

DEVGREAT GROUP LIMITED

大方廣瑞德集團有限公司

(incorporated in Bermuda with limited liability)

Stock Code : 00755

2025 ANNUAL REPORT

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BOARD AND COMMITTEES

BOARD

Executive Directors

Ms. Li Zhen (*Chairman & Chief Executive Officer*)
Mr. Long Tianyu
Mr. Pi Minjie
Mr. Huang Yuhui (Resigned on 25 June 2025)
Mr. Wang Letian (Retired on 27 June 2025)

Non-executive Directors

Mr. Zou Yang
Ms. Wang Zheng (Retired on 27 June 2025)
Mr. Guo Haomiao (Retired on 27 June 2025)

Independent non-executive Directors

Dr. Guan Huanfei
Mr. Cao Hailiang
Dr. Lin Xinzhu
Mr. Wang Yuzhou

COMMITTEES

Audit Committee

Mr. Wang Yuzhou (*Chairman*)
Dr. Guan Huanfei
Mr. Cao Hailiang
Dr. Lin Xinzhu

Remuneration Committee

Mr. Cao Hailiang (*Chairman*)
Ms. Li Zhen
Mr. Wang Yuzhou
Dr. Lin Xinzhu
Mr. Wang Letian (Retired on 27 June 2025)

Nomination Committee

Ms. Li Zhen (*Chairman, appointed on 18 July 2025*)
Dr. Guan Huanfei
Mr. Cao Hailiang
Dr. Lin Xinzhu
Mr. Huang Yuhui (Resigned on 25 June 2025)
Mr. Wang Letian (Retired on 27 June 2025)

CORPORATE INFORMATION

PRINCIPAL BANKERS

Bank of Communication
Industrial and Commercial Bank of China
Hua Xia Bank
Shanghai Pudong Development Bank

SOLICITORS

Stevenson, Wong & Co.
Units 1801-08 & 1810, 18/F,
Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

REGISTERED OFFICE

Clarendon House,
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 1602A, 16/F.,
Kenbo Commercial Building,
335 Queen's Road West,
Hong Kong

AUTHORISED REPRESENTATIVES

Ms. Li Zhen (*appointed on 2 July 2025*)
Mr. Lau Yin Fung Terence

AUDITOR

PKF Hong Kong Limited

COMPANY SECRETARY

Mr. Lau Yin Fung Terence

COMPANY WEBSITE

<http://www.devgreatgroup.com/>

STOCK CODE

755

CHAIRMAN'S STATEMENT

FINANCIAL RESULTS

The Board of Directors of DevGreat Group Limited (the “**Company**” or “**DevGreat**”) hereby presents the annual results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2025 (the “**Reporting Period**”, the “**Year**” or the “**Year under Review**”).

During the Year under Review, the Group recorded a revenue of approximately HK\$183,040,000, representing a decrease of HK\$78,339,000 as compared with a revenue (including that from continuing operations and a discontinued operation) of approximately HK\$261,379,000 for the year ended 31 December 2024. The revenue of the Group for the Reporting Period was mainly attributed to property services, property rental and operation management and sales of properties.

During the Year Under Review, loss attributable to shareholders of the Company (the “**Shareholders**”) was approximately HK\$78,069,000, representing a decrease of approximately 90% as compared with the loss (including that from continuing operations and a discontinued operation) attributable to Shareholders of approximately HK\$803,155,000 for the year ended 31 December 2024. Basic loss per share of the Company (the “**Share**”) was HK\$0.46 (basic loss per Share (including that from continuing operations and a discontinued operation) for 2024: HK\$5.40), as adjusted for the share consolidation effective on 11 March 2025. During the Year under Review, the Group recorded a reduction of loss attributable to Shareholders, mainly attributable to the significant decrease in recognizing (i) valuation impairment of investment properties; and (ii) provision for financial guarantees as compared with last year.

BUSINESS REVIEW

DevGreat developed a domestic business presence with Shanghai as the centre and the Yangtze River Delta as the core sector by relying on its complete construction, operation and management capabilities and the independent teams responsible for planning and development, investment promotion programming, operation and property management.

In review of the operating environment for core businesses in 2025: the overall demand for retail space leasing remained weak in the commercial real estate sector, and rental rates continued to decline. However, as the effects of policies aimed at boosting consumption gradually took hold, the rate of rental decline narrowed. The office leasing market also saw subdued demand, with rents continuing to adjust. In the property management sector, as the real estate sector entered a period of deep adjustment, the property management industry exhibited clear transformation trends. Industry-wide prices generally stabilized, while the growth rate of management scale continued to slow down.

