,000, HK\$8,026,000 and HK\$51,505,000 respectively (2024: HK\$29,793,000, HK\$18,327,000 and HK\$47,045,000), including allowance for ECL/impairment loss of approximately HK\$10,880,000, HK\$190,038,000 and HK\$97,033,000 respectively (2024: HK\$4,533,000, HK\$185,951,000 and HK\$107,166,000).

In determining the impairment for trade and other receivables, loan receivables and rental deposits, the management performed periodic assessments on the recoverability of trade and other receivables, loan receivables and rental deposits and the sufficiency of allowance for ECL based on information including credit profile of different debtors, aging of trade and other receivables, loan receivables and rental deposits, historical settlement records, subsequent settlement status, expected timing and amount of realisation of outstanding balances, and ongoing business relationships with the relevant debtors.

How our audit addressed the key audit matter

Our procedures in relation to the estimated allowance for ECL on trade and other receivables, loan receivables and rental deposits included:

- obtaining an understanding of and assessing the design and implementation of management's key internal controls relating to credit control, debt collection and estimation of ECL;
- checking, on a sample basis, the age profile of trade and other receivables, loan receivables and rental deposits as at 30 June 2025 to the underlying financial records and post year end settlements to bank receipts;
- inquiring of management for the status of each of the material trade and other receivables, loan receivables and rental deposits past due as at year end and corroborating explanations from management with supporting evidence, such as understanding ongoing business relationship with the debtors based on trade records, checking historical and subsequent settlement records of and other correspondence with the debtors;
- evaluating, assessing and challenging the appropriateness of the ECL provisioning methodology of trade and other receivables, loan receivables and rental deposits and evaluating the reasonableness of management's assumptions, including both historical and forward-looking information, used to determine the ECL;

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(Continued)*

Key audit matter

Allowance for expected credit loss ("ECL") on trade and other receivables, loan receivables and rental deposits *(Continued)*

Management also considered forward-looking information that may impact the debtors' ability to repay the outstanding balances in order to estimate the ECL for the impairment assessment under ECL model.

How our audit addressed the key audit matter

- checking the mathematical calculation and basis of allowance for ECL recognised under the ECL model;
- assessing the external valuers' qualifications, experience and expertise in the allowance for ECL being valued and considering their objectivity;
- with the assistance of external valuation experts, in accordance with current accounting standards, an assessment is conducted on the method used in preparing the discounted cash flow based on a sample of management's forecasts. This is done by comparing with other companies in the same industry and external market data to evaluate the reasonableness of the discount rate used in the discounted cash flow forecasts;
- obtaining and inspecting the valuation report of the allowance for ECL on trade and other receivables, loan receivables and rental deposits prepared by the external valuers, on which the management's assessment of the ECL on trade and other receivables, loan receivables and rental deposits was based and reviewing the reasonableness of key assumptions adopted in these valuations, including market prices; and
- assessing the disclosures in the consolidated financial statements in respect of the allowance for ECL on trade and other receivables, loan receivables and rental deposits with reference to the requirements of the prevailing accounting standards.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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 THOSE CHARGED WITH GOVERNANCE 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 HKFRSs 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

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 solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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 judgment and maintain professional skepticism 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 of the Company.
- 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 group 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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

We communicate with those charged with governance 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 those charged with governance 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 those charged with governance, 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.

Confucius International CPA Limited
Certified Public Accountants

Chan Lap Chi
Practicing Certificate Number: P04084

Hong Kong, 30 September 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Continuing operations			
Revenue	7	81,240	111,160
Cost of sales		(29,396)	(39,503)
Gross profit		51,844	71,657
Other income and other gain and loss	8	100,765	54,951
Administrative expenses		(34,319)	(24,742)
Reversal of allowance for expected credit loss on loan receivables		–	37,310
Reversal of allowance for expected credit loss/ (allowance for expected credit loss) on rental deposits		12,352	(89,712)
Reversal of allowance for expected credit loss/ (allowance for expected credit loss) on trade and other receivables		861	(2,430)
Loss on fair value changes of investment properties	18	(56,476)	(260,870)
Gain on bargain purchase	30	10,576	–
Finance costs	9	(25,147)	(39,485)
Profit/(loss) before taxation		60,456	(253,321)
Income tax expenses	10	(15,456)	(17,471)
Profit/(loss) for the year from continuing operations	12	45,000	(270,792)
Discontinued operations			
Loss for the year from discontinued operations	11	(5,973)	–
Profit/(loss) for the year		39,027	(270,792)
Other comprehensive income/(expense): <i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation from functional currency to presentation currency		1,327	(2,899)
Other comprehensive income/(expense) for the year		1,327	(2,899)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2025

	NOTE	2025 HK\$'000	2024 HK\$'000
Total comprehensive income/(expense) for the year		40,354	(273,691)
Profit/(loss) for the year attributable to:			
Owners of the Company		41,892	(270,792)
Non-controlling interests		(2,865)	–
		39,027	(270,792)
Total comprehensive income/(expense) for the year attributable to:			
Owners of the Company		43,217	(273,691)
Non-controlling interests		(2,863)	–
		40,354	(273,691)
Earnings/(loss) per share	15		
From continuing and discontinued operations			
Basic (HK cents)		1.56	(10.07)
Diluted (HK cents)		1.55	(10.07)
From continuing operations			
Basic (HK cents)		1.67	(10.07)
Diluted (HK cents)		1.66	(10.07)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	5,298	3,301
Right-of-use assets	17	5,481	3,592
Investment properties	18	466,154	568,817
Rental deposits	19	51,505	47,045
Prepaid lease payments	20	4,703	–
		533,141	622,755
CURRENT ASSETS			
Trade and other receivables	21	19,657	29,793
Loan receivables	22	8,026	18,327
Bank balances and cash	23	44,404	40,239
		72,087	88,359
CURRENT LIABILITIES			
Other payables	24	68,732	57,932
Contract liabilities	25	14,358	11,301
Lease liabilities	26	72,637	66,138
Amount due to a substantial shareholder	27	9,751	4,164
Bonds	28	10,005	–
Tax liabilities		–	18
		175,483	139,553
NET CURRENT LIABILITIES		(103,396)	(51,194)
TOTAL ASSETS LESS CURRENT LIABILITIES		429,745	571,561

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
CAPITAL AND RESERVES			
Share capital	31	26,888	26,888
Reserves		8,391	(34,826)
Equity/(deficit) attributable to owners of the Company		35,279	(7,938)
Non-controlling interests		(2,750)	–
TOTAL EQUITY/(DEFICIT)		32,529	(7,938)
NON-CURRENT LIABILITIES			
Lease liabilities	26	374,743	564,856
Deferred tax liabilities	29	22,473	4,638
Bonds	28	–	10,005
		397,216	579,499
		429,745	571,561

The consolidated financial statements on pages 79 to 172 were approved and authorised for issue by the board of directors on 30 September 2025 and are signed on its behalf by:

Su Peixin
DIRECTOR

Chen Jinyan
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2025

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000 (Note a)	Merger reserve HK\$'000	Exchange reserve HK\$'000 (Note b)	Share option reserve HK\$'000 (Note c)	Statutory reserve HK\$'000 (Note d)	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
As at 1 July 2023	26,888	48,746	136	(90,606)	5,402	1,232	276,644	268,442	–	268,442
Loss for the year	–	–	–	–	–	–	(270,792)	(270,792)	–	(270,792)
Other comprehensive expense for the year										
– Exchange difference on translation from functional currency to presentation currency	–	–	–	(2,899)	–	–	–	(2,899)	–	(2,899)
Total comprehensive expense for the year	–	–	–	(2,899)	–	–	(270,792)	(273,691)	–	(273,691)
Special dividend (note 14)	–	–	–	–	–	–	(2,689)	(2,689)	–	(2,689)
As at 30 June 2024 and 1 July 2024	26,888	48,746	136	(93,505)	5,402	1,232	3,163	(7,938)	–	(7,938)
Profit/(loss) for the year	–	–	–	–	–	–	41,892	41,892	(2,865)	39,027
Other comprehensive income for the year										
– Exchange difference on translation from functional currency to presentation currency	–	–	–	1,325	–	–	–	1,325	2	1,327
Total comprehensive income/(expense) for the year	–	–	–	1,325	–	–	41,892	43,217	(2,863)	40,354
Capital injection from non-controlling interests	–	–	–	–	–	–	–	–	113	113
Transfer to statutory reserve	–	–	–	–	–	272	(272)	–	–	–
As at 30 June 2025	26,888	48,746	136	(92,180)	5,402	1,504	44,783	35,279	(2,750)	32,529

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2025

NATURE AND PURPOSE OF RESERVES

(a) Share premium

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and is not attributable but may be applied in paying up unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonus shares or in providing for the premiums payable on repurchases of shares.

(b) Exchange reserve

Exchange reserve represents exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Hong Kong dollars) that are recognised directly in other comprehensive income and accumulated in the exchange reserve. Such exchange differences accumulated in the exchange reserve are reclassified to profit or loss on the disposal of the foreign operations.

(c) Share option reserve

Share option reserve comprises the fair value of share options granted which are yet to be exercised, the amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits when the related options expire, or be forfeited.

(d) Statutory reserve

Statutory reserve represents general reserve and enterprise expansion fund which are set up by subsidiaries established and operated in the People's Republic of China (the "PRC") by way of appropriation from the profit after taxation in accordance with the relevant laws and regulations in the PRC. The rate of appropriation of the general reserve and enterprise expansion fund is subject to the decision of the board of Directors of the PRC subsidiaries, but the minimum appropriation rate for the general reserve is 10% of the profit after taxation for each year, until when the accumulated balance reaches 50% of the total registered capital of the subsidiary. Pursuant to the relevant laws and regulations of the PRC, if approvals are obtained from the relevant government authorities, the general reserve can be used in setting off accumulated losses or to increase the capital, and the enterprise expansion fund can be used to increase the capital.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation		54,483	(253,321)
Adjustments for:			
Loss on fair value changes of investment properties	18	56,476	260,870
Depreciation of property, plant and equipment	16	723	239
Depreciation of right-of-use assets	17	1,463	594
Reversal of allowance for expected credit loss on loan receivables	22	–	(37,310)
(Reversal of allowance for expected credit loss)/ allowance for expected credit loss on rental deposits		(12,352)	89,712
Allowance for expected credit loss on trade receivables		680	2,430
Impairment loss/allowance for expected credit loss on prepayments and other receivables		5,576	–
Loss on derecognition of investment properties	8	628,370	–
Gain on termination of leases	8	(717,538)	–
Gain on lease modification	8	–	(41,698)
Gain on bargain purchase	30	(10,576)	–
Finance costs	9	25,147	39,485
Interest income		(3,685)	(2,618)
Operating cash flows before movements in working capital		28,767	58,383
Increase in rental deposits		(858)	–
Increase in prepaid lease payments		(4,652)	–
Increase in trade and other receivables		(7,836)	(1,664)
Increase/(decrease) in other payables		6,116	(54)
Increase in contract liabilities		597	283
Cash generated from operations		22,134	56,948
Income tax paid		(1,648)	(6,194)
NET CASH GENERATED FROM OPERATING ACTIVITIES		20,486	50,754
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment	16	(2,652)	(70)
Net cash inflow on acquisition of a subsidiary	30	3,394	–
Interest received		55	127
Addition of loan receivables	22	–	(18,000)
Repayment of loan receivables	22	11,700	37,310
NET CASH GENERATED FROM INVESTING ACTIVITIES		12,497	19,367

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Advance from a substantial shareholder	34	19,845	4,164
Repayment to a substantial shareholder	34	(14,210)	(194)
Capital injection from non-controlling interests		113	–
Repayments of lease liabilities	34	(35,280)	(57,384)
Repayment of bonds	28	(800)	(800)
Special dividend paid	14	–	(2,689)
NET CASH USED IN FINANCING ACTIVITIES		(30,332)	(56,903)
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,651	13,218
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		40,239	33,152
Effect of foreign exchange rate changes		1,514	(6,131)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash		44,404	40,239

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

1. GENERAL

Art Group Holdings Limited (the “**Company**”) is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its immediate and ultimate holding company is Fully Chain Limited, a private company incorporated in the British Virgin Islands (“**BVI**”). Its ultimate controlling party is Mr. Chen Jinyan, who is also the director of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section of the annual report.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) and the functional currency of the Group is Renminbi (“**RMB**”). The consolidated financial statements are presented in HK\$ for the convenience of the shareholders because the Company’s shares are listed in the Stock Exchange.

The Company is an investment holding company. Particular of the principal activities of the Company’s subsidiaries (collectively referred to as the “**Group**”) are set out in note 36 to the consolidated financial statements.

The cargo aircraft business is classified as discontinued operations during the year ended 30 June 2025. Details of which are set out in note 11 to the consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (“**HKFRSs**”)

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) for the first time, which are mandatorily effective for the annual periods beginning on 1 July 2024 for the preparation of the consolidated financial statements:

HK Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease liability in a Sale and Leaseback

The applications of these new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (“HKFRSs”) (Continued)

New and amendments to HKFRSs in issue but not yet effective

The following new and amendments to HKFRSs, potentially relevant to the Group’s consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the respective dates they become effective.

Amendments to HKAS 21	Lack of Exchangeability ¹
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contract Referencing Nature-dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKFRS Accounting Standards	Annual Improvement to HKFRS Accounting Standards – Volume 11 ²

Notes:

- ¹ Effective for annual periods beginning on or after 1 January 2025, earlier application is permitted.
- ² Effective for annual periods beginning on or after 1 January 2026, earlier application is permitted.
- ³ Effective for annual periods beginning on or after 1 January 2027, earlier application is permitted.
- ⁴ No mandatory effective date yet determined but available for adoption.

Except for the new HKFRS mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs is unlikely to have a material impact on the Group’s financial position and performance as well as disclosure in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provides disclosures on management-defined performance measures in the notes to the financial statements and improves aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and HKFRS 7 *Financial Instruments: Disclosures*. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group’s consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, which collective term includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and by the disclosure requirements of the Hong Kong Companies Ordinance.

Going concern

The directors of the Company have given careful consideration to the going concern status of the Group in light of the fact that as at 30 June 2025, the Group had net current liabilities of approximately HK\$103,396,000. This condition indicates the existence of material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern.

In order to improve the liquidity of the Group and ensure the Group’s ability to operate as a going concern, the directors of the Company have implemented measures as follows:

After review and assessment by the directors of the Company, as at 30 June 2025, the Group has contract liabilities and receipts in advance in an aggregated amount of HK\$39,522,000, which shall not result in any cash outflow of the Group eventually. Additionally, the Group also has deposits received from tenants of approximately HK\$13,603,000. The directors of the Company are confident that this level of deposits can be sustained in the short term, based on the existing lease agreements with tenants. The directors of the Company will continue to implement measures aiming at improving the working capital and cash flows of the Group including closely monitoring general administrative expenses and operating costs. The directors of the Company believe that the Group has sufficient cash operating inflow to cover cash operating outflow, which included lease payments for two shopping malls, namely the Jiachao’s Shopping Mall and the Zone C Shopping Mall, industrial park and office premises in Hong Kong in the next 12 months from the date of this report.

To alleviate liquidity pressure and enhance financial flexibility, the Group entered into two supplemental agreements with an independent third party in August 2025 to extend the repayment of two unlisted and non-transferable bonds (with a total face value of HK\$10,000,000) by one year to February 2027. All other terms remain unchanged.

Moreover, the substantial shareholders of the Company have undertaken to provide adequate funds to enable the Group to meet its liabilities and to settle financial obligations to third parties as and when they fall due so that the Group can continue as a going concern and carry on its business without significant curtailment of operations for the twelve months from the date of approval of these consolidated financial statements.

On the other hand, on 27 August 2025, the Group entered into a lease agreement as the lessee in respect of the leasing of four floors of the Longhu Shopping Centre located in Longhu Town, Zhengzhou City, Henan Province, the PRC, from a landlord with a rental period to expire in mid-2035 and with a gross floor area of approximately 62,583 square meters. The leased property is expected to further enhance the Group’s asset operation capabilities and cash flow stability, while providing sustained rental income and ensuring positive cash flow. For the details regarding the lease of the Longhu Shopping Centre, please refer to note 40 to the consolidated financial statements and the announcement of the Company dated 29 September 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Going concern *(Continued)*

The directors of the Company have reviewed the cash flow projections of the Group prepared by the management covering a period of not less than 12 months from the date of this report taking into account the impact of the above measures. The directors of the Company are confident that the Group has sufficient cash resources to be able to satisfy its future working capital and meet its financial obligations when they fall due in the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared on the historical cost basis except for certain investment properties that are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as value in use in HKAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For investment properties which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equal the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group transactions, balances, income and expenses have been eliminated on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Basis of consolidation *(Continued)*

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss and other comprehensive income, which comprises:

- the post-tax profit or loss of the discontinued operation; and
- the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Revenue from contracts with customers *(Continued)*

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or services.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Details of the Group's performance obligations for revenue for contracts with customers resulting from application of HKFRS 15 *Revenue from Contracts with Customers* are set out in note 7 to the consolidated financial statements.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the remaining services promised under the contract, that best depict the Group's performance in transferring control of services.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Group under an operating lease.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

Investment properties are derecognised upon disposal or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from its disposals. A leased property which is recognised as a right-of-use asset upon application of HKFRS 16 is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Property, plant and equipment *(Continued)*

When the Group makes payments for ownership interests of properties which includes both of leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit (“CGU”) to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Impairment on property, plant and equipment and right-of-use assets *(Continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Lease

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of HKFRS 16, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

Rental income which is derived from the Group's ordinary course of business are presented as revenue.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or an operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Lease *(Continued)*

The Group as lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of leasehold properties that have a lease term of 12 months or less from the commencement date and do not contain a purchase option.

Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets (other than those that are classified as investment properties) as a separate line item on the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Lease *(Continued)*

The Group as lessee *(Continued)*

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of remeasurement. The Group determines the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determinable, or the incremental borrowing rate at the date of remeasurement, if the interest rate implicit in the lease cannot be readily determinable.
- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Lease *(Continued)*

The Group as lessee *(Continued)*

Lease liabilities *(Continued)*

The Group accounts for a lease modification as a separate lease if both:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that standalone price to reflect the circumstances of the particular contract.

For the lease modifications that are not accounted for as a separate lease, the Group, at the effective date of the lease modification: (a) allocates the consideration in the modified contract; (b) determines the lease term of the modified lease; and (c) remeasures the lease liability by discounting the revised lease payments using a revised discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive (expense)/income and reclassified from equity to profit or loss on repayment of the monetary items.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Foreign currencies *(Continued)*

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive (expense)/income and accumulated in equity under the heading of exchange reserve.

Retirement benefit costs

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the “**MPF Scheme**”) under Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. Under the MPF Scheme, the employer and its employees are each required to make contribution to the MPF Scheme at 5% of the employee's relevant income subject to a cap of monthly relevant income of HK\$30,000. Contributions to the MPF Scheme vest immediately.

The employees employed by the Group's subsidiaries in the People's Republic of China (“**PRC**”) are members of state-managed retirement benefits scheme operated by the government of the PRC. The subsidiaries are required to contribute a specific percentage of payroll costs to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme operated by the government of the PRC is to make the specified contributions under the schemes.

Long service payments

The Group's net obligation in respect of long service payments to its employees upon termination of their employment or retirement when the employees fulfil certain circumstances under Hong Kong Employment Ordinance is the amount of future benefits that employees have earned in return for their service in the current and prior periods.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Share-based payments *(Continued)*

Equity-settled share-based payment transactions *(Continued)*

Share options granted to employees *(Continued)*

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation because of income or expense that is taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Taxation *(Continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale (or transfer of lease, if the investment properties are leased properties which are being recognised as right-of-use assets and subleased by the Group under an operating lease), unless the presumption is rebutted. The presumption is rebutted when the investment properties are depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition and over the lease terms of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss (“FVTPL”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the initial recognition of a financial asset, the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets

The Group performs impairment assessment under expected credit loss (“**ECL**”) model on financial assets (including rental deposits, trade and other receivables, loan receivables and bank balances and cash) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“**12m ECL**”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets is assessed individually for all debtors.

For all other instruments, the Group measures the allowance for ECL equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

According to the changes of credit risk of financial instruments since the initial recognition, the Group calculates the ECL by three stages:

- Stage 1: The financial instruments without significant increases in credit risk after initial recognition are included in Stage 1 to calculate their impairment allowance at an amount equivalent to the ECL of the financial instruments for the next 12 months;
- Stage 2: Financial instruments that have had a significant increase in credit risk since initial recognition but have no objective evidence of impairment are included in Stage 2, with their impairment allowance measured at an amount equivalent to the ECL over the lifetime of the financial instruments;
- Stage 3: Financial assets with objective evidence of impairment at the financial reporting date are included in Stage 3, with their impairment allowance measured at the amount equivalent to the ECL over the lifetime of the financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 60 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

Lifetime ECL for trade receivables are considered on an individually basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and loan receivables where the corresponding adjustment is recognised through an allowance for ECL account.

Derecognition/modification of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

A modification of a financial asset occurs if the contractual cash flows are renegotiated or otherwise modified.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Derecognition/modification of financial assets (Continued)

When the contractual terms of a financial asset are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

For non-substantial modifications of financial assets that do not result in derecognition, the carrying amount of the relevant financial assets will be calculated at the present value of the modified contractual cash flows discounted at the financial assets' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial assets and are amortised over the remaining term. Any adjustment to the carrying amount of the financial asset is recognised in profit or loss at the date of modification.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities at amortised cost

Financial liabilities (including other payables, lease liabilities, amount due to a substantial shareholder and bonds) are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash. For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third party and the other entity is an associate of the third party;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - (viii) The entity, or any member of the Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity, and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependents of that person or that person's spouse or domestic partner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3 to the consolidated financial statements, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily obtainable from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Measurement of ECL

A number of significant judgments are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Selecting appropriate models and assumptions for the measurement of ECL; and
- Establishing the relative probability weightings of forward-looking scenarios.

Significant increase in credit risk

ECL of different financial assets is measured by the Group on either a 12-month or lifetime basis depending on whether they are in Stage 1, 2 or 3 as defined in note 3 to the consolidated financial statements. A financial asset moves to Stage 2 when its credit risk has increased significantly since initial recognition, and it comes to Stage 3 when it is credit-impaired (but it is not purchased original credit-impaired). In assessing whether the credit risk of a financial asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information with significant judgments involved.

Models and assumptions used

The Group uses various models and assumptions in estimating ECL. Judgment is applied in identifying the appropriate model for each type of financial assets, as well as the assumptions used in these models. Please refer to note 6 to the consolidated financial statements for more details on ECL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Critical judgments in applying accounting policies *(Continued)*

Principal versus agent consideration (principal)

The Group is engaged in the provision of cargo aircraft chartering services during the year ended 30 June 2025. The Group has determined that it acts as the principal in its cargo aircraft chartering transactions. This conclusion is based on its control over the service before it is transferred to the customer, which is evidenced by several key indicators. Specifically, the Group is primarily responsible for fulfilling the service promise to the customer, bears the inventory risk associated with service capacity, and has the authority to establish pricing with customers. Therefore, revenue is recognised on a gross basis, representing the full amount of consideration to which the Group expects to be entitled as specified in the contracts.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment assessment under ECL model for rental deposits, loan receivables and other receivables

The Group performs impairment assessment under ECL model for rental deposits, loan receivables and other receivables individually. The individual evaluation is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable and available without undue costs and effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The allowance for ECL is sensitive to changes in estimates. The information about the allowance for ECL on rental deposits, loan receivables and other receivables is disclosed in note 6 to the consolidated financial statements.

Impairment assessment under ECL model for trade receivables

The Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The allowance for ECL is sensitive to changes in estimates. The information about the allowance for ECL on trade receivables is disclosed in note 6 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Estimation of impairment of property, plant and equipment and right-of-use assets

The Group is required to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When the recoverable amount of an individual asset cannot be determined, the Group estimates the recoverable amount of the CGU to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of CGU, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 30 June 2025, the carrying amounts of property, plant and equipment and right-of-use assets subject to impairment assessment were HK\$5,298,000 and HK\$5,481,000 (2024: HK\$3,301,000 and HK\$3,592,000) respectively. No impairment losses in respect of property, plant and equipment and right-of-use assets have been recognised (2024: Nil).

Estimation of fair value of investment properties

Investment properties were revalued at the end of each reporting period, using the term and reversion method on the basis of capitalisation of net rental income derived from the existing tenancies with due allowance for reversionary income potential of the property interest, the direct capitalisation method by assuming a stabilised economic income capitalised by a market yield rate and the direct comparison approach with reference to the sales transactions of the comparable properties by independent professional qualified valuers. These valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimate, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each reporting period. Details of the valuation techniques and assumptions have been disclosed in note 18 to the consolidated financial statements.

Estimation of incremental borrowing rates for the leases

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

The weighted average IBRs applied to lease liabilities as at 30 June 2025 are from 2.49% to 6.70% (2024: 3.95% to 5.88%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or dispose of assets to reduce debt.

The Group's capital structure comprises debt and equity attributable to the owners of the Company. The debt component includes lease liabilities, amount due to a substantial shareholder, bonds and bank balances and cash, as disclosed in notes 26, 27, 28 and 23 to the consolidated financial statements, respectively. The equity component consists of issued share capital and various reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with the capital. The Group will balance its overall capital structure through the payments of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

In addition to capital risk management, there is a concentration risk on location of net assets owned by the Group. The Group's assets are principally situated in the PRC and accordingly, they are subject to a concentration of assets realisation risk in the local municipalities and provinces, where they are located. The Group's ability to realise the majority of its assets is related to the economic conditions in the PRC as a whole and the local areas in which it operates. The management manages this exposure by maintaining a portfolio of assets in different locations with different risk profiles.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2025 HK\$'000	2024 HK\$'000
Financial assets		
At amortised cost:		
Rental deposits	51,505	47,045
Loan receivables	8,026	18,327
Trade and other receivables	14,089	28,567
Bank balances and cash	44,404	40,239
	118,024	134,178
Financial liabilities		
At amortised cost:		
Other payables	43,568	45,904
Lease liabilities	447,380	630,994
Amount due to a substantial shareholder	9,751	4,164
Bonds	10,005	10,005
	510,704	691,067

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, rental deposits, loan receivables, bank balances and cash, other payables, lease liabilities, amount due to a substantial shareholder and bonds. Details of the financial instruments are disclosed in respective notes.

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group's overall policies remain unchanged from prior years.

Market risk

(i) Currency risk

Certain bank balances and bonds are denominated in HK\$ which is a currency other than functional currency of the relevant group entities.

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

Sensitivity analysis

The group entities are mainly exposed to the fluctuation of HK\$ against RMB.

The following table details the Group's sensitivity to a 5% (2024: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% (2024: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in relevant foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% (2024: 5%) change in foreign currency rates.

The sensitivity analysis includes HK\$ denominated bank balances and bonds, as appropriate. A positive or negative number below indicates an increase or a decrease in post-tax loss where RMB strengthen 5% (2024: 5%) against the relevant currency. For a 5% (2024: 5%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on the loss.

	HK\$ Impact (Note)	
	2025 HK\$'000	2024 HK\$'000
Profit or loss	(475)	(440)

Note: This is mainly attributable to the exposure outstanding on HK\$ bank balances and bonds not subject to cash flow hedge at the end of the reporting period of the Group.

(ii) Interest rate risk

The Group is also exposed to fair value interest rate risk in relation to loan receivables, bank balances and bonds, as set out in notes 22, 23 and 28 to the consolidated financial statements, respectively.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

The Group is also exposed to cash flow interest rate risk in relation to bank balances. The Group currently does not enter into any hedging instrument for cash flow interest rate risk. The directors considered that the overall interest rate risk is not significant as the fluctuation of the interest rates on bank balances is considered minimal. Accordingly, no sensitivity analysis is prepared and presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's credit risk exposures are primarily attributable to rental deposits, trade and other receivables, loan receivables and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets except that the credit risks associated with loan receivables are mitigated because they are secured and guaranteed as set out in note 22 to the consolidated financial statements and the credit risks associated with most of the trade receivables is mitigated because the Group holds rental deposits from tenants as set out in note 24 to the consolidated financial statements. The Group's concentration of credit risk by geographical location is mainly in the PRC.

Maximum exposure to credit risk which will cause a financial loss to the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Rental deposits

The management estimates the estimated loss rates of rental deposits based on historical observed default rates over the expected life of the landlords and are adjusted for forward-looking information. The management performed impairment under ECL model on rental deposits, a reversal of allowance for ECL on rental deposits of HK\$12,352,000 (2024: an allowance for ECL of HK\$89,712,000) was recognised into profit or loss during the year ended 30 June 2025. The Group has concentration of credit risk of rental deposits as 99% (2024: 100%) of rental deposits was due from a few landlords which are located in the PRC.

Trade receivables

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures over the customers to ensure that follow-up action is taken to recover overdue debts. The Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate allowances are made for irrecoverable amounts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade balances individually or based on provision matrix. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

As at 30 June 2025 and 2024, the directors of the Company consider that the concentration of credit risk is limited due to the customer base being large and unrelated.

Other receivables

The Group performs impairment assessment on other receivables using ECL model under HKFRS 9, assessing them on an individual basis. This evaluation is grounded in the credit quality of the counterparties, with reference to their financial positions and the Group's historical default rates. Furthermore, it incorporates all reasonable and supportable forward-looking information that is available without undue cost or effort. At each reporting date, the Group reassesses the historical observed default rates and reviews any changes in the forward-looking information. An allowance for ECL on other receivables of HK\$5,359,000 (2024: Nil) was recognised into profit or loss during the year ended 30 June 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Loan receivables

The management estimates the estimated loss rates of loan receivables based on historical observed default rates over the expected life of the borrower and the fair value of the collateral and are adjusted for forward-looking information. The management performed impairment under ECL model on loan receivables. No allowance nor reversal of allowance for ECL on loan receivables (2024: reversal of allowance for ECL on loan receivables amounting to HK\$37,310,000) was recognised into profit or loss during the year ended 30 June 2025. The Group has concentration of credit risk of loan receivables as 100% (2024: 100%) of loan receivables was due from only two (2024: two) borrowers.