CHAIRMAN'S STATEMENT

The Group insisted on strengthening capital and cost management, further optimized its capital structure, and actively negotiated with stakeholders in respect of key debt risks. The Group continued to enhance the operation and management of high-quality assets to improve the profitability of its projects. Thanks to these measures, the Group achieved stable cash flow and sound operation and development of its various businesses. The Group continued to focus on the development of its three business segments, namely property development services, property rental and operation management, and made clear the direction of the operation of its core assets by taking commercial space rental and property management as the key businesses at the current stage. The Group kept integrating its high-quality resources at the Group level, and clarified the renovation and upgrading plans and long-term operation strategies tailored to the needs of the local community based on the characteristics of each commercial project itself. The Group focused on improving the refined property management and stabilizing the profitability of its core projects so as to create a sound profit centre to serve the Group's development. Although the Group still took a prudent approach towards the property development business, it still closely monitored market development and put emphasis on the progress of projects under planning. At the same time, the Group further sharpened its core competitiveness in terms of new segments involving property development management and commercial management, and proactively monitored new market opportunities so as to develop new driving force for the profit growth. The Group continues to enhance its competitiveness in property development management and commercial management services. It actively explores market opportunities for new projects, focuses on upgrading and revitalizing existing projects through collaborative partnerships, and accumulates momentum for expansion into new business areas, fostering new growth drivers for the Group's profitability.

DEVELOPMENT DETAILS OF EACH BUSINESS SEGMENT ARE SET OUT BELOW:

Operations of Commercial Properties

The Group continued to strengthen its business management capabilities for enhancing its business brand value. The Group actively adjusted its business layout plan, and strengthened investment attraction and project promotion, which ensured the vitality and popularity of project operations.

During the Year, the operating revenue from commercial property in total amounted to approximately RMB24,365,000 (equivalent to approximately HK\$26,426,000). Approximately 68% of the commercial space was leased on average. Details of the operation of each commercial property project during the year ended 31 December 2025 are as follows:

Commercial project name	City	Interest attributable to the Group	Leasable area (square metres)	Occupancy rate during the Year	Revenue during the Year	
					(RMB'000)	(HK\$'000)
Shanghai "Zendai Thumb Plaza"	Shanghai	100%	1,386	100%	16,963	18,398
Zendai Nantong Yicheng Thumb Plaza	Nantong	100%	37,399	67%	7,402	8,028
Total			38,785	68%	24,365	26,426

CHAIRMAN'S STATEMENT

Property Management Service

In terms of property management service, the Group's service philosophy is "keep pace with the times, serve the best, focus on quality, and create impressions". The projects under management cover a wide range of properties such as high-end business plazas, grade-A office buildings, high-end residences and urban complexes. During the Year under Review, DevGreat managed more than 9 property management projects with a total area of over 1 million square metres.

During the Year under Review, the total area under management of the Group was 1,043,614 square metres, with operating revenue of RMB62,818,000 (equivalent to approximately HK\$68,132,000).

	Floor area (Square metres)	Revenue during the Year	
		(RMB'000)	(HK\$'000)
Shanghai Headquarters and others	80,539	9,833	10,664
Kunshan Branch	107,625	3,201	3,472
Nanjing Branch	647,008	30,618	33,208
Qingdao Branch	63,298	3,069	3,329
Qingpu Branch	86,774	5,231	5,674
Huamu Branch	58,370	10,866	11,785
Total	1,043,614	62,818	68,132

Property Development Projects

Affected by the macroeconomic environment and the Group's own capital structure, the property development business is being adjusted and optimized. Given that the market was on a sustained downward trajectory following a short recovery attributable to the end of COVID-19 and economic policy adjustments, the Group further adjusted its business plan to respond to the market situation and the national policies. The Group's major projects to be developed are as follows:

Zendai Nantong Yicheng Thumb Plaza

Zendai Nantong Yicheng Thumb Plaza has a total site area of 281,912 square metres. Due to its prime location, the project has been included in the "Key Cultural Industry Projects in Nantong City" and "Key Development Projects in Chongchuan District". The project occupies a total gross floor area of approximately 279,076 square metres (including car-parking space and ancillary facilities of 77,143 square metres). The project will be completed in three phases. The Company will initiate the subsequent development of the project based on market conditions.

CHAIRMAN'S STATEMENT

PROSPECTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS

In 2026, as the government set a clear goal of “taking stronger measures to stabilize and revive the real estate market,” the sector is expected to remain on a recovery track supported by comprehensive policies. In the commercial real estate sector, given the uncertainty over whether the recovery in consumer demand can be sustained, the industry is expected to face continued challenges in the latter half of the year. However, operating performance is likely to stabilize, with fluctuations remaining within a controllable range. Office rents are still expected to face significant downward pressure. In the property management sector, companies are anticipated to accelerate their transformation toward “qualitative improvement,” focusing on service value enhancement. Efforts will center on premium assets and core projects, improving service quality and management efficiency to boost profitability.

The Group has already entered into a new stage characterized by asset-light development, with operation and management services as its core business. By continuing to promote the “Two Assurances”, namely transformation empowered by the management team and the upgrading and improvement of the management mechanism, the Group will proactively summarize its experience in commercial management and property development and extend its operational expertise to external parties, aiming to strengthen the core competitiveness of the new segments which are characterized by the Group’s unique features and effective profit-making capability. The Group will launch new brands across various business segments and cultivate stable profit-contributing centres by revamping key projects and expanding new projects. At the same time, the Group will continue to improve its capital structure with a view to achieving long-term stable development.

The Group will continue to enhance its commercialization capabilities under new consumption and new scenarios under the guidance of national policies and new market situations, and strive to explore new opportunities for the next stage of development, so as to continue to contribute positively to the service of urban construction and social development.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATION

Although the Group continued to record a loss before income tax during the Reporting Period, there was a significant improvement compared to last year, mainly due to a substantial decrease in recognition of valuation impairment of investment properties, provision of financial guarantees and finance costs.

Regarding revenue, as the property development services business is currently undergoing adjustment, property services, property rental and operation management business segments were the main sources of income.

LIQUIDITY, FINANCIAL RESOURCES, CAPITAL STRUCTURE AND GEARING

As at 31 December 2025, the Group had a financial position with net assets value of approximately HK\$367 million (As at 31 December 2024: approximately HK\$397 million). Net current assets amounted to approximately HK\$10 million (As at 31 December 2024: Net current liabilities amounted to approximately HK\$20 million) with current ratio increasing from approximately 0.94 times as at 31 December 2024 to approximately 1.07 times as at 31 December 2025. The capital structure of the Group consists of borrowings (including current and non-current borrowings), net of cash and bank balances, and equity attributable to owners of the Company. The Group adopted prudent financial policy and closely monitored its cash flow. As at 31 December 2025, the Group had consolidated borrowings of approximately HK\$220 million, of which HK\$nil was repayable within one year. As at 31 December 2025, borrowings of the amount of HK\$220 million (As at 31 December 2024: HK\$211 million) bear interest at fixed interest rates 10.95% per annum (As at 31 December 2024: 10.95% per annum). As at 31 December 2025, the Group's cash and bank balances were approximately HK\$84 million (As at 31 December 2024: HK\$58 million). The gearing ratio of the Group decreased from 0.47 times as at 31 December 2024 to approximately 0.44 times as at 31 December 2025 (basis: net debt, which is defined as total amounts of borrowings, amounts due to minority owners of subsidiaries and lease liabilities less cash and cash equivalents, divided by equity attributable to owners of the Company).

SEGMENT INFORMATION

Properties rental, management and agency services

The turnover of this segment for the Period under Review was approximately HK\$114,043,000 (2024: HK\$202,976,000), the decrease of which was mainly due to the withdrawal of several properties rental and property management projects after the completion of the very substantial disposal transaction of the Group in 2024 (the "**2024 Disposal**").

Sales of properties

The turnover of this segment for the Period under Review was approximately HK\$68,997,000 (2024: HK\$1,675,000). The increase was primarily due to the recognition of sales revenue of commercial properties in Nantong Yicheng Thumb Plaza which met the conditions for sale and were promoted during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN CURRENCY AND INTEREST RATES EXPOSURES AND HEDGING

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Group's cash and cash equivalents are also exposed to such foreign currency risk. Cash and cash equivalents held by the Group as at 31 December 2025 were mainly denominated in RMB and HK\$. Bank borrowings of the Group as at 31 December 2025 were mainly denominated in RMB. The Group currently does not use any financial instruments to hedge against its exposure to currency risk. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate.

The Group's fair value interest rate risk relates primarily to its fixed rate borrowings, amounts due from and due to former subsidiaries and bank deposits. The Group currently does not utilize any financial instruments to hedge its exposure to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

EMPLOYEES

As at 31 December 2025, the Group employed approximately 294 employees (31 December 2024: 332 employees) in Hong Kong and the PRC. They were remunerated with basic salary and bonuses according to the nature of the job and market conditions. Other staff benefits include a mandatory provident fund scheme, local municipal government retirement scheme, training scheme, insurance and medical insurance.

MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were no material acquisitions and disposals of subsidiaries, associates and joint ventures by the Group during the Year under Review.

PROVISION AND CONTINGENT LIABILITIES

As at 31 December 2025, the Group provided guarantees to the extent of approximately HK\$1,119,000 (31 December 2024: HK\$3,801,000) to banks in respect of mortgage loans provided by the banks to customers for the purchase of the developed properties of the Group, net of mortgages received and included in receipts in advance from customers. These guarantees provided by the Group to the banks would be released upon receiving the property title certificate of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

In the opinion of the Directors, the credit risk exposure of these guarantee contracts is insignificant at initial recognition and at the end of the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

PLEDGE OF ASSETS

As at 31 December 2025, no assets or equity interests of the subsidiaries of the Group were pledged to secure borrowings.