Bank balances

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counter party has a low risk of default and does not have any past-due amounts.	Lifetime ECL (not credit-impaired)	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources.	Lifetime ECL (not credit-impaired)	Lifetime ECL (not credit-impaired)
Loss	There is evidence indicating the asset is credit-impaired.	Lifetime ECL (credit-impaired)	Lifetime ECL (credit-impaired)
Written-off	There is evidence indicating that the debtor is severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off	Amount is written off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

2025	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amounts HK\$'000
Financial assets at amortised cost					
Trade receivables (Note 1)	21	N/A	Low risk/ Doubtful	Lifetime ECL (not credit-impaired)	6,026
		N/A	Loss	Lifetime ECL (credit-impaired)	4,616
Other receivables (Note 2)	21	N/A	Low risk	12m ECL	8,748
		N/A	Loss	Lifetime ECL (credit-impaired)	5,359
Bank balances (Note 3)	23	Aa3 or above	Low risk	12m ECL	44,404
Loan receivables (Note 4)	22	N/A	Low risk	12m ECL	8,026
		N/A	Loss	Lifetime ECL (credit-impaired)	190,038
Rental deposits (Note 5)	19	N/A	Low risk	12m ECL	1,184
		N/A	Doubtful	Lifetime ECL (not credit-impaired)	50,340
		N/A	Loss	Lifetime ECL (credit-impaired)	97,014
2024	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amounts HK\$'000
Financial assets at amortised cost					
Trade receivables (Note 1)	21	N/A	Low risk/ Doubtful	Lifetime ECL (not credit-impaired)	16,802
Other receivables (Note 2)	21	N/A	Low risk	12m ECL	16,298
Bank balances (Note 3)	23	Aa3 or above	Low risk	12m ECL	40,239
Loan receivables (Note 4)	22	N/A	Low risk	12m ECL	18,327
		N/A	Loss	Lifetime ECL (credit-impaired)	185,951
Rental deposits (Note 5)	19	N/A	Doubtful	Lifetime ECL (not credit-impaired)	47,049
		N/A	Loss	Lifetime ECL (credit-impaired)	107,162

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes:

- (1) For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the allowance for ECL at lifetime ECL.

As part of the Group's credit risk management, the Group uses debtors' ageing and corresponding rental deposit to assess the allowance for ECL on trade receivables from customers in relation to its business of property operating because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. Trade receivables with carrying amounts of HK\$7,395,000 (2024: HK\$11,236,000) are assessed individually within lifetime ECL (not credit-impaired) and lifetime ECL (credit-impaired), and trade receivables with carrying amounts of HK\$3,247,000 (2024: HK\$5,476,000) are assessed collectively with lifetime ECL (not credit-impaired).

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. During the year ended 30 June 2025, the Group provided HK\$680,000 (2024: HK\$2,430,000) allowance for ECL on trade receivables based on both a collective basis and individual assessment.

The movement in the allowance for ECL on trade receivables is as follows:

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
As at 1 July 2023	2,129	–	2,129
Allowance for ECL recognised for the year	2,430	–	2,430
Exchange realignment	(26)	–	(26)
As at 30 June 2024 and 1 July 2024	4,533	–	4,533
Transfer to lifetime ECL (credit- impaired)	(2,527)	2,527	–
Allowance for ECL (reversed)/ recognised for the year	(1,351)	2,031	680
Exchange realignment	30	58	88
As at 30 June 2025	685	4,616	5,301

- (2) Included in other receivables are amounts representing refundable utility and deposits paid to suppliers. The Group's assessment of the allowance for ECL was conducted using different approaches. For refundable utility, the Group applied the 12m ECL model, having determined that there had been no significant increase in credit risk since initial recognition. This conclusion was supported by the consistently low historical default rate and forward-looking information. In contrast, for certain deposits paid to suppliers, the Group identified a significant increase in credit risk and thus assessed them on an individual basis, measuring the allowance based on lifetime ECL (credit-impaired). During the year ended 30 June 2025, the Group provided HK\$5,359,000 allowance for ECL on other receivables on the individual assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes: (Continued)

(3) The credit risk on bank balances are limited because the counterparties are with high credit ratings assigned by international credit rating agencies. Majority of bank balances are deposited in reputable large commercial banks with credit rating of Aa3 or above (2024: Aa3 or above) issued by Moody's.

(4) For loan receivables, the Group has applied the general approach in HKFRS 9 to measure the allowance for ECL at lifetime ECL. The Group determines the allowance for ECL on loan receivables by individual assessment.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the borrower and the fair value of the collateral and are adjusted for forward-looking information that is available without undue cost or effort. During the year ended 30 June 2025, the Group did not provide nor reverse (2024: reversed HK\$37,310,000) allowance for ECL on loan receivables on the individual assessment.

(5) For the year ended 30 June 2025, there was a reversal of allowance for ECL on rental deposits of approximately HK\$12,352,000 (2024: an allowance of HK\$89,712,000). The allowance for ECL was estimated based on the ECL assessment prepared by an independent valuer engaged by the Group.

As a result of the seizure and title transfer of certain areas of Jiachao's Shopping Mall by a number of banks and financial institutions exercising their rights under the pledges, the credit risk of the corresponding rental deposit increased significantly. Consequently, the Group determined that there was evidence of credit impairment and fully provided for ECL on this rental deposit in the year ended 30 June 2024.

As disclosed in notes 18(ii) and 34(v) to the consolidated financial statements, commencing from 1 October 2024, rental payments for Jiachao's Shopping Mall could be offset against this rental deposit. However, as the deposit had been fully provided for ECL, the Group began to reverse the allowance corresponding to the amount effectively settled through this offset mechanism. For the year ended 30 June 2025, a reversal of allowance for ECL on rental deposits of approximately HK\$12,367,000 was recognised in relation to these rental payments.

The movement in the allowance for ECL on rental deposits is as follows:

	12m ECL HK\$'000	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
As at 1 July 2023	–	18,419	–	18,419
Transfer to lifetime ECL (credit-impaired)	–	(18,198)	18,198	–
Allowance for ECL recognised for the year	–	(417)	90,129	89,712
Exchange realignment	–	200	(1,165)	(965)
As at 30 June 2024 and 1 July 2024	–	4	107,162	107,166
Allowance for ECL (reversed)/recognised for the year	1	14	(12,367)	(12,352)
Exchange realignment	–	–	2,219	2,219
As at 30 June 2025	1	18	97,014	97,033

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity for its financial liabilities based on agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating-rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

	Effective interest rate %	On demand or less than 1 month HK\$'000	1-3 months HK\$'000	3 months to 1 year HK\$'000	1-3 years HK\$'000	3-5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amounts at 30.6.2025 HK\$'000
2025									
Other payables	N/A	43,568	-	-	-	-	-	43,568	43,568
Lease liabilities	2.49%-6.70%	18,623	12,871	42,669	97,563	93,606	309,844	575,176	447,380
Amount due to a substantial shareholder	N/A	9,751	-	-	-	-	-	9,751	9,751
Bonds	8.0%	-	-	10,500	-	-	-	10,500	10,005
		<u>71,942</u>	<u>12,871</u>	<u>53,169</u>	<u>97,563</u>	<u>93,606</u>	<u>309,844</u>	<u>638,995</u>	<u>510,704</u>
2024									
Other payables	N/A	45,904	-	-	-	-	-	45,904	45,904
Lease liabilities	3.95%-5.88%	8,025	14,728	44,918	124,102	130,259	490,189	812,221	630,994
Amount due to a substantial shareholder	N/A	4,164	-	-	-	-	-	4,164	4,164
Bonds	8.00%	-	-	800	10,500	-	-	11,300	10,005
		<u>58,093</u>	<u>14,728</u>	<u>45,718</u>	<u>134,602</u>	<u>130,259</u>	<u>490,189</u>	<u>873,589</u>	<u>691,067</u>

The amounts included above for floating interest rate instruments for non-derivative financial liabilities are subject to change if changes in floating interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(c) Fair value measurements of financial instruments

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on a discounted cash flow analysis using prices or rates from observable current market transactions as input.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

7. REVENUE AND SEGMENT INFORMATION

Revenue represents (i) the lease payments received and receivable in the normal course of business, net of value-added tax for the year; and (ii) property management and related services fee received and receivable.

	2025 HK\$'000	2024 HK\$'000
Continuing operations		
Revenue from major business services:		
<i>Revenue within the scope of HKFRS 16</i>		
Rental income from leasing of properties	37,776	41,577
<i>Revenue from contracts with customers within the scope of HKFRS 15</i>		
Property management fee income	41,906	67,887
Property management – other related services	1,558	1,696
	43,464	69,583
	81,240	111,160
Disaggregated by timing of revenue recognition:		
<i>Over time:</i>		
Property management fee income	41,906	67,887
Property management – other related services	1,558	1,696
	43,464	69,583

Performance obligations for revenue from contracts with customers

Property management fee

Property management fee is recognised over the service period. The Group receives monthly property management fee payments from customers one to three months in advance under the contracts. Advance consideration allocated to the properties management services is recognised as a contract liability and is released over the period of services.

Segment information

Information reported to the board of directors, being the chief operating decision makers (the “CODM”), for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

For the current reporting period, the Group had two operating and reportable segments: the property operating segment and the cargo aircraft charter segment (2024: one operating and reportable segment: the property operating segment). These segments have been identified based on internal management reports prepared in accordance with accounting policies that conform to HKFRSs and are regularly reviewed by the CODM. From a product perspective, management assesses the performance of both segments by considering the contributions of the property operating segment and the cargo aircraft charter segment.

The cargo aircraft charter segment was established by the Group during the current reporting period, to operate and manage certain specified cargo aircraft charter businesses including but not limited to cargo arrangement from Hong Kong to Miami and other locations. Due to the ongoing uncertainties surrounding U.S. tariff policies, which have significantly impacted the global economy and cargo aircraft operations, the Group decided to classify the cargo aircraft charter segment as discontinued operations during the same period. The segment information reported below does not include any amount for discontinued operations, which is described in more details in note 11 to the consolidated financial statements.

Segment information about the continuing operations is presented below:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

Segment revenue and result

For the year ended 30 June 2025

	Property operating HK\$'000
Revenue	81,240
Segment result	76,286
Income tax expenses	(15,456)
Loan interest income	1,399
Unallocated administrative expenses	(17,229)
Profit for the year from continuing operations	45,000

Segment revenue and result

*Amounts included in the measure of
segment profit or loss*

	Property operating HK\$'000	Unallocated HK\$'000	Total HK\$'000
Bank interest income	21	34	55
Gain on bargain purchase	10,576	–	10,576
Gain on termination of leases	717,538	–	717,538
Loss on derecognition of investment properties	(628,370)	–	(628,370)
Interest expenses	(24,251)	(896)	(25,147)
Loss on fair value changes of investment properties	(56,476)	–	(56,476)
Reversal of allowance for ECL on rental deposits	12,352	–	12,352
Reversal of allowance for ECL on trade receivables	1,132	–	1,132
Impairment loss/allowance for ECL on prepayments and other receivables	(271)	–	(271)
Depreciation of property, plant and equipment	(228)	(495)	(723)
Depreciation of right-of-use assets	(192)	(1,271)	(1,463)

*Amount regularly provided to the CODM
but not included in the measurement of
segment profit or loss*

Additions to non-current assets	570,940	2,645	573,585
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

Segment revenue and result (Continued)

For the year ended 30 June 2024

	Property operating HK\$'000
Revenue	111,160
Segment result	(279,557)
Income tax expenses	(17,471)
Loan interest income	327
Reversal of allowance for ECL on loan receivables	37,310
Unallocated administrative expenses	(11,401)
Loss for the year from continuing operations	(270,792)

	Property operating HK\$'000	Unallocated HK\$'000	Total HK\$'000
<i>Amounts included in the measure of segment profit or loss</i>			
Bank interest income	33	94	127
Gain on lease modification	41,698	–	41,698
Interest expenses	(38,667)	(818)	(39,485)
Loss on fair value changes of investment properties	(260,870)	–	(260,870)
Allowance for ECL on rental deposits	(89,712)	–	(89,712)
Allowance for ECL on trade receivables	(2,430)	–	(2,430)
Depreciation of property, plant and equipment	(227)	(12)	(239)
Depreciation of right-of-use assets	(192)	(402)	(594)

*Amount regularly provided to the CODM
but not included in the measurement of
segment profit or loss*

Additions to non-current assets	7	438	445
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

Segment revenue and result (Continued)

Segment results represent profit or loss from the segment without allocation of income tax expenses, loan interest income, reversal of allowance for ECL on loan receivables and unallocated administrative expenses.

Segment assets and liabilities

	2025 HK\$'000	2024 HK\$'000
Segment assets		
<i>Continuing operations</i>		
Property operating	547,396	652,213
Total segment assets	547,396	652,213
Loan receivables	8,026	18,327
Bank balances and cash	44,404	40,239
Other unallocated assets	5,397	335
	605,223	711,114
Assets relating to discontinued operations	5	–
Consolidated assets	605,228	711,114
Segment liabilities		
<i>Continuing operations</i>		
Property operating	545,299	701,161
Total segment liabilities	545,299	701,161
Amount due to a substantial shareholder	9,751	4,164
Bonds	10,005	10,005
Other unallocated liabilities	6,707	3,722
	571,762	719,052
Liabilities relating to discontinued operations	937	–
Consolidated liabilities	572,699	719,052

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

Information about geographic areas

The Group's property operating segment is operated in the People's Republic of China (the "PRC"), while the cargo aircraft charter segment (which is classified as discontinued operations) is operated in Hong Kong.

The Group's revenue from external customers from continuing operations by location of operation and information about its non-current assets by location of assets are detailed below:

	Revenue from external customers		Non-current assets*	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
The PRC	81,240	111,160	469,248	572,064
Hong Kong	—	—	—	—
	<u>81,240</u>	<u>111,160</u>	<u>469,248</u>	<u>572,064</u>

* Non-current assets excluded those relating to discontinued operations, deferred tax assets, prepaid lease payments, rental deposits, right-of-use assets and other unallocated non-current assets.

Information about major customers

One single customer from cargo aircraft charter segment (which is classified as discontinued operations) contributed 10 per cent or more of the Group's total revenue of HK\$140,350,000 for the year ended 30 June 2025 (2024: no customer nor tenant contributed 10 per cent or more of the Group's total revenue of HK\$111,160,000). The total amount of revenue from the customer from cargo aircraft charter segment amounted to HK\$52,845,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

8. OTHER INCOME AND OTHER GAIN AND LOSS

	2025 HK\$'000	2024 HK\$'000
Continuing operations		
Bank interest income	55	127
Car parking income	2,986	6,259
Service income	4,595	3,945
Net exchange loss	(87)	(20)
Loan interest income	1,399	327
Rental deposits imputed interest income	2,231	2,164
Loss on derecognition of investment properties – Jiachao's Shopping Mall (note 18(ii), note 18(iii))	(383,805)	–
Loss on derecognition of investment properties – Zone C Shopping Mall (note 18(iv))	(244,565)	–
Gain on lease modification (note 18(i))	–	41,698
Gain on termination of lease – Jiachao's Shopping Mall (note 18(ii), note 18(iii))	409,439	–
Gain on termination of lease – Zone C Shopping Mall (note 18(iv))	308,099	–
Others	418	451
	100,765	54,951

9. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Continuing operations		
Interest on		
– Bonds	800	802
– Lease liabilities	24,347	38,683
	25,147	39,485

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

10. INCOME TAX EXPENSES

	2025 HK\$'000	2024 HK\$'000
Continuing operations		
<i>Income tax recognised in profit and loss</i>		
PRC Enterprise Income Tax ("EIT")		
– Current income tax	1,426	4,612
– Under provision in prior years	206	11
Deferred tax (note 29)	13,824	12,848
	15,456	17,471

Hong Kong Profits Tax was calculated at 16.5% (2024: 16.5%) of the estimated assessable profit for the financial year. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group did not generate any assessable profits arising in Hong Kong for both years.