CHANGES IN EQUITY

The special resolution regarding the proposal to implement a capital reorganization (which involved share consolidation and capital reduction) had been passed by the Shareholders of the Company at the special general meeting held on 7 March 2025. For details, please refer to the announcements of the Company dated 29 November 2024, 3 December 2024, 12 February 2025 and 7 March 2025 and the circular of the Company dated 14 February 2025. The capital reorganization took effect on 11 March 2025. Consequently, the number of ordinary shares in issue decreased from 14,879,351,515 to 148,793,515 and the credit arising from the capital reduction in the amount of approximately HK\$294,611,160 was transferred to the contributed surplus account of the Company.

On 2 December 2024, the Company entered into a share subscription agreement to issue 29,758,703 new shares at the subscription price of HK\$1.3 each to the subscriber, a company incorporated in the British Virgin Islands and is owned as to 70% by Ms. Li Zhen, the Chairman and Chief Executive Officer of the Company, and 10% each by Mr. Pi Minjie, an executive director of the Company, Mr. Song Yi and Mr. Hong Bin respectively. All the new shares rank pari passu in all respects among themselves and all other existing shares of the Company. These new shares were issued under the special mandate on 31 March 2025 and the subscription proceeds of HK\$38,686,000 were duly received.

MATERIAL EVENTS SINCE THE END OF THE FINANCIAL PERIOD

There were no material events subsequent to the Year under Review which would materially affect the Group's operating and financial performance as at the date of this report.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

A. EXECUTIVE DIRECTORS

Ms. Li Zhen (“Ms. Li”), aged 41, has been an executive Director of the Company and a member of the remuneration committee of the Board since 11 January 2021, Ms. Li also appointed as the chief executive officer of the Company since 1 December 2024 and then appointed as a chairman of the Board and a member and the chairman of the nomination committee of the Board since 18 July 2025. Ms. Li graduated from Tsinghua University in 2010 with a Master of Law degree.

Ms Li remains a director and shareholder of Innumerable Fortune Limited (“**Innumerable Fortune**”), and Innumerable Fortune was interested in 29,758,703 shares of the Company, representing approximately 16.67% of the issued share capital of the Company as at the latest practicable date prior to the issue of this annual report. Ms. Li has been a director of Guangdong Jingyi Metal Co., Limited, a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 002295.SZ) from November 2021 to December 2025. From July 2010 to January 2012, Ms. Li served as a business manager of the investment banking department of Ping An Securities Company Ltd.; from January 2012 to May 2014, she served as a senior business director of the investment banking department of Hua Lin Securities Co., Ltd.* (華林證券有限責任公司); and from June 2014 to December 2018, she successively served as a vice president and a senior vice president of the investment banking department of CSC Financial Co., Ltd., a company whose shares are listed on the main board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (stock code: 6066.HK); and from October 2018 to November 2021, she served as vice president of Nantong Sanjian Holdings Co., Ltd.* (南通三建控股有限公司) (“**Nantong Sanjian**”), meanwhile, she served as a director of Nantong Sanjian from April 2019 to November 2021.

Mr. Long Tianyu (“Mr. Long”), aged 41, has been an executive Director of the Company since 16 June 2023. Mr. Long graduated from the Southwestern University of Finance and Economics of the PRC in 2007 with a bachelor’s degree in business administration. Mr. Long obtained the Chartered Financial Analyst certification in 2013.

Mr. Long joined China Orient Asset Management (International) Holding Limited since February 2022 and currently serves as the head and executive director of its special investment opportunities department (Division III). Mr. Long served as the head of the business department and the executive general manager of Dong Yin Development (Holdings) Limited (“**Dong Yin Development (Holdings)**”) from January 2019 to January 2022, the head of the investment department of Dong Yin Development (Holdings) from July 2014 to December 2018, the project manager of the investment business department of Dongyin Industrial (Shenzhen) Co. Ltd.* (東銀實業(深圳)有限公司) from March 2012 to June 2014 and a staff member of the Chongqing Liangjiang New Area Branch of the Agricultural Bank of China (the shares of which are listed on the Stock Exchange, stock code: 1288.HK) from July 2007 to September 2011.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Pi Minjie (“Mr. Pi”), aged 36, has been an executive Director of the Company since 1 December 2024. Mr. Pi graduated from Peking University in 2012 with a Bachelor of Engineering degree. Mr. Pi graduated from Shanghai Advanced Institute of Finance of Shanghai Jiao Tong University in 2021 with a Master of Business Administration degree.

Mr. Pi remains a director and shareholder of Innumerable Fortune, and Innumerable Fortune was interested in 29,758,703 shares of the Company, representing approximately 16.67% of the issued share capital of the Company as at the latest practicable date prior to the issue of this annual report. Mr. Pi joined the Company since January 2021, and successively served as the director of Securities Affairs Department and Vice President of the Company. Mr. Pi successively served as Assistant to the Chairman and Assistant to the General Manager of Financial Affairs Department etc. of Sansheng Hongye Investment (Group) Co., Ltd. from July 2015 to August 2018. Mr. Pi successively served as Vice General Manager and Executive Director and other duties of Zhongchang International Holdings Group Limited, a company whose shares are listed on the main board of the Stock Exchange (stock code: 00859.HK) from August 2018 to November 2020.