PRC EIT has been entitled at the rate of 25% of the profits for the PRC statutory financial reporting purpose for the years ended 30 June 2025 and 2024, adjusted for those items which are not assessable or deductible for the PRC EIT purpose.

As at 30 June 2025 and 2024, no deferred tax liabilities were recognised in respect of the undistributed retained earnings of the PRC subsidiaries attributable to the Group under the EIT Law that are subject to withholding tax upon the distribution of such profits to the shareholders outside the PRC.

The income tax expenses for the corresponding years can be reconciled to the profit/(loss) before taxation from continuing operations per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 HK\$'000	2024 HK\$'000
Profit/(loss) before taxation from continuing operations	60,456	(253,321)
Tax at the income tax rate of 25% (2024: 25%)	15,114	(63,330)
Tax effect of expenses not deductible for tax purpose	7,806	14,493
Tax effect of temporary difference not recognised	28,393	70,230
Tax effect of income not taxable for tax purpose	(36,063)	(3,933)
Tax effect of under provision in previous years	206	11
Income tax expenses recognised in profit or loss	15,456	17,471

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

11. DISCONTINUED OPERATIONS

Due to ongoing U.S. tariff policy uncertainties that have significantly impacted the global economy and air cargo markets, the Group decided to cease its cargo aircraft charter business (“**discontinued operations**”) during the current reporting period after a thorough review of market conditions and a comprehensive evaluation of strategic options.

The results of the discontinued operations included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the year ended 30 June 2025 are set out below.

	HK\$'000
Revenue (Note (i))	59,110
Cost of sales (Note (ii))	(57,838)
Gross profit	1,272
Other income and other gain and loss	223
Administrative expenses	(351)
Allowance for ECL on trade and other receivables	(7,117)
Loss before taxation from discontinued operations	(5,973)
Income tax expenses	–
Loss for the year from discontinued operations	(5,973)
Loss for the year from discontinued operations attributable to:	
Owners of the Company	(3,047)
Non-controlling interests	(2,926)
	(5,973)

Notes:

- (i) Revenue from discontinued operations comprises income from cargo aircraft chartering services, which is accounted for as revenue from contracts with customers under HKFRS 15. Included in this amount is approximately HK\$875,000 of operational support service income from a related company (“**Related Company**”). One of the Company’s subsidiaries and the Related Company have a common director. This revenue is recognised over time as the performance obligation is satisfied. Advance consideration allocated to the cargo aircraft chartering services is recognised as a contract liability and is released over the period of service.
- (ii) Cost of sales from discontinued operations represents the direct costs incurred for the Group’s cargo aircraft chartering services. These costs primarily consist of payments made to secure aircraft capacity from airline operators via intermediaries. For the year ended 30 June 2025, approximately HK\$52,591,000 of the total cost of sales was attributable to capacity purchased from the Related Company acting as an intermediary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

11. DISCONTINUED OPERATIONS *(Continued)*

Loss for the year from discontinued operations has been arrived at after charging the following:

	HK\$'000
Auditor's remuneration	–
Staff costs	
– directors' emoluments	–
– other staff's salaries and other benefits	301
– other staff's retirement benefit scheme contributions	12
	313

Cash flows from discontinued operations:

	HK\$'000
Net cash outflows from operating activities	(184)
Net cash inflows from investing activities	187
	3

None of the assets nor liabilities related to the discontinued operations were classified as held for sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

12. PROFIT/(LOSS) FOR THE YEAR

	2025 HK\$'000	2024 HK\$'000
Continuing operations		
Profit/(loss) for the year from continuing operations has been arrived at after charging:		
Staff costs		
– directors' emoluments	3,830	3,972
– other staff's salaries and other benefits	14,135	14,480
– other staff's retirement benefit scheme contributions	1,685	1,923
	19,650	20,375
Auditor's remuneration		
– Audit service		
– Auditor I	1,200	1,200
– Auditor II	–	600
– Non-audit service		
– Auditor I	300	–
– Auditor III	–	280
Depreciation of property, plant and equipment	723	239
Depreciation of right-of-use assets	1,463	594
Expenses related to short-term leases in respect of rented premises	2,697	6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

(a) Directors' emoluments

2025

Executive Directors

	Directors' fees HK\$'000	Salaries and other benefits HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Mr. Su Peixin (Note (a)) (Chairman)	–	518	16	534
Dr. Wong Ho Yin (Note (b))	–	393	12	405
Mr. Yao Linying (Note (c))	–	480	13	493
Mr. Chen Jinyan	–	1,800	26	1,826
Mr. Chen Jindong (Note (d))	–	252	2	254

Independent Non-executive Directors

Mr. Chong Hon Wang (Note (e))	112	–	–	112
Ms. Chuang Yin Lam (Note (f))	32	–	–	32
Ms. Wang Yuqin	36	–	–	36
Mr. Kwan Chi Fai (Note (g))	8	–	–	8
Ms. Chong Sze Pui Joanne (Note (h))	130	–	–	130
	318	3,443	69	3,830

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

2024

	Directors' fees HK\$'000	Salaries and other benefits HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Executive Directors				
Mr. Chen Jinyan (Chairman)	–	1,800	23	1,823
Mr. Chen Jindong (Note (d))	–	1,800	9	1,809
Mr. Yao Linying (Note (c))	–	9	–	9
Non-executive Directors				
Ms. Cai Wenxiao (Note (i))	55	–	–	55
Independent Non-executive Directors				
Mr. Chong Hon Wang (Note (e))	–	–	–	–
Mr. Kwan Chi Fai (Note (g))	120	–	–	120
Ms. Chong Sze Pui Joanne (Note (h))	120	–	–	120
Ms. Wang Yuqin	36	–	–	36
	<u>331</u>	<u>3,609</u>	<u>32</u>	<u>3,972</u>

Notes:

- (a) Mr. Su Peixin was appointed as an executive director on 21 August 2024.
- (b) Dr. Wong Ho Yin was appointed as an executive director on 5 November 2024.
- (c) Mr. Yao Linying was appointed as an executive director on 24 June 2024.
- (d) Mr. Chen Jindong resigned as an executive director on 21 August 2024.
- (e) Mr. Chong Hon Wang was appointed as an independent non-executive director on 25 July 2024.
- (f) Ms. Chuang Yin Lam was appointed as an independent non-executive director on 26 March 2025.
- (g) Mr. Kwan Chi Fai resigned as an independent non-executive director on 25 July 2024.
- (h) Ms. Chong Sze Pui Joanne resigned as an independent non-executive director on 9 April 2025.
- (i) Ms. Cai Wenxiao resigned as a non-executive director on 23 January 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

No emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 30 June 2025 (2024: Nil). No directors have waived or agreed to waive any emoluments during the year ended 30 June 2025 (2024: Nil).

The executive directors' emoluments shown above mainly for their services in connection with the management of the affairs of the Company and the Group. Emoluments of the independent non-executive directors shown above were mainly for their services as directors of the Company. Dr. Wong Ho Yin and Mr. Chen Jindong are the chief executive officer and the former chief executive officer of the Company respectively. Their emoluments disclosed above included those for services rendered by them as the chief executive officer.

(b) Employees' emoluments

The five highest paid individuals of the Group for the year ended 30 June 2025 included two current directors and one former director of the Company (2024: two directors), details of whose emoluments are included above. The emoluments of the remaining two (2024: three) individuals are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries and other benefits	2,150	2,530
Retirement benefit scheme contributions	73	43
	<u>2,223</u>	<u>2,573</u>

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	2025 HK\$'000	2024 HK\$'000
Nil to HK\$1,000,000	–	2
HK\$1,000,001 to HK\$1,500,000	2	1
	<u>2</u>	<u>3</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(b) Employees' emoluments (Continued)

Among the five highest paid individuals is Mr. Chen Jindong, who resigned as an executive director on 21 August 2024, but continued as an employee of the Group during the year ended 30 June 2025. His total emoluments of HK\$922,000 include HK\$254,000 received for his services as an executive director and HK\$668,000 received for his services as an employee of the Group.

No emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 30 June 2025 (2024: Nil). None of the five highest paid individuals have waived or agreed to waive any emoluments during the year ended 30 June 2025 (2024: Nil).

14. DIVIDEND

	2025 HK\$'000	2024 HK\$'000
Dividend for ordinary shareholders of the Company recognised as distribution during the year:		
Special dividend – HK\$0.001 per share	–	2,689

The board of directors does not recommend any interim nor final dividend for the year ended 30 June 2025 (2024: Nil).

15. EARNINGS/(LOSS) PER SHARE

For continuing operations

The calculation of the basic and diluted earnings/(loss) per share from continuing operations attributable to owners of the Company is based on the following data:

Earnings/(loss)

	2025 HK\$'000	2024 HK\$'000
Profit/(loss) for the year attributable to owners of the Company	41,892	(270,792)
Less: Loss for the year from discontinued operations attributable to owners of the Company	(3,047)	–
Profit/(loss) for the year from continuing operations attributable to owners of the Company for the purpose of basic and diluted earnings/(loss)per share	44,939	(270,792)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

15. EARNINGS/(LOSS) PER SHARE (Continued)

For continuing operations (Continued)

Number of shares

	2025 '000	2024 '000
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	2,688,805	2,688,805
Effect of dilutive potential ordinary shares in respect of share options issued by the Company	14,413	—
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	2,703,218	2,688,805

From continuing and discontinued operations

Earnings/(loss)

	2025 HK\$'000	2024 HK\$'000
Profit/(loss) for the year attributable to owners of the Company for the purpose of basic and diluted earnings/(loss) per share	41,892	(270,792)

The denominators used are the same as those detailed above for both basic and diluted earnings/(loss) per share.

From discontinued operations

Basic loss per share for discontinued operations is HK0.11 cents per share (2024: Nil) and diluted loss per share for discontinued operations is HK0.11 cents per share (2024: Nil), based on the loss for the year from discontinued operations attributable to owners of the Company of approximately HK\$3,047,000 (2024: Nil) and the denominators detailed above for both basic and diluted earnings/(loss) per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

16. PROPERTY, PLANT AND EQUIPMENT

	Building HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures, office equipment and motor vehicles HK\$'000	Total HK\$'000
COST				
As at 1 July 2023	3,552	304	472	4,328
Additions	–	59	11	70
Written off	–	(304)	(255)	(559)
Exchange realignment	–	–	–	–
As at 30 June 2024 and 1 July 2024	3,552	59	228	3,839
Additions	–	2,182	470	2,652
Exchange realignment	78	–	4	82
As at 30 June 2025	3,630	2,241	702	6,573
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
As at 1 July 2023	274	304	283	861
Provided for the year	177	9	53	239
Written off	–	(304)	(255)	(559)
Exchange realignment	(2)	–	(1)	(3)
As at 30 June 2024 and 1 July 2024	449	9	80	538
Provided for the year	177	414	132	723
Exchange realignment	12	–	2	14
As at 30 June 2025	638	423	214	1,275
NET CARRYING AMOUNT				
As at 30 June 2025	2,992	1,818	488	5,298
As at 30 June 2024	3,103	50	148	3,301

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment, after taking into account the residual value, are depreciated on straight-line basis at the following rates per annum:

Building	Over the lease term period
Leasehold improvements	20% – 25%
Furniture, fixtures, office equipment and motor vehicles (with 5% residual value on the cost)	20% – 33%

During the year ended 30 June 2025, the management of the Group concluded there were no indicators for impairment, therefore no impairment was made (2024: Nil).

17. RIGHT-OF-USE ASSETS

	Leasehold land HK\$'000	Office premises HK\$'000	Carpark space HK\$'000	Total HK\$'000
COST				
As at 1 July 2023	3,844	1,970	–	5,814
Additions	–	375	–	375
Written off	–	(1,970)	–	(1,970)
As at 30 June 2024 and 1 July 2024	3,844	375	–	4,219
Additions	–	3,042	238	3,280
Exchange realignment	84	–	–	84
As at 30 June 2025	3,928	3,417	238	7,583
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
As at 1 July 2023	281	1,724	–	2,005
Provided for the year	192	402	–	594
Written off	–	(1,970)	–	(1,970)
Exchange realignment	(2)	–	–	(2)
As at 30 June 2024 and 1 July 2024	471	156	–	627
Provided for the year	192	1,261	10	1,463
Exchange realignment	12	–	–	12
As at 30 June 2025	675	1,417	10	2,102
NET CARRYING AMOUNT				
As at 30 June 2025	3,253	2,000	228	5,481
As at 30 June 2024	3,373	219	–	3,592

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

17. RIGHT-OF-USE ASSETS (Continued)

	2025 HK\$'000	2024 HK\$'000
Expense relating to short-term leases	2,697	6
Total cash outflow for leases (including short-term leases)	37,977	57,390

During the years ended 30 June 2025 and 2024, the Group leased office premises and carpark space for its operations. Lease contracts are entered into for fixed terms of 2 to 3 years (2024: 2 years).

During the year ended 30 June 2025, the management of the Group concluded there were no indicators for impairment, therefore no impairment was made (2024: Nil).

18. INVESTMENT PROPERTIES

The Group takes on the lease of shopping malls and industrial park; and subleases the retail stores of the shopping malls and the units in the industrial park, under operating leases with rentals payable monthly/quarterly. The subleases typically run for an initial period of 30 days to 15 years. Majority of the sublease contracts contain market review clauses in the event the tenant exercises the option to extend.

The Group is not exposed to foreign currency risk as a result of the sublease arrangements, as all subleases are denominated in the respective functional currency of group entities. The sublease contracts do not contain residual value guarantee and/or tenant's option to purchase the property at the end of the term of sublease.

	Shopping Malls (Note (v)) HK\$'000	Industrial Park HK\$'000	2025 HK\$'000	2024 HK\$'000
Fair value				
Balance at the beginning of the year	568,817	–	568,817	995,699
Derecognition upon lease modification (Note (i))	–	–	–	(170,652)
Derecognition upon termination of lease – Jiachao's Shopping Mall (Note (ii); Note (iii))	(383,805)	–	(383,805)	–
Derecognition upon termination of lease – Zone C Shopping Mall (Note (iv))	(244,565)	–	(244,565)	–
Additions – Jiachao's Shopping Mall (Note (ii); Note (iii))	181,871	–	181,871	–
Additions – Zone C Shopping Mall (Note (iv))	296,413	–	296,413	–
Additions – Industrial Park	–	59,714	59,714	–
Additions on acquisition of a subsidiary (note 30)	–	32,935	32,935	–
(Loss)/gain on fair value changes on investment properties	(122,740)	66,264	(56,476)	(260,870)
Exchange realignment	9,504	1,746	11,250	4,640
Balance at the end of the year	305,495	160,659	466,154	568,817

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

18. INVESTMENT PROPERTIES (Continued)

Notes:

- (i) As described in the announcement of the Company dated 9 October 2024, since certain areas of the Jiachao's Shopping Mall was involved in litigation with a creditor of its landlord, Zhengzhou Jiachao Property Services Co., Ltd.* (鄭州佳潮物業服務有限公司) ("**Zhengzhou Jiachao**"), the rental area of 50,532.48 square meters of the Jiachao's Shopping Mall was deducted from the lease contract dated 26 April 2021 entered into by Zhengzhou Jiachao as the lessor and the Company's wholly-owned subsidiary, Zhengzhou Zhongyuan Jinyi Commercial Operation Management Co., Ltd.* (鄭州中原錦藝商業運營管理有限公司) ("**Zhongyuan Jinyi**") as the lessee in respect of the Jiachao's Shopping Mall with a leased area of 125,188.32 square meters (the "**Jiachao's Lease Contract**"), pursuant to the judgment of the People's Court of Zhongyuan District, Zhengzhou City, Henan Province ((2024) Yu 0102 Ming Chu No. 4142*) (河南省鄭州市中原區人民法院(2024)豫0102民初4142號《民事判決書》). In light of the above, Zhongyuan Jinyi and Zhengzhou Jiachao entered into a supplemental agreement (the "**Supplemental Agreement**") to amend the leased area under the Jiachao's Lease Contract starting from 22 June 2024, which constituted a lease modification in the year ended 30 June 2024.

For the lease modification, the Group remeasured lease liabilities corresponding to the remaining leased area of the Jiachao's Shopping Mall. The remeasured amount that differed from the original lease liabilities was reduced from the Group's lease liabilities, which was calculated to be approximately RMB195 million (equivalent to approximately HK\$212,350,000). At the same time, the entering into of the Supplemental Agreement as tenant by Zhongyuan Jinyi required the Group to derecognise the amount from the Group's investment properties, because of the amendment on the leased area under the Jiachao's Lease Contract. The fair value derecognised by the Group under the Supplemental Agreement amounted to approximately RMB157 million (equivalent to approximately HK\$170,652,000). By doing so, the Group recognised a gain from lease modification of approximately HK\$41,698,000 in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2024.

- (ii) As described in the announcement of the Company dated 21 February 2025, a notice dated 23 January 2025 was received from Zhengzhou Jiachao, notifying Zhongyuan Jinyi that, (a) from 1 October 2024, the rental area under the Jiachao's Lease Contract would no longer include the rental area of 30,595.51 square meters of the Jiachao's Shopping Mall, the title and ownership of which were transferred to Henan Construction Commercial Services Co., Ltd.* (河南建投商業服務有限公司); and (b) from 1 October 2024, the rental area under the Jiachao's Lease Contract should be amended to 44,060.33 square meters (the "**Remaining Area**") and the rental payment of the Remaining Area is amended to RMB23.5 per square meters per month, which shall be setoff against the deposits paid by Zhongyuan Jinyi to Zhengzhou Jiachao under the Jiachao's Lease Contract. On 26 January 2025, Zhongyuan Jinyi and Zhengzhou Jiachao further entered into a supplemental lease contract ("**Jiachao's Supplemental Lease Contract**") for the lease of the Remaining Area which replaced the Jiachao's Lease Contract. Under these circumstances, the Jiachao's Lease Contract is considered terminated as of 30 September 2024.

For the termination of the Jiachao's Lease Contract, the Group derecognised lease liabilities associated with the Jiachao's Lease Contract as of 30 September 2024, which were approximately RMB279 million (equivalent to approximately HK\$302,912,000). This amount is recognised as a gain on termination of lease in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2025. Simultaneously, the termination of the Jiachao's Lease Contract required the Group to derecognise the associated amount from its investment properties as of 30 September 2024. The fair value of the investment properties derecognised by the Group amounted to approximately RMB254 million (equivalent to approximately HK\$276,087,000). Consequently, the Group recognised a loss on derecognition of investment properties of approximately HK\$276,087,000 in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2025.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

18. INVESTMENT PROPERTIES (Continued)

Notes: (Continued)

(ii) (Continued)

Pursuant to Jiachao's Supplemental Lease Contract, the Group recognised new lease liabilities of approximately RMB103 million (equivalent to approximately HK\$111,734,000) and a corresponding amount in its investment properties. The fair value of the newly recognised investment properties as of 1 October 2024 amounted to RMB100 million (equivalent to approximately HK\$108,696,000).

(iii) On 27 June 2025, the People's Court of Zhongyuan District, Zhengzhou City, Henan Province, served Zhengzhou Jiachao with the "Notice to Vacate Within a Time Limit" (Case Reference.: (2023) Yu 01 Zhi Hui No. 355*) (河南省鄭州市中原區人民法院 (2023) 豫01執恢355號《限期遷出公告》), mandating that all entities and individuals occupying or leasing the property located at Basement 1 Level Underground Space, Zone B (with a certified construction area of 16,311.24 square meters, hereinafter referred to as the "Zone B Basement Level") to vacate within 30 days of the notice's posting.

This area constituted part of the premises leased under Jiachao's Supplemental Lease Contract. The previous end tenant, Henan Century Lianhua Supermarket Co., Ltd.* (河南世紀聯華超市有限公司), had vacated the premises on 28 February 2025, leaving the area unoccupied. Following negotiations, the sub-tenant of Zhongyuan Jinyi, Henan Zhongyu Zhongyuan Commercial Operation Management Co., Ltd.* (河南中豫中原商業運營管理有限公司) submitted a formal letter of withdrawal for the specified basement area to Zhongyuan Jinyi on 30 June 2025. On the same date, Zhongyuan Jinyi notified Zhengzhou Jiachao of the vacation and formally acknowledged the release of the leasehold area via an official court submission. These actions effected a termination of the corresponding portion of Jiachao's Supplemental Lease Contract as of 30 June 2025.

For this termination, the Group derecognised lease liabilities associated with Jiachao's Supplemental Lease Contract as of 30 June 2025, which were approximately RMB98 million (equivalent to approximately HK\$106,527,000). This amount is recognised as a gain on termination of lease in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2025. A corresponding reduction was made in the book value of associated investment properties, with the derecognised fair value amounting to approximately RMB99 million (equivalent to approximately HK\$107,718,000). Consequently, it resulted in a loss on derecognition of investment properties of approximately HK\$107,718,000 in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2025.

The residual leased area of 27,749.09 square meters under Jiachao's Supplemental Lease Contract has been reconstituted as a new lease arrangement. This resulted in the Group recognising new lease liabilities of approximately RMB65 million (equivalent to approximately HK\$70,137,000) and a corresponding amount in its investment properties. The fair value of the investment properties recognised by the Group amounted to RMB63 million (equivalent to approximately HK\$68,478,000).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

18. INVESTMENT PROPERTIES (Continued)

Notes: (Continued)

- (iv) The lease for Zone C Shopping Mall was originally executed between Zhongyuan Jinyi and Zhengzhou Hanyuan Real Estate Co., Ltd.* (鄭州翰園置業有限公司) (“**Zhengzhou Hanyuan**”) on 26 April 2021 with a lease term of 15 years. Due to debt issues encountered by Zhengzhou Hanyuan, it transferred ownership of certain floors within Zone C Shopping Mall to settle its obligations, resulting in the lawful transfer of the relevant property rights to the respective creditors. In accordance with Article 725 of the Civil Code of the People’s Republic of China, which establishes the principle that “a change in ownership does not affect existing leases”, the validity of the original lease contract remains unaffected by the transfer of ownership during the lease term. Thus, the lease agreement originally signed between Zhongyuan Jinyi and Zhengzhou Hanyuan continued to be effective, and Zhongyuan Jinyi’s leasehold rights remained intact despite the change in ownership. Accordingly, Zhongyuan Jinyi continued to exercise its rights and perform its obligations as the lessee under the original lease terms, while the new property owner assumed the position and responsibilities of the lessor originally held by Zhengzhou Hanyuan under the lease contract.

However, on 22 May 2025, through mutual agreement among the new landlord of the basement level of Zone C Shopping Mall, China Orient Asset Management Co., Ltd. Fujian Branch* (中國東方資產管理股份有限公司福建省分公司) (“**China Orient Fujian**”), Zhongyuan Jinyi, and another subsidiary of the Group, Zhengzhou Zhengxu Commercial Operation Management Co., Ltd.* (鄭州正旭商業運營管理有限公司) (“**Zhengzhou Zhengxu**”), it was decided to terminate the lease relationship under the original Zone C Shopping Mall lease agreement concerning the basement level effective 28 February 2025. Subsequently, a new lease agreement for the area was executed between Zhengzhou Zhengxu and China Orient Fujian effective from 1 March 2025, covering a leasable area of 6,692.93 square metres. The lease term ran for more than 15 years from 1 March 2025 to 31 October 2040. Zhengzhou Hanyuan ratified the above changes for the original lease agreement by formal notice. The arrangement is considered a termination of the original lease agreement since the original lease agreement no longer included the leased area pertaining to the basement level of Zone C Shopping Mall from 1 March 2025.

As a result of this termination, the Group derecognised lease liabilities associated with the original lease agreement as of 28 February 2025, which were approximately RMB283 million (equivalent to approximately HK\$308,099,000). This amount is recognised as a gain on termination of lease in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2025. Concurrently, the termination of the original lease agreement required the Group to derecognise the associated amount from its investment properties as of 28 February 2025. The fair value of the investment properties derecognised by the Group amounted to approximately RMB225 million (equivalent to approximately HK\$244,565,000). Consequently, the Group recognised a loss on derecognition of investment properties of approximately HK\$244,565,000 in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2025.

The original lease agreement for the remaining area of Zone C Shopping Mall, together with the new lease agreement for the basement level of Zone C Shopping Mall, resulted in the Group recognising new lease liabilities totalling approximately RMB273 million (equivalent to approximately HK\$296,413,000) and the corresponding amounts in its investment properties. The total fair value of the investment properties recognised by the Group as of 1 March 2025 amounted to RMB225 million (equivalent to approximately HK\$244,565,000).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

18. INVESTMENT PROPERTIES (Continued)

Notes: (Continued)

- (v) According to the legal opinions from the Group's PRC legal adviser, the two lease contracts dated 26 April 2021 each entered into by Zhengzhou Jiachao as lessor and Zhongyuan Jinyi as lessee in respect of the Jiachao's Shopping Mall and by Zhengzhou Hanyuan as lessor and Zhongyuan Jinyi as lessee in respect of the Zone C Shopping Mall and the supplemental agreements or arrangements contemplated thereafter remain valid as of the date of this report.

The fair value of the Group's investment properties as at 30 June 2025 and 2024 has been arrived at on the basis of a valuation carried out at the end of the year by International Valuation Limited (the "**Valuer**"), an independent qualified professional valuer not connected with the Group.

The Valuer has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The Group's investment properties were valued individually, on market value basis, which conforms to Hong Kong Institute of Surveyors Valuation Standards. The fair value was arrived at by reference to comparable sales transactions available in the relevant market together with income approach by capitalising the net rental income derived from the existing tenancies under various terms.

In estimating the fair value of the investment properties, the directors of the Company has considered that the highest and best use of the properties is their current use upon the application of HKFRS 13 *Fair Value Measurement*. There has been no change of the valuation technique during the years ended 30 June 2025 and 2024.

All of the Group's investment properties are located in the PRC and classified as Level 3 in the fair value hierarchy.

There were no transfers into or out of Level 3 during the years ended 30 June 2025 and 2024.

At the end of the reporting period, the management of the Group works closely with the Valuer to establish and determine the appropriate valuation techniques and inputs for Level 3 fair value measurements. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the directors of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

18. INVESTMENT PROPERTIES (Continued)

The following table shows the valuation techniques used in the determination of fair values for investment properties and the key unobservable inputs used in the valuation models.

Description	Fair value as at 30 June 2025	Fair value as at 30 June 2024	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Commercial – shopping malls	RMB278,000,000 (Equivalent to approximately HK\$305,495,000)	RMB529,000,000 (Equivalent to approximately HK\$568,817,000)	Combination of capitalisation method and comparison method	1) reversionary yield derived from market rent and price 2) monthly unit rent	2025: 5.60% to 6.20% p.a. (2024: 6.25% to 6.75% p.a.) Market unit rate taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the properties which was RMB69 per square meter ("sqm") (2024: RMB77 per sqm)	The higher the reversionary yield, the lower the fair value and vice versa. The higher the monthly rent, the higher the fair value and vice versa.
Commercial and industrial – industrial parks	RMB146,200,000 (Equivalent to approximately HK\$160,659,000)	Nil	Combination of capitalisation method and comparison method	1) reversionary yield derived from market rent and price 2) monthly unit rent	2025: 6.70% to 8.00% p.a. (2024: Nil) Market unit rate taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the properties which was RMB38 to RMB40 per sqm (2024: Nil)	The higher the reversionary yield, the lower the fair value and vice versa. The higher the monthly rent, the higher the fair value and vice versa.

The Group as lessor

Property rental income, management fee income and operating service income earned during the year were HK\$81,240,000 (2024: HK\$111,160,000). All properties have committed tenants ranging from the next 1 to 15 years (2024: 1 to 12 years) and include an extension option.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2025 HK\$'000	2024 HK\$'000
Within one year	35,451	30,855
In the second to fifth years inclusive	70,511	71,927
Over five years	80,278	34,771
	186,240	137,553

19. RENTAL DEPOSITS

The amount represents refundable deposits paid to landlords for leasing the shopping malls and the industrial parks which are classified as investment properties as set out in note 18 to the consolidated financial statements, and for leasing the office premises and the carpark space for daily operations.

Details of impairment assessment under ECL model for rental deposits are set out in note 6 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

20. PREPAID LEASE PAYMENTS

Prepaid lease payments represent amounts paid in advance for lease agreements. Payments that are expected to provide economic benefits beyond one year are classified as non-current assets. The prepaid lease payments are recorded at cost and are settled in accordance with the timing of lease payments arising from the associated lease liabilities.

21. TRADE AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables	10,642	16,802
Less: Allowance for ECL	(5,301)	(4,533)
	5,341	12,269
Prepayments (Note (i))	5,568	1,226
Other receivables (Note (ii))	8,748	16,298
	19,657	29,793

Notes:

- (i) Included in the Group's prepayments balance are mainly prepaid lease payments of approximately HK\$4,548,000.

During the year ended 30 June 2025, the Group has made an impairment loss of approximately HK\$220,000 (2024: Nil) on the prepayments.

- (ii) Included in the Group's other receivables balance are mainly deposits paid of approximately HK\$5,228,000 and other tax recoverable of approximately HK\$3,317,000 (2024: payments on behalf of a landlord of approximately HK\$7,502,000, deposits paid of approximately HK\$1,325,000 and other tax recoverable of approximately HK\$1,163,000).

During the year ended 30 June 2025, the Group has made an allowance for ECL of approximately HK\$5,359,000 (2024: Nil) on the other receivables.

Trade receivables from contracts with customers as at 30 June 2025, 30 June 2024 and 1 July 2023 amounted to HK\$6,963,000, HK\$13,732,000 and HK\$12,078,000 respectively.

As at 30 June 2025 and 2024, all trade receivables of the Group were in the functional currency of the relevant group entities.