B. NON-EXECUTIVE DIRECTORS

Mr. Zou Yang (“Mr. Zou”), aged 38, has been a non-executive director of the Company since 24 August 2023. Mr. Zou graduated from Renmin University of China in 2014 with a master’s degree in management.

Mr. Zou joined Fosun Group in March 2021 and currently holds the positions of Fosun Global Partner, Executive President of Forte Industry Development Group and Executive President of FoYo Properties. He is responsible for the business promotion and implementation of major projects in the group, as well as overseeing the investment line.

Prior to joining the Fosun Group, Mr. Zou was a vice president and senior partner of China Fortune Land Development Co., Ltd. (whose shares are listed on the Shanghai Stock Exchange, stock code: 600340.SH) from 2014 to 2021, and worked at China CYTS Tours Holding Co., Ltd. (whose shares are listed on the Shanghai Stock Exchange, stock code: 600138.SH) from 2009 to 2012, engaging in marketing, strategic investment and channel development, and was the youngest grassroots manager. Mr. Zou has many years of management experience in traditional real estate, industrial real estate and other fields.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

C. INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Guan Huanfei (“Dr. Guan”), aged 68, has been an independent non-executive Director of the Company, and members of the nomination committee and the audit committee of the Board since 11 January 2021. Dr. Guan obtained a Doctoral degree in Economics from Wuhan University in 2000 and was a postdoctoral researcher in Theoretical Economics with Fudan University from 2000 to 2002. Dr. Guan has been a part-time researcher of the Insurance Research Centre of Fudan University since 2004. He has been a part-time lecturer of professional degree of Fudan University since 2013. Dr. Guan has been a visiting professor of Jilin University of Finance and Economics since August 2018, and was appointed as the honorary chairman of Shenzhen Research Association of Corporate Governance in November 2020, and he was appointed as external supervisor of post graduate of University of International Business and Economics since September 2022. Dr. Guan had been an economic and technical consultant of the People’s Government of Jilin Province for several years.

Dr. Guan has extensive experience in finance and insurance industry in Hong Kong and China. He held various senior managerial positions in the People’s Insurance Company of China (Jilin Branch), the business department of Hong Kong and Macao Regional Office of China Insurance Group, China Taiping Insurance (HK) Company Limited and China Pacific Insurance Co., (H.K.) Limited. He also held offices at the Bank of Communications, including the deputy chairman of the risk asset management committee, the deputy chairman of credit asset management committee, the chairman of loan verification committee, the deputy general manager of the Bank of Communications Hong Kong Branch, a director of Bank of Communications Trustee Limited, the chairman and chief executive officer of China BOCOM Insurance Company Limited and an executive director and general manager of BoCommLife Insurance Company Limited.

Dr. Guan is currently an independent non-executive director of each of China Nonferrous Mining Corporation Limited (stock code: 1258.HK), Shandong Hi-Speed Holdings Group Limited (previously known as China Shandong Hi-Speed Financial Group Limited) (stock code: 412.HK), Huarong International Financial Holdings Limited (stock code: 993.HK), Sunwah Kingsway Capital Holdings Limited (stock code: 188.HK), Guangdong – Hong Kong Greater Bay Area Holdings Limited (stock code: 1396.HK), all of which are companies listed on the Main Board of the Stock Exchange.

From June 2022 to January 2026, Dr. Guan served as an independent non-executive director of Guangdong – Hong Kong Greater Bay Area Holdings Limited (stock code: 1396.HK) which is a company listed on the Main Board of the Stock Exchange.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Cao Hailiang (“Mr. Cao”), aged 53, has been an independent non-executive Director of the Company, and members of the nomination committee, the remuneration committee and the audit committee of the Board since 11 January 2021, and then appointed as the chairman of remuneration committee of the Board since 26 March 2024. Mr. Cao graduated from Jiangsu University in China with a bachelor’s degree.

Mr. Cao founded Beijing Yuanbo Shiye Enterprise Management Consulting Company* (北京遠博仕業企業管理顧問公司) in 1999, and has been the chairman and chief consultant since then. Mr. Cao has been a visiting professor at Peking University HSBC Business School and School of Economics and Management, Peking University since 2000 and a visiting professor at School of Continuing Education, Tsinghua University since 2001. He is also a visiting professor at Wuhan University, Xiamen University, Tongji University and Sun Yat-sen University. Mr. Cao also served as the executive director of the Industrial Park (Real Estate) Research Centre of Research Institute of Machinery Industry Economic & Management* (機械工業經濟管理研究院產業園區(地產)研究中心) of China from 2018 to 2020.