The following is an ageing analysis of trade receivables after deducting the allowance for ECL presented based on date of rendering of services:

	2025 HK\$'000	2024 HK\$'000
0 – 60 days	2,660	3,613
61 – 90 days	79	3,542
Over 90 days	2,602	5,114
	5,341	12,269
Trade receivables		

The Group measures allowance for ECL on trade receivables at an amount equal to lifetime ECL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

21. TRADE AND OTHER RECEIVABLES (Continued)

As at 30 June 2025, trade receivables over 90 days, net of allowance for ECL, amounted to HK\$2,602,000 (2024: HK\$5,114,000) were past due but not impaired. The Group has evaluated the credit quality of the relevant tenants and, based on both historical and forward-looking information, has determined that there has not been a significant change in the credit quality of these tenants, and the balances are still considered to be fully recoverable. The Group does not hold any collateral against these balances, except for the deposits received from tenants.

The Group's trade and other receivables balance as at 30 June 2025 included amounts from the Related Company against which allowances for ECL have been recognised. These comprised approximately HK\$875,000 in trade receivables for operational support services and approximately HK\$5,305,000 in other receivables, held as security for aircraft capacity.

Details of impairment assessment under ECL model for trade and other receivables for the years ended 30 June 2025 and 2024 are set out in note 6 to the consolidated financial statements.

22. LOAN RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Gross carrying amount of loan and interest receivables	198,064	204,278
Less: Allowance for ECL	(190,038)	(185,951)
	<u>8,026</u>	<u>18,327</u>

The Group held two loan receivables as at 30 June 2025 (2024: two), the details of which are as follows:

- a) On 28 April 2021, the Group entered into an agreement with an independent third party ("**Borrower I**") to lend RMB250,000,000 (equivalent to approximately HK\$294,118,000). The loan was interest-bearing at 7.500% per annum and due on 27 April 2022. The loan was secured by 25% equity interests of Zhengzhou Jiachao and 25% equity interests of Zhongyuan Jinyi both held by a former non-controlling shareholder of a subsidiary ("**Guarantor I**").

On 19 November 2021, the Group entered into the first supplemental agreement with Borrower I, Guarantor I and a new guarantor which is an independent third party (the "**Guarantor II**"). Pursuant to which, the principal amount of loan receivable was revised from RMB250,000,000 (equivalent to approximately HK\$294,118,000) to RMB210,000,000 (equivalent to approximately HK\$253,012,000) and the share charged over the 25% equity interests of Zhongyuan Jinyi held by a former non-controlling shareholder of a subsidiary was released. At the same time, the Group received RMB40,000,000 (equivalent to approximately HK\$48,193,000) for repayment of principal and the interest receivables remained outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

22. LOAN RECEIVABLES *(Continued)*

a) *(Continued)*

On 29 June 2022, the Group and the Borrower I entered into the second supplemental agreement to (i) extend the maturity date of loan receivable and agree to repay the outstanding balance by three instalments. The last instalment was due on 27 April 2023; and (ii) revise the interest rate of loan receivable to 4.785% per annum effective from 28 April 2022 and up to and including 27 April 2023.

As at 30 June 2023, the loan receivable outstanding amounted to RMB174,346,000 (equivalent to approximately HK\$187,469,000). The Group assessed the credit risk of the renewed loan based on the Borrower I's repayment ability, financial status and communications with the Borrower I. The Group has not yet reached any consensus with the Borrower I with respect to a revised repayment schedule for the renewed loan. Hence, Borrower I was considered to be in default as of 27 April 2023, and therefore, the loan receivable has been transferred to stage 3 lifetime ECL and fully impaired during the year ended 30 June 2023.

Following the Borrower I's default in April 2023, the Group initiated legal proceedings to recover the outstanding loan through the Zhengzhou Intermediate People's Court. The parties subsequently reached a settlement through court mediation, which was formally confirmed in a Civil Mediation Statement issued in June 2025. Under the mediated agreement, the first installment payment is due by 31 December 2025, with subsequent payments structured through June 2030. The agreement stipulates that interest obligations will be waived only upon full compliance with all repayment terms. The Group retains the right to enforce the full debt amount and exercise its secured guarantees in the event of any default by the Borrower I, including failure to meet the initial December 2025 payment deadline. The Group continues to monitor compliance with the repayment schedule and remains prepared to take enforcement action if necessary.

As at 30 June 2025, the Group held collateral of 25% equity interests of Zhengzhou Jiachao, a former subsidiary of the Company over the loan receivable with gross principal amount of RMB140,021,000 (equivalent to approximately HK\$153,870,000) (30 June 2024: RMB140,021,000 (equivalent to approximately HK\$150,560,000)) in aggregate and related gross interest receivables of RMB32,913,000 (equivalent to approximately HK\$36,168,000) (30 June 2024: RMB32,913,000 (equivalent to approximately HK\$35,390,000)). The loan receivable was fully guaranteed by Guarantor I and Guarantor II. Neither allowance nor reversal of allowance for ECL has been recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2025 (30 June 2024: reversal of allowance for ECL of RMB34,325,000 (equivalent to approximately HK\$37,310,000) was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2024, which represent settlements received during the year ended 30 June 2024). Notwithstanding the court-mediated settlement agreement established in June 2025 that outlined a structured repayment schedule, the Group maintained a full impairment on the loan receivable to exercise finance prudence, as no payments were received pursuant to the settlement terms as at 30 June 2025. The Group will continue to monitor the implementation of the repayment plan and will reassess the impairment status upon receipt of actual payments according to the court-approved schedule.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

22. LOAN RECEIVABLES (Continued)

- b) On 25 April 2024, the Group entered into another agreement with a party ("**Borrower II**") to lend HK\$18,000,000. The amount was interest-bearing at 8.500% per annum and due on 30 June 2024. The amount was secured by the Company's two unlisted and non-transferable bonds at face value of HK\$7,000,000 and HK\$3,000,000, held by another party ("**Guarantor III**"). Both Borrower II and Guarantor III have unconditionally and irrevocably committed to not disposing of the Company's shares they hold under any circumstances before the loan and interest are fully repaid. Additionally, at the Group's request, they must immediately sell the Company's shares and use the proceeds to repay any overdue loan amounts owed by Borrower II, either in whole or in part (the "**Commitment**"). As of the date of the agreement, Borrower II held 765,000 shares, while Guarantor III held 63,800,000 shares.

Between July and November 2024, pursuant to the Commitment, Borrower II sold all of the Company's shares to repay part of the overdue loan amounts. The total repayment amount was HK\$2,200,000.

On 25 November 2024, the Group entered into a supplemental agreement with Borrower II and Guarantor III to (i) extend the maturity date of the loan receivable to 30 June 2025; (ii) revise the interest rate of the loan receivable from 8.500% per annum to 11.000% per annum; and (iii) update the status of the Commitment, under which Guarantor III unconditionally and irrevocably committed to not disposing of 15,000,000 shares of the Company under any circumstances until the loan and interest are fully repaid.

On 30 April 2025, the Group entered into a further supplemental agreement with Borrower II and Guarantor III, which amended the terms as follows: (i) the maturity date of the loan receivable was further extended to 28 February 2026; (ii) the interest rate was revised from 11.000% per annum to 8.000% per annum effective from 1 January 2025; and (iii) the Guarantor III continued to pledge all rights and interests of the two bonds with a total face value of HK\$10,000,000 to the Group as security, but was no longer required to hold the Company's shares as collateral. The Commitment regarding the disposal restriction and forced sale of shares was thereby released.

As at 30 June 2025, the loan receivable with gross principal amount of HK\$6,300,000 and related gross interest receivables of HK\$1,726,000 were not yet matured and settled. This loan was interest-bearing at a rate of 8.000% per annum, and was fully guaranteed by Guarantor III. The Group held collateral in the form of the two bonds held by Guarantor III. No allowance for ECL on this loan receivable has been recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

22. LOAN RECEIVABLES (Continued)

Loan receivable mentioned in (a) is denominated in RMB, the functional currency of the relevant group entities, while loan receivable mentioned in (b) is denominated in HK\$.

The movements in the allowance for ECL on loan receivables are as follows:

	Stage 3 Lifetime ECL (credit- impaired) HK\$'000
As at 1 July 2023	222,859
Allowance for ECL reversed for the year	(37,310)
Exchange realignment	402
As at 30 June 2024 and 1 July 2024	185,951
Exchange realignment	4,087
As at 30 June 2025	190,038

Reconciliation of gross carrying amount of loan receivables and interest receivables for the years ended 30 June 2025 and 30 June 2024 are as follow:

	2025 HK\$'000	2024 HK\$'000
As at 1 July	204,278	222,859
Addition	–	18,000
Repayment	(11,700)	(37,310)
Interest receivable	1,399	327
Exchange realignment	4,087	402
As at 30 June	198,064	204,278

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

23. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and bank balances that carry interest rates ranging from 0.050% to 0.250% (2024: 0.125% to 0.875%) per annum.

The Group's bank balances and cash denominated in currencies other than functional currency of the relevant group entities are set out as follows:

	2025 HK\$'000	2024 HK\$'000
HK\$	<u>505</u>	<u>1,198</u>

24. OTHER PAYABLES

	2025 HK\$'000	2024 HK\$'000
Receipts in advance of rental income from leasing of properties	25,164	12,028
Deposits received from tenants	13,603	25,843
Accrued charges and other payables	6,556	5,211
Payables for terminal charges to Related Company	937	—
Dividend payable	192	192
Other tax payables	6,003	4,051
Provision for litigation (Note)	16,277	10,607
	<u>68,732</u>	<u>57,932</u>

Note:

Pursuant to the judgment of the People's Court of Zhongyuan District, Zhengzhou City, Henan Province ((2024) Yu 0102 Ming Chu No. 4142*) (河南省鄭州市中原區人民法院(2024)豫0102民初4142號《民事判決書》), Zhongyuan Jinyi was ordered to make the rental payment to the creditor of Zhengzhou Jiachao, amounting to approximately RMB9,864,000 (equivalent to approximately HK\$10,722,000). Such amount was then reclassified from lease liabilities to other payables and presented as provision for litigation in the last year. On 20 June 2025, following the judgment ((2024) Yu 0102 Ming Chu No. 19276*) issued by the same court (河南省鄭州市中原區人民法院 (2024)豫0102民初19276號《民事判決書》), the appeal case between Zhongyuan Jinyi and the creditor of Zhengzhou Jiachao was concluded. According to the latest judicial ruling, the creditor is entitled to claim rental arrears of RMB14,812,000 from Zhongyuan Jinyi. Consequently, the provision for litigation has been adjusted to reflect this updated amount. As at 30 June 2025, the balance of the provision for litigation stood at approximately HK\$16,277,000 (2024: HK\$10,607,000).

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For identification purpose only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

25. CONTRACT LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Property management fee	<u>14,358</u>	<u>11,301</u>

The contract liabilities primarily relate to the advanced consideration received from customers, for which, revenue is recognised based on the progress of the provision of related services.

Contract liabilities of the Group, which are expected to be settled within the Group's normal operating cycle, are classified under current liabilities.

Movements in contract liabilities

The following table shows how much of the revenue recognised in the current year relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

	2025 HK\$'000	2024 HK\$'000
As at 1 July	11,301	11,017
Decrease in contract liabilities as a result of		
– revenue recognised that was included in the contract liabilities balance at the beginning of the year	(11,301)	(11,017)
– revenue recognised that was included in the contract liabilities balance acquired on acquisition of a subsidiary	(2,460)	–
Increase in contract liabilities as a result of		
– acquisition of a subsidiary (note 30)	2,460	–
– receipts in advance of property management fee	<u>14,358</u>	<u>11,301</u>
As at 30 June	<u>14,358</u>	<u>11,301</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

26. LEASE LIABILITIES

The exposure of the Group's lease liabilities are as follows:

	2025 HK\$'000	2024 HK\$'000
Current	72,637	66,138
Non-current	374,743	564,856
	447,380	630,994
– within one year	72,637	66,138
– more than one year but not more than two years	47,924	57,483
– more than two years but not more than three years	40,164	55,494
– more than three years but not more than five years	74,957	107,462
– more than five years	211,698	344,417
	447,380	630,994
Amounts due for settlement within one year (shown under current liabilities)	(72,637)	(66,138)
Amounts due for settlement after one year (shown under non-current liabilities)	374,743	564,856

The weighted average IBRs applied to lease liabilities as at 30 June 2025 from 2.49% to 6.70% (2024: 3.95% to 5.88%).

For the reconciliation of the Group's lease liabilities, please refer to note 34 to the consolidated financial statements for the details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

27. AMOUNT DUE TO A SUBSTANTIAL SHAREHOLDER

The amount due to a substantial shareholder is unsecured, interest free and repayable on demand. It was denominated in HK\$9,751,000 (2024: HK\$4,164,000) as at 30 June 2025.

For the reconciliation of the amount due to a substantial shareholder, please refer to note 34 to the consolidated financial statements for the details.

28. BONDS

	2025 HK\$'000	2024 HK\$'000
Within 1 year	10,005	–
Between 2 to 5 years (Note)	–	10,005
	10,005	10,005

Note:

On 8 August 2018 and 29 August 2018, the Company issued two unlisted and non-transferable bonds at face value of HK\$7,000,000 and HK\$3,000,000 to an independent third party. The bonds are interest bearing at 8.00% per annum, unsecured and repayable on the seventh and half anniversary of the respective date of issue. The bonds were initially recognised at HK\$10,000,000 and subsequently measured at amortised cost using the effective interest method. The effective interest rate is 8.00% (2024: 8.00%) per annum.

The movements of the liability component of the Group's bonds during the year are as follows:

	HK\$'000
As at 1 July 2023	10,003
Effective interest charged for the year	802
Coupon interest paid/payable	(800)
	10,005
As at 30 June 2024 and 1 July 2024	10,005
Effective interest charged for the year	800
Coupon interest paid/payable	(800)
	10,005
As at 30 June 2025	10,005

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

29. DEFERRED TAX LIABILITIES

The followings are the deferred tax assets/(liabilities) recognised by the Group and movement thereon during the current and prior years.

	Fair Value adjustment on investment properties HK\$'000	Undistributable profits of PRC's subsidiaries HK\$'000	Total HK\$'000
As at 1 July 2023	8,996	(925)	8,071
Credit to profit or loss	—	—	—
Release upon derecognition (Note)	(12,848)	—	(12,848)
Exchange realignment	139	—	139
As at 30 June 2024 and 1 July 2024	(3,713)	(925)	(4,638)
Acquired on an acquisition of a subsidiary (note 30)	(3,737)	—	(3,737)
Credit to profit or loss	(17,577)	—	(17,577)
Release upon derecognition (Note)	3,753	—	3,753
Exchange realignment	(274)	—	(274)
As at 30 June 2025	(21,548)	(925)	(22,473)

Note:

Part of the deferred tax assets/(liabilities) arising from the fair value adjustment on investment properties in the prior years have been released upon derecognition because of the lease modification as stated in note 18(i) and the termination of lease as stated in note 18(iv) to the consolidated financial statements.

During the year ended 30 June 2025, the Group had deductible temporary difference of approximately HK\$126,785,000 (2024: approximately HK\$226,087,000) arising from the fair value adjustment on investment properties. Deferred tax assets thereon cannot be recognised because of the unpredictability of future profit streams.