Dr. Lin Xinzhu (“Dr. Lin”), aged 46, has been an independent non-executive Director of the Company, and a member of the audit committee of the Board since 11 January 2021 and then appointed as a member of nomination committee and remuneration committee of the Board since 26 March 2024. Dr. Lin graduated from Beijing University of Chemical Technology with a bachelor’s degree in polymer materials and engineering in 2002, from Cass Business School of City, University of London, U.K. with a master’s degree in investment management in 2004, and from Tsinghua University with a PhD degree in management in 2009.

Dr. Lin served as a manager of the corporate management department of Harvest Fund Management Co., Ltd. from December 2003 to May 2005; a PhD intern of Global Manufacturing Services (GMS) of World Bank International Finance Corporation (IFC) from January 2007 to December 2007; product head of business development department of BNY Mellon Asset Management Company* (紐銀梅隆資產管理公司) from May 2009 to November 2012; an associate director of product development department of MANULIFE TEDA Fund from November 2012 to May 2014; an associate director of planning and development department of Morgan Stanley Huaxin Fund Management Co., Ltd. from May 2014 to May 2016 and a product director of preparatory group of Minsheng Fund Management Co., Ltd. (民生基金管理有限公司) from June 2016 to October 2017. Dr. Lin also served as a director of product development of Haitong International Asset Management (HK) Limited from April 2018 to December 2019.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Wang Yuzhou (“Mr. Wang”), aged 46, has been an independent non-executive Director of the Company, a member and the chairman of the audit committee of the Board and a member of the remuneration committee of the Board since 30 September 2021. He obtained a bachelor degree in economics from Fudan University in 2003. Mr. Wang has been a member of (i) The Chinese Institute of Certified Public Accountants since December 2012; (ii) The Association of Chartered Certified Accountants since May 2013; (iii) The China Certified Tax Agents Association since April 2015; and (iv) The Chinese Institute of Certified Public Accountants since December 2019 (non-practicing member). He also (i) obtained the qualification of registered tax agent issued by the State Administration of Taxation of the People’s Republic of China in June 2014; and (ii) was awarded the professional designation of certified internal auditor by The Institute of Internal Auditors since November 2013.

Mr. Wang was an audit manager in the Shanghai office of Deloitte Touche Tohmatsu Limited from 2005 to 2010. He then joined China Zenix Auto International Limited (the shares of which are listed on the New York stock exchange, stock code: ZX.US) as a vice president of the finance department until 2014. He was then a vice president of Sanpower Group Co., Limited, a multinational conglomerate headquartered in China, and a director and chairman of the audit committee of Natali Seculife Holdings Ltd from 2014 to 2018. Mr. Wang has been a vice president of the international finance department of Nanjing Xinjiekou Department Store Co., Limited (the shares of which are listed on the Shanghai stock exchange, stock code: 600682.SH) and a director and chairman of the audit committee of Dendreon Pharmaceuticals LLC since 2019.

D. COMPANY SECRETARY

Mr. Lau Yin Fung Terence (“Mr. Lau”), aged 45, has been appointed as the company secretary of the Company with effect from 1 May 2021. He is a practising solicitor in Hong Kong working at Stevenson, Wong & Co., a legal adviser to the Company as to Hong Kong laws, in the field of commercial and corporate finance. Mr. Lau graduated from King’s College London with a Bachelor of Laws.

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their annual report together with the audited financial statements for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The principal activity of the Company continues to be investment holding. The principal activities of its subsidiaries are principally engaging in property development business, property investments, property management and agency services.

BUSINESS REVIEW

A review of the business of the Group during the year ended 31 December 2025, an analysis of the Group's performance during the year using financial key performance indicators, a discussion on the Group's future business development, a description of the principal risks and uncertainties that the Group may be facing and the particulars of important events affecting the Group that have occurred since the end of the financial year are contained in the sections (which form part of this report) headed "Chairman's Statement" and "Management Discussion and Analysis" in this annual report.

The Company's environmental policies and performances, a discussion on the Company's compliance with the relevant laws and regulations that have a significant impact on the Group and the Company's relationship with its employees, customers and suppliers are covered by a separate "Environmental, Social and Governance Report" which will be available on the Group's website under "Investor Relations" section and the website of the Stock Exchange no later than 4 months after the financial year ended 31 December 2025 and form part of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2025 and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 46 to 145. The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2025.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 146.

SHARE CAPITAL

Details of movement in the share capital of the Company during the year 2025 are set out in note 27(a) to the consolidated financial statements.

RESERVES

Details of the movements in reserves of the Group and the Company during the year 2025 are set out in the consolidated statement of changes in equity and note 36 to the consolidated financial statements respectively.

REPORT OF THE DIRECTORS

SUBSIDIARIES

Particulars of the Group's principal subsidiaries are set out in note 17 to the consolidated financial statements.

CHARITABLE DONATION

No charitable donation was contributed by the Group for the year ended 31 December 2025.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company does not have reserves available for distribution to the Shareholders as at 31 December 2025.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Group during the year 2025 are set out in notes 15 and 16 to the consolidated financial statements respectively.

PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD-FOR-SALE

Details of properties under development and for sales of the Group for the year ended 31 December 2025 are set out in note 18 to the consolidated financial statements.

USE OF PROCEED

On 31 March 2025, the Company completed the subscription of 29,758,703 new shares under a specific mandate, raising net proceeds of approximately HK\$37 million. The subscription formed part of the Company's strategy to enhance its capital structure, strengthen its financial position, and support the long-term development of the Group. As at the date of this report, the Company has applied approximately HK\$19 million from the net proceeds for the settlement of principal and interest owed to Power Rider Enterprises Corp. The remaining balance of the net proceeds is intended to be used for the enhancement and development of the Group's existing businesses, including but not limited to strengthening working capital, supporting operational needs, and pursuing suitable opportunities to generate sustainable growth.

TAX RELIEF AND EXEMPTION

The Company is not aware that holders of securities of the Company are entitled to any tax relief or exemption by reason of their holding of such securities.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors during the year 2025 and up to the date of this report were as follows:

Executive Directors

Ms. Li Zhen (*Chairman & Chief Executive Officer*)

Mr. Long Tianyu

Mr. Pi Minjie

Mr. Huang Yuhui (Resigned on 25 June 2025)

Mr. Wang Letian (Retired on 27 June 2025)

Non-executive Directors

Mr. Zou Yang

Ms. Wang Zheng (Retired on 27 June 2025)

Mr. Guo Haomiao (Retired on 27 June 2025)

Independent non-executive Directors

Dr. Guan Huanfei

Mr. Cao Hailiang

Dr. Lin Xinzhu

Mr. Wang Yuzhou

REPORT OF THE DIRECTORS

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES OR DEBENTURES

As at 31 December 2025, the interests and short positions of the Directors and chief executive in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), are set out below:

Name of Director/ Chief Executive	Number of Shares/ Underlying Shares	Capacity and nature of interests	Approximate percentage of issued share capital as at 31 December 2025
Ms. Li Zhen (Note 1)	29,758,703 (L)	Interest in controlled corporation	16.67% (Note 2)

(L) denotes long position

Notes:

- On 2 December 2024, Innumerable Fortune and the Company entered into a subscription agreement, pursuant to which, Innumerable Fortune has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue 29,758,703 new Shares in the Company to Innumerable Fortune (the "Subscription"). Innumerable Fortune is owned as to 70% by Ms. Li Zhen, the executive Director and chief executive officer of the Company, hence she is deemed to be interested in the shares which Innumerable Fortune is interested in. The Subscription was completed on 31 March 2025.
- Upon the capital reorganisation becoming effective on 11 March 2025 and the completion of the Subscription on 31 March 2025, the 29,758,703 subscription Shares represent approximately 16.67% of the total number of issued new Shares as enlarged by the allotment and issue of the subscription Shares.

Save as disclosed above, none of the Directors had any interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as at 31 December 2025.

SHARE SCHEME

The Company adopted a share option scheme on 26 June 2012 which was valid for a period of 10 years and had expired on 25 June 2022 (the "Scheme"), for the primary purpose of providing incentives to directors and eligible persons. As at 31 December 2025, no share option had been granted or awarded or agreed to be granted or awarded to any person under the Scheme. Since the expiry of the Scheme, the Company has not adopted any new share scheme.

REPORT OF THE DIRECTORS

CHANGES OF INFORMATION IN RESPECT OF DIRECTORS OR CHIEF EXECUTIVE

There was no change to any of the information required to be disclosed in relation to any Director or chief executive pursuant to paragraphs (a) to (e) and (g) of rule 13.51(2) of the Listing Rules since the date of the 2025 interim report of the Company.

DIRECTORS' SERVICE CONTRACTS AND EMOLUMENTS

No Director retiring and eligible for re-election at the forthcoming annual general meeting has entered into a service contract with the Company which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

Directors' emoluments are determined by mutual agreement and prevailing market practice as well as their contribution to the Group.

DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

Details of the Directors' and senior management's emoluments are set out in notes 37 and 31(a) to the consolidated financial statements. The Group's general policy on remuneration is to maintain fair and competitive packages based on industry practice and market conditions. The following factors are considered when determining the remuneration packages of executive Directors:

- Business needs;
- The Group's results and performance;
- Appraisal of individual contributions to results of the Group;
- Changes in market conditions such as demand and supply.

PERMITTED INDEMNITY AND DIRECTORS' LIABILITY INSURANCE

Pursuant to the bye-laws of the Company (the "Bye-laws") and subject to the provisions of the Companies Act 1981 of Bermuda, the Directors, company secretary and other officers and every auditor of the Company shall, among other things, be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts, provided that this indemnity shall not extend to any matter in respect of any wilful negligence, wilful default, fraud, or dishonesty which may attach to any of said persons.