The Group had (i) reversal of deductible temporary difference of approximately HK\$12,352,000 and (ii) deductible temporary difference of approximately HK\$6,256,000, arising from (i) reversal of allowance for ECL on rental deposits and (ii) allowance for ECL on trade and other receivables and impairment loss on prepayments respectively (2024: (i) reversal of deductible temporary difference of approximately HK\$37,310,000, (ii) deductible temporary difference of approximately HK\$89,712,000 and (iii) deductible temporary difference of approximately HK\$2,430,000, arising from (i) reversal of allowance for ECL on loan receivables, (ii) allowance for ECL on rental deposits and (iii) allowance for ECL on trade receivables respectively). Deferred tax assets thereon cannot be recognised because of the unpredictability of future profit streams.

The Group had unused tax losses of HK\$154,116,000 (2024: HK\$150,802,000) available for offset against future profits. Deferred tax assets thereon cannot be recognised because of the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK\$154,116,000 (2024: HK\$150,802,000) that will expire on 30 June 2026.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the Group's subsidiaries in the PRC from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary difference attributable to the retained profits earned by the subsidiaries in the PRC amounting to approximately HK\$80,717,000 (2024: HK\$83,798,000) as at 30 June 2025 as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

30. ACQUISITION OF A SUBSIDIARY

On 2 September 2024, the Group further expanded its property operating business through the acquisition of the entire equity interests in Zhengzhou Yingrui Property Service Co., Ltd.* (鄭州英睿物業服務有限公司) (“**Zhengzhou Yingrui**”) from an independent third party by its wholly-owned subsidiary, Zhengzhou Xuqi Corporation Management Co., Ltd.* (鄭州旭啟企業管理有限公司), for a consideration of RMB200,000 (equivalent to approximately HK\$217,000) (the “**Acquisition**”). Upon completion of the Acquisition, the Company held the entire issued share capital of Zhengzhou Yingrui.

Zhengzhou Yingrui is principally engaged in the property operating business. The Acquisition has been accounted for as a business acquisition using the acquisition method.

Assets acquired and liabilities recognised at the date of the Acquisition:

	HK\$'000
Investment properties	32,935
Rental deposits	326
Trade and other receivables	1,487
Bank balances and cash	3,611
Other payables	(3,384)
Contract liabilities	(2,460)
Lease liabilities	(17,985)
Deferred tax liabilities	(3,737)
Identifiable net assets, at fair value	10,793

Bargain purchase arose in the Acquisition:

	HK\$'000
Identifiable net assets, at fair value	10,793
Less: Consideration paid in cash	(217)
Gain on bargain purchase arising on the Acquisition	10,576

Gain on bargain purchase arising on the Acquisition amounting to approximately HK\$10,576,000, is recognised in the consolidated statement of profit or loss and other comprehensive income.

* For identification purpose only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

30. ACQUISITION OF A SUBSIDIARY (Continued)

Net cash inflow arising on the Acquisition:

	HK\$'000
Bank balances and cash acquired	3,611
Less: Consideration paid in cash	(217)
Net cash inflow arising on the Acquisition	3,394

Included in the profit for the year is approximately HK\$3,952,000 attributable to the additional property operating business generated by Zhengzhou Yingrui. Revenue for the year includes HK\$10,553,000 generated from Zhengzhou Yingrui.

Had the Acquisition been completed on 1 July 2024, revenue for the year of the Group would have been approximately HK\$142,246,000, and profit for the year of the Group would have been approximately HK\$45,248,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 July 2024, nor is it intended to be a projection of future results.

In determining the pro forma revenue and profit of the Group had Zhengzhou Yingrui been acquired at the beginning of the current year, the directors of the Company calculated the pro forma revenue and profit using the results of Zhengzhou Yingrui and adjusting them for differences in the accounting policies between the Group and Zhengzhou Yingrui.

31. SHARE CAPITAL

	2025 HK\$'000	2024 HK\$'000
Authorised:		
5,000,000,000 ordinary shares with HK\$0.01 each	50,000	50,000
Issued and fully paid:		
2,688,805,163 ordinary shares with HK\$0.01 each	26,888	26,888

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

32. SHARE-BASED PAYMENT TRANSACTIONS

The Company's share option scheme (the "**Scheme**") was established to provide incentives and rewards to eligible participants for their contributions to the Group. It aims to assist in recruiting and retaining high-caliber employees while attracting valuable human resources for the Group and any entity in which the Group holds equity interests ("**Invested Entity**"). Eligible participants under the Scheme include directors and employees of the Company, its subsidiaries, or any Invested Entity, as well as customers of the Group or any Invested Entity. Additionally, individuals or entities providing research, development, or other technological support to the Group or any Invested Entity, along with shareholders or holders of securities issued by any member of the Group, are also considered eligible.

The Scheme became effective on 23 November 2013 (the "**Effective Date**") and is designed to remain in force for a period of 10 years, unless terminated or amended. As at 30 June 2025, the number of shares for which options had been granted and remained outstanding under the Scheme was 26,850,000 (2024: 26,850,000), representing approximately 1% (2024: 1%) of the Company's issued share capital at that date.

The maximum number of shares that may be issued upon exercise of all outstanding options under the Scheme, as well as any other share option schemes, shall not exceed 30% of the Company's issued share capital at any given time. Furthermore, the total number of shares that may be issued upon exercise of all share options granted under the Scheme and other share option schemes must not exceed 10% of the shares in issue at the Effective Date. Options granted to any individual in any one year cannot exceed 1% of the Company's shares in issue without prior shareholders' approval. Additionally, any options granted to substantial shareholders or independent non-executive directors that exceed 0.1% of the Company's share capital and are valued over HK\$5,000,000 must receive prior approval from shareholders.

Options under the Scheme must be accepted within 28 days of the grant date, accompanied by a payment of HK\$1 per option. They may be exercised from the grant date until the 10th anniversary of that date. The exercise price is determined by the Company's directors, ensuring it is not lower than the nominal value of the shares. The exercise price must also be at least the higher of the closing price of the shares on the date of grant or the average closing price over the five business days preceding the grant date.

In addition, a new share option scheme (the "**New Scheme**") was adopted and approved by shareholders at the annual general meeting on 23 November 2023. This new scheme is effective for a period of 10 years. The New Scheme closely resembles the Scheme and aligns with market standards, providing incentives to eligible participants for their contributions to the Group.

Eligible participants under the New Scheme include directors and employees of the Group, including those granted options as an inducement to enter into employment contracts with any member of the Group. The New Scheme is designed to remain effective for 10 years, commencing from 23 November 2023.

The total number of shares that may be issued upon exercise of all options to be granted under the New Scheme is subject to a maximum limit of 10% of the shares in issue on 23 November 2023, the date on which the New Scheme was conditionally adopted and approved by shareholders at the annual general meeting. This limit equates to a total of 268,880,516 shares. As at the beginning and end of the year ended 30 June 2025, as well as the date of this annual report, the number of options available for grant under the New Scheme remained at 268,880,516 shares (2024: 268,880,516 shares), representing 10% (2024: 10%) of the total number of shares in issue on 30 June 2025. Notably, as at 30 June 2025 and the date of this annual report, no share options had been granted under the New Scheme, and there were no shares that may be issued in respect of options granted during the year ended 30 June 2025 and up to the date of this annual report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

32. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Currently, the directors of the Company do not have a specific plan to grant options or awards to participants under the New Scheme. However, they will periodically evaluate whether to grant options based on various factors, including the Group's overall financial performance, individual participant performance, and their contributions to the Group's revenue, profits, or business development.

The following table discloses movements of the Company's share options held by employees during the current and prior years:

(a) The terms and conditions of the grants are as follows:

Category	Date of grant	Exercise period	Exercise price HK\$	Outstanding as at 30.6.2023	Forfeited during the year	Outstanding as at 30.6.2024	Forfeited during the year	Outstanding as at 30.6.2025
Employees	15.1.2018	15.1.2018 to 14.1.2028	0.430	26,850,000	–	26,850,000	–	26,850,000
Granted Total				<u>26,850,000</u>	<u>–</u>	<u>26,850,000</u>	<u>–</u>	<u>26,850,000</u>
Exercisable at year end				<u>26,850,000</u>		<u>26,850,000</u>		<u>26,850,000</u>

(b) The number and weighted average exercise prices of share options are as follows:

	2025		2024	
	Number of share options	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$
Outstanding at the beginning of the year	26,850,000	0.430	26,850,000	0.430
Forfeited during the year	–	0.430	–	0.430
Outstanding at the end of the year	<u>26,850,000</u>	<u>0.430</u>	<u>26,850,000</u>	<u>0.430</u>
Exercisable at the end of the year	<u>26,850,000</u>	<u>0.430</u>	<u>26,850,000</u>	<u>0.430</u>

The options outstanding at the end of the reporting period have a weighted average remaining contractual life of 2.54 years (2024: 3.54 years) and the exercise price is HK\$0.430 (2024: HK\$0.430).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

33. RELATED PARTY TRANSACTIONS

The remuneration of directors, being the key management personnel, during the year was as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries and other benefits	3,761	3,940
Retirement benefit scheme contributions	69	32
	<u>3,830</u>	<u>3,972</u>

The remuneration of directors is determined by the remuneration committee of the Company having regard to the performance of individuals and market trends.

In addition, other than as disclosed elsewhere in these consolidated financial statements, there are no other related party transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	Bonds HK\$'000	Amount due to a substantial shareholder HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
As at 1 July 2024	10,005	4,164	630,994	645,163
Changes from financing cash flows:				
Advance from	–	19,845	–	19,845
Repayment	(800)	(14,210)	(35,280)	(50,290)
Total changes from financing cash flows	(800)	5,635	(35,280)	(30,445)
Effect of changes in foreign exchange rates	–	(48)	11,694	11,646
Other changes:				
Interest expenses	800	–	24,347	25,147
Termination of lease – Jiachao's Shopping Mall (Note (i))	–	–	(409,439)	(409,439)
Termination of lease – Zone C Shopping Mall (Note (ii))	–	–	(308,099)	(308,099)
Additions – Jiachao's Shopping Mall (Note (i))	–	–	181,871	181,871
Additions – Zone C Shopping Mall (Note (ii))	–	–	296,413	296,413
Additions – Industrial Park	–	–	59,714	59,714
Additions – Others	–	–	3,280	3,280
Additions on acquisitions of a subsidiary (Note (iii))	–	–	17,985	17,985
Offset with other receivables (Note (iv))	–	–	(13,733)	(13,733)
Offset with rental deposits (Note (v))	–	–	(12,367)	(12,367)
Total changes from other changes	800	–	(160,028)	(159,228)
As at 30 June 2025	10,005	9,751	447,380	467,136

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

(Continued)

	Bonds HK\$'000	Amount due to a substantial shareholder HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
As at 1 July 2023	10,003	192	893,626	903,821
Changes from financing cash flows:				
Advance from	–	4,164	–	4,164
Repayment	(800)	(194)	(57,384)	(58,378)
Total changes from financing cash flows	(800)	3,970	(57,384)	(54,214)
Effect of changes in foreign exchange rates	–	2	2,854	2,856
Other changes:				
Interest expenses	802	–	38,683	39,485
Lease modification (Note (vi))	–	–	(212,350)	(212,350)
Additions	–	–	375	375
Offset with rental deposits (Note (vii))	–	–	(24,088)	(24,088)
Reclassification to other payables (Note (viii))	–	–	(10,722)	(10,722)
Total changes from other changes	802	–	(208,102)	(207,300)
As at 30 June 2024	10,005	4,164	630,994	645,163

Notes:

- (i) Please refer to note 18(ii) and note 18(iii) to the consolidated financial statements for the details of termination of lease of Jiachao's Shopping Mall.
- (ii) Please refer to note 18(iv) to the consolidated financial statements for the details of termination of lease of Zone C Shopping Mall.
- (iii) Please refer to note 30 to the consolidated financial statements for the details.
- (iv) Zhengzhou Jiachao agreed that the rental payment of approximately RMB12,635,000 (equivalent to approximately HK\$13,733,000) was setoff with other receivables due from the landlord during the year ended 30 June 2025.
- (v) Zhengzhou Jiachao agreed that the rental payment of approximately RMB11,377,000 (equivalent to approximately HK\$12,367,000) was setoff with the rental deposit due from the landlord during the year ended 30 June 2025.
- (vi) Please refer to note 18(i) to the consolidated financial statements for the details of lease modification.
- (vii) Zhengzhou Hanyuan agreed that the rental payment of approximately RMB22,161,000 (equivalent to approximately HK\$24,088,000) was setoff with the rental deposit due from the landlord during the year ended 30 June 2024.
- (viii) Please refer to note 24 to the consolidated financial statements for the details of reclassification to other payables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

35. FINANCIAL INFORMATION OF THE COMPANY

	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	2,204	54
Right-of-use assets	2,228	219
Rental deposits	525	—
Investments in subsidiaries	234	—
	5,191	273
CURRENT ASSETS		
Loan receivables	8,026	18,327
Other receivables	440	62
Amount due from subsidiaries	354,175	296,218
Bank balances and cash	393	1,093
	363,034	315,700
CURRENT LIABILITIES		
Other payables	3,516	2,571
Lease liabilities	1,588	190
Amount due to subsidiaries	321,153	309,743
Amount due to a substantial shareholder	9,751	4,164
Bonds	10,005	—
	346,013	316,668
NET CURRENT ASSETS/(LIABILITIES)	17,021	(968)
TOTAL ASSETS LESS CURRENT LIABILITIES	22,212	(695)
CAPITAL AND RESERVES		
Share capital	26,888	26,888
Share premium and reserves	(5,347)	(37,621)
TOTAL EQUITY/(DEFICIT) (Note)	21,541	(10,733)
NON-CURRENT LIABILITIES		
Bonds	—	10,005
Lease liabilities	671	33
	671	10,038
	22,212	(695)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

35. FINANCIAL INFORMATION OF THE COMPANY *(Continued)*

Note: Details of movements of the Company's share capital, share premium and reserves are as follows:

	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Exchange reserve HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
As at 1 July 2023	26,888	48,746	172,750	15,469	5,402	(1,255)	268,000
Loss for the year	–	–	–	–	–	(276,044)	(276,044)
Special dividend (note 14)	–	–	–	–	–	(2,689)	(2,689)
As at 30 June 2024 and 1 July 2024	26,888	48,746	172,750	15,469	5,402	(279,988)	(10,733)
Profit for the year	–	–	–	–	–	32,274	32,274
As at 30 June 2025	26,888	48,746	172,750	15,469	5,402	(247,714)	21,541

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

36. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 30 June 2025 and 2024 are as follows:

Name of subsidiary	Place of incorporation or registration/ operations	Paid up/issued/ registered capital	Proportion of nominal value of issued/ registered capital held by the Company				Principal activities
			Directly		Indirectly		
			2025 %	2024 %	2025 %	2024 %	
Big Luck International (HK) Limited	Hong Kong	HK\$1	–	–	100	100	Investment holding
Max High International Limited	BVI	US\$30,000 Ordinary shares	–	–	100	100	Investment holding
Right Lane International Limited	BVI	US\$30,000 Ordinary shares	100	100	–	–	Investment holding
Jelly Cage Limited	BVI	US\$1 Ordinary shares	–	–	100	100	Investment holding
Greater China Strategic Aviation Development Investment Holdings Limited^	BVI	US\$10,000 Ordinary shares	100	N/A	–	N/A	Investment holding
Brightness Energy Enterprise Limited^	BVI	US\$10,000 Ordinary shares	100	N/A	–	N/A	Investment holding
Arts Award Limited^	BVI	US\$10,000 Ordinary shares	100	N/A	–	N/A	Investment holding
Golden Might Limited^	BVI	US\$10,000 Ordinary shares	100	N/A	–	N/A	Investment holding
Highly Develop Limited	Hong Kong	HK\$1	–	–	100	100	Investment holding
Hainan-Hong Kong-Macau Aviation Development & Investment Holdings Limited ("HHM D&I")^	Hong Kong	HK\$10,000	–	N/A	51	N/A	Aircraft cargo business
HHM Aviation Logistics Limited^	Hong Kong	HK\$10,000	–	N/A	100	N/A	Dormant
Brightness Energy Enterprise (Hong Kong) Limited^	Hong Kong	HK\$10,000	–	N/A	100	N/A	Dormant
Arts Award Corporation (International) Limited^	Hong Kong	HK\$10,000	–	N/A	100	N/A	Dormant
Golden Might Enterprise (Hong Kong) Limited^	Hong Kong	HK\$10,000	–	N/A	100	N/A	Dormant
Zhengzhou Changdun Asset Management Co., Ltd.* ("Zhengzhou Changdun")**	PRC	HK\$10,000,000	–	–	100	100	Investment holding
Zhengzhou Xuqi Operation Management Co., Ltd.* ("Zhengzhou Xuqi")**	PRC	RMB500,000	–	–	100	100	Investment holding
Zhengzhou Jinfu Commercial Management Co., Ltd.* ("Zhengzhou Jinfu")***	PRC	RMB7,700,000	–	–	100	100	Property operating
Zhengzhou Zhongyuan Jinyi Commercial Operation Management Co., Ltd.* ("Zhongyuan Jinyi")***	PRC	RMB5,000,000	–	–	100	100	Property operating

* For identification purpose only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

36. PRINCIPAL SUBSIDIARIES (Continued)

Details of the Company's principal subsidiaries as at 30 June 2025 and 2024 are as follows:

Name of subsidiary	Place of incorporation or registration/ operations	Paid up/issued/ registered capital	Proportion of nominal value of issued/ registered capital held by the Company				Principal activities
			Directly		Indirectly		
			2025 %	2024 %	2025 %	2024 %	
Zhengzhou Xufu Commercial Operation Management Co., Ltd.* (“Zhengzhou Xufu”)**	PRC	RMB500,000	–	–	100	100	Property operating
Zhengzhou Yinghao Property Service Co., Ltd.* (“Zhengzhou Yinghao”)** , ^	PRC	RMB500,000	–	N/A	100	N/A	Property operating
Zhengzhou Yinghan Property Service Co., Ltd.* (“Zhengzhou Yinghan”)** , ^	PRC	RMB500,000	–	N/A	100	N/A	Property operating
Zhengzhou Yinghui Property Service Co., Ltd.* (“Zhengzhou Yinghui”)** , #	PRC	RMB500,000	–	N/A	100	N/A	Property operating
Zhengzhou Zhengxu Commercial Operation Management Co. Ltd.* (“Zhengzhou Zhengxu”)** , ^	PRC	RMB450,000	–	N/A	77.78	N/A	Property operating
Zhengzhou Longqixiang Commercial Operation Management Co., Ltd.* (“Zhengzhou Longqixiang”)** , ^	PRC	RMB1,000,000	–	N/A	70	N/A	Property operating
Hainan-Hong Kong-Macau Aviation Development & Investment Holdings (Shenzhen) Limited* (“HHM Shenzhen”)** , ^	PRC	RMB5,000,000	–	N/A	100	N/A	Dormant
Fujian Ziyue Energy Company Limited* (“Fujian Ziyue”)** , ^	PRC	RMB10,000,000	–	N/A	100	N/A	Dormant

** Zhengzhou Changdun and Zhengzhou Xuqi are established as wholly foreign-owned enterprises under the relevant PRC laws and regulations.

*** Zhengzhou Jinfu, Zhongyuan Jinyi, Zhengzhou Xufu, Zhengzhou Yinghao, Zhengzhou Yinghan, Zhengzhou Yinghui, HHM Shenzhen and Fujian Ziyue are established as wholly domestic-owned enterprises under the relevant PRC laws and regulations.

**** Zhengzhou Zhengxu and Zhengzhou Longqixiang are established as non-wholly domestic-owned enterprises under the relevant PRC laws and regulations.

The subsidiaries were acquired during the reporting period.

^ The subsidiaries were newly established during the reporting period.

None of the subsidiaries had issued any debt securities at the end of both years and during the years ended 30 June 2025 and 2024.

The amounts due from/to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

* For identification purpose only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

37. NON-CONTROLLING INTERESTS

The details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests shown as below:

Name of subsidiary	Place of incorporation/ principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2025	2024	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Hainan-Hong Kong-Macau Aviation Development & Investment Holdings Limited ("HHM D&I")	Hong Kong/ Hong Kong	49%	N/A	(2,926)	N/A	(2,921)	N/A
Zhengzhou Zhengxu Commercial Operation Management Co. Ltd.* ("Zhengzhou Zhengxu")	PRC/PRC	22.22%	N/A	622	N/A	738	N/A
Zhengzhou Longqixiang Commercial Operation Management Co., Ltd.* ("Zhengzhou Longqixiang")	PRC/PRC	30%	N/A	(561)	N/A	(567)	N/A

Summarised financial information in respect of the Company's subsidiaries that have material non-controlling interests are set out below. The summarised financial information below represents amounts after fair value adjustments and before intra-group eliminations.

* For identification purpose only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

37. NON-CONTROLLING INTERESTS (Continued)

Hainan-Hong Kong-Macau Aviation Development & Investment Holdings Limited ("HHM D&I")

	As at 30 June 2025 HK\$'000
Current assets	67
Current liabilities	(6,030)
	(5,963)
Deficit attributable to:	
Owners of the Company	(3,042)
Non-controlling interests	(2,921)
	(5,963)
	For the period from 8 October 2024 (date of incorporation) to 30 June 2025 HK\$'000
Revenue	59,110
Other income	223
Expenses	(65,306)
	(5,973)
Loss and total comprehensive expense for the period	
Loss and total comprehensive expense for the period attributable to:	
Owners of the Company	(3,047)
Non-controlling interests	(2,926)
	(5,973)
Net cash inflows/(outflows) from:	
Operating activities	(184)
Investing activities	187
Financing activities	—
Net cash inflows	3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

37. NON-CONTROLLING INTERESTS (Continued)

Zhengzhou Zhengxu Commercial Operation Management Co. Ltd.* (“Zhengzhou Zhengxu”)

	As at 30 June 2025 HK\$'000
Non-current assets	19,231
Current assets	744
Current liabilities	(1,067)
Non-current liabilities	(15,584)
	3,324
Equity attributable to:	
Owners of the Company	2,586
Non-controlling interests	738
	3,324
	For the period from 23 October 2024 (date of incorporation) to 30 June 2025 HK\$'000
Revenue	–
Other income	4,045
Expenses	(1,247)
	2,798
Profit for the period	
Other comprehensive income for the period	36
Total comprehensive income for the period	2,834
Profit for the period attributable to:	
Owners of the Company	2,176
Non-controlling interests	622
	2,798
Total comprehensive income for the period attributable to:	
Owners of the Company	2,204
Non-controlling interests	630
	2,834

* For identification purpose only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

37. NON-CONTROLLING INTERESTS (Continued)

Zhengzhou Zhengxu Commercial Operation Management Co. Ltd.* (“Zhengzhou Zhengxu”)
(Continued)

	For the period from 23 October 2024 (date of incorporation) to 30 June 2025 HK\$'000
Net cash inflows from:	
Operating activities	307
Investing activities	1
Financing activities	319
Net cash inflows	627

Zhengzhou Longqixiang Commercial Operation Management Co., Ltd.* (“Zhengzhou Longqixiang”)

	As at 30 June 2025 HK\$'000
Current assets	7,502
Current liabilities	(9,391)
	(1,889)
Deficit attributable to:	
Owners of the Company	(1,322)
Non-controlling interests	(567)
	(1,889)

* For identification purpose only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

37. NON-CONTROLLING INTERESTS (Continued)

Zhengzhou Longqixiang Commercial Operation Management Co., Ltd.* (“Zhengzhou Longqixiang”) (Continued)

	For the period from 11 April 2025 (date of incorporation) to 30 June 2025 HK\$'000
Revenue	–
Expenses	(1,869)
Loss for the period	(1,869)
Other comprehensive expense for the period	(20)
Total comprehensive expense for the period	(1,889)
Loss for the period attributable to:	
Owners of the Company	(1,308)
Non-controlling interests	(561)
	(1,869)
Total comprehensive expense for the period attributable to:	
Owners of the Company	(1,322)
Non-controlling interests	(567)
	(1,889)
Net cash inflows from:	
Operating activities	2,662
Investing activities	–
Financing activities	–
Net cash inflows	2,662

* For identification purpose only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

38. MAJOR NON-CASH TRANSACTIONS

Other than those disclosed in notes 18(i)-(iv), 24, and 34(iv), (v) & (vii) to the consolidated financial statements, no other material non-cash transactions were entered into during the years ended 30 June 2025 and 2024.

39. PENDING LITIGATION

Reference is made to the announcement of the Company dated 26 September 2025 in relation to the pending litigation.

On 25 June 2025 and 30 July 2025, respectively, the Company received a writ of summons and statement of claim from MSC Air Cargo SA (“**MSC**”) filed in the High Court of the Hong Kong Special Administrative Region. The claim is for a guaranteed sum of US\$2,000,000 pursuant to an on-demand corporate guarantee issued by the Company. This guarantee was provided in favor of MSC concerning the obligations under an aircraft charter agreement between MSC and Hainan Hong Kong-Macau Aviation Development & Investment Holdings Limited, a non-wholly-owned subsidiary of the Company.

The Company has obtained legal advice and intends to defend against the claim vigorously. Based on such legal advice and a preliminary assessment, the management believes that the Group has meritorious defenses.

Consequently, management is of the opinion that the outcome of this litigation will not have a material adverse effect on the Group’s financial position or results of operations. No provision for any liability has been made in the consolidated financial statements in respect of this matter.

Save for the litigation described above, there were no other material litigations nor arbitrations involving the Group during the year ended 30 June 2025 and up to the date of approval of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

40. EVENT AFTER REPORTING PERIOD

On 6 August 2025, the Company entered into two supplemental agreements with an independent third party in order to extend the repayment of two unlisted and non-transferable bonds (with a total face value of HK\$10,000,000) by one more year to be due and payable in February 2027. All other terms remain unchanged.

On 27 August 2025, Zhengzhou Longqixiang Commercial Operation Management Co., Ltd.* (鄭州龍啟翔商業運營管理有限公司) (“**Zhengzhou Longqixiang**”), an indirect non-wholly-owned subsidiary of the Company, entered into a lease agreement as the lessee for four floors of the Longhu Shopping Centre in Longhu Town, Zhengzhou City, Henan Province, the PRC. The lease term is ten years, expiring in mid-2035, and covers a gross floor area of approximately 62,583 square meters.

As of 27 August 2025, the Group has promoted and subleased the Longhu Shopping Centre to over 120 tenants, with approximately 96.8% of the lettable area already leased out for uses such as retail shops, restaurants, entertainment, and leisure activities. The shopping centre offers a diverse range of services and goods, including KTV, a supermarket, a convenience store, jewelry and watches, beauty services, electrical device shops, international fashion labels, fitness facilities, lifestyle products, casual and sportswear, maternity and baby supplies, a kid’s paradise, technical learning services, and restaurants. Certain areas within the shopping centre are also rented on short-term leases for kiosks and booths featuring trendy and stylish items.

Zhengzhou Longqixiang has assumed the outstanding rent of approximately RMB4,211,000 (equivalent to approximately HK\$4,627,000) that was originally due and payable by the previous management company, for which Zhengzhou Longqixiang and the previous management company were jointly liable.

The lease agreement presents strategic and financial benefits to the Group as a whole, owing to the presence of an experienced and capable management team already operating the Longhu Shopping Centre, which enables immediate commencement of operations and generates cost savings from avoided recruitment, training, and new project setup expenses. Furthermore, the arrangement provides stable rental income supported by existing tenants with an average lease term of three years, against a backdrop of improving macroeconomic conditions in the PRC.

Please refer to the announcement of the Company dated 29 September 2025 for details.

Apart from the matters mentioned above, no other events have occurred that require adjustment to the consolidated financial statements nor disclosure in the notes to consolidated financial statements for the period from the end of the reporting period to the date of authorisation for issue of the consolidated financial statements.

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For identification purpose only

FINANCIAL SUMMARY

RESULTS

	Year ended 30 June				2025 HK\$'000
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	
Revenue	188,634	184,601	143,233	111,160	81,240
(Loss)/profit for the year	(227,892)	(88,159)	(683,448)	(270,792)	39,027
(Loss)/earning per share	HK(6.63) cents	HK(3.60) cents	HK(25.42) cents	HK(10.07) cents	HK1.56 cents

ASSETS AND LIABILITIES

	As at 30 June				2025 HK\$'000
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	
Total assets	2,854,169	2,297,458	1,233,142	711,114	605,228
Total liabilities	(1,339,411)	(1,285,034)	(964,700)	(719,052)	(572,699)
Total equity/(deficit) attributable to owners of the Company	1,514,758	1,012,424	268,442	(7,938)	32,529

SCHEDULE OF LEASED INVESTMENT PROPERTIES

Particulars of leased investment properties as at 30 June 2025:

Address	Existing use	Rental year ended 30 June 2025
Partial of basement 1 and partial of Level 4, Zone A and Level 4, Zone B No. 36 Mian Fang West Road Zhongyuan District, Zhengzhou City Henan Province, the PRC	Shopping mall	22 June 2021 – 21 June 2036
Basement 1, Level 1-5, Zone C No. 40 Mian Fang West Road Zhongyuan District, Zhengzhou City Henan Province, the PRC	Shopping mall	18 June 2021 – 17 June 2036
Phase I (Batches 1 & 2) of Jin Yi Zhi Yun Cheng East of Renhe Road, South of Laodong Street West of Xingye Road, North of Huayuan Street Quliang Town, Xinmi City, Zhengzhou City Henan Province, the PRC	Industrial park	21 March 2024 – 20 March 2027
Phase II (Batch 1) of Jin Yi Zhi Yun Cheng East of Renhe Road, South of Laodong Street West of Xingye Road, North of Huayuan Street Quliang Town, Xinmi City, Zhengzhou City Henan Province, the PRC	Industrial park	23 July 2024 – 22 July 2027
Portion of Phase II (Batches 1 & 2) of Jin Yi Zhi Yun Cheng East of Renhe Road, South of Laodong Street West of Xingye Road, North of Huayuan Street Quliang Town, Xinmi City, Zhengzhou City Henan Province, the PRC	Industrial park	8 May 2024 – 7 May 2039

Note: The lease term of the above leased investment properties is medium, i.e. less than 50 years but not less than 10 years.