The Company has arranged for appropriate insurance cover in respect of possible legal actions against its Directors and officers. The scope of coverage of the insurance is subject to review annually.

REPORT OF THE DIRECTORS

MANAGEMENT CONTRACT

No contracts, other than employment contracts, 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 2025.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year 2025 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 the acquisition of shares in, or debentures of, the Company or any other body corporate and neither the Directors nor the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

DIRECTORS' AND CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than the related party transactions set out in note 31 to the consolidated financial statements, or the connected transactions described in this report, no contracts of significance to which the Company, its holding company or any of its subsidiaries, was a party and in which a Director or an entity connected with a director had a material interest or to which a controlling shareholder of the Company or any of its subsidiaries is a party, whether directly or indirectly, subsisted at the end of the year 2025 or any time during the year 2025.

CONNECTED, CONTINUING CONNECTED AND RELATED PARTY TRANSACTIONS

With regards to the related party transactions entered into by the Group during the year 2025 as disclosed under note 31 of the Notes to the Consolidated Financial Statements in this report, save for the transactions of Amounts due from Former Subsidiaries and The Framework Agreement, details of which have been disclosed under below, no other related party transactions constitute connected transaction or continuing connected transaction of the Group under Chapter 14A of the Listing Rules and need to be disclosed in accordance with the requirements of Chapter 14A of the Listing Rules.

The Company further confirms that it has complied with the disclosure requirements in Chapter 14A of the Listing Rules.

REPORT OF THE DIRECTORS

Connected Transactions

Provision of Financial Assistance

Amount due from Former Subsidiaries

At the end of December 2022, the Group completed the disposal of the entire equity interest in Myway Developments Limited, a wholly-owned subsidiary of the Company and its subsidiaries (collectively the “**Former Subsidiaries**”) to Power Rider Enterprises Corp., (“**Power Rider**”), an associated company of a substantial Shareholder (the “**Myway Disposal**”).

Pursuant to the arrangement of Myway Disposal entered into between the Company and Power Rider, the balance owed by the Former Subsidiaries to the Group and the balance owed by the Group to the Former Subsidiaries shall bear interest with effect from the date of Completion at the rate of 11.9% per annum and shall be repayable in full on or before 31 December 2024. The interest rate was determined with reference to the weighted average of the interest rates currently charged by China Orient Asset Management (International) Holding Limited and its subsidiaries on the outstanding loans owed by the Former Subsidiaries. In the event that the outstanding balances owed by the Former Subsidiaries and the Group have not been repaid in full as at 31 December 2024, the Group has the right to extend the maturity dates of the outstanding balances by the Former Subsidiaries and the Group by not more than three years. These Outstanding Balances have been extended to 31 December 2027.

The management of the Company advised that the amounts due from Former Subsidiaries (“**Financial Assistance**”) arose from the transactions between the Group and the Former Subsidiaries in their normal operations such as payment of dividends, purchase and sale of assets and borrowing and lending. As the outstanding balances involve many different business entities of the Group and each of the Former Subsidiaries may have its own tax, operational and cashflow concerns for the repayment, it is impracticable for the relevant parties to settle all the outstanding balances. In addition, full settlement of the outstanding balances substantially increase the cash outflow of the Power Rider for the Myway Disposal and opt-out of the transaction completely if it has to settle the outstanding balances before completion.

In addition, being the project manager of relevant projects of the Former Subsidiaries, the Group shall have veto rights in approving the disposal of or creation of charges and mortgages on material assets, and the right to manage the cash flow of the Former Subsidiaries relevant projects. Therefore, the management of the Company shall have a thorough understanding on the financial position of the Former Subsidiaries and can effectively monitor the progress of repayment of the outstanding balances. Furthermore, the pre-requisites of full repayment of the amount due from the Former Subsidiaries for the settlement of the amount due the Former Subsidiaries would further mitigate the credit risk of the amounts due from Former Subsidiaries.

Based on the above, the Financial Assistance to the Former Subsidiaries is in the interests of the Company and its Shareholders as a whole although it is not conducted in the ordinary and usual course of business of the Company and considers that the credit risk of the amounts due from Former Subsidiaries is commercially acceptable.

REPORT OF THE DIRECTORS

Continuing Connected Transactions

The Framework Agreement

On 7 June 2022, the Company and Power Rider entered into the Framework Agreement (“**Framework Agreement**”) in relation to the provision of property construction and management services for a term commencing from 27 December 2022 to 31 December 2024. On 29 November 2024, the Company further entered into of the Renewed Management Agreement (“**Renewed Management Agreement**”) for an additional three years up to 31 December 2027. The Framework Agreement and the transactions contemplated thereunder have been approved by the independent Shareholders at the special general meeting held on 7 March 2025.

The scope of services to be provided by the Group to the Former Subsidiaries includes, among other things, the management of financial affairs, planning and design, procurement, construction, sales and marketing, completion and delivery, customer services and maintenance, human resources, administration and operation of commercial investment property. For property development projects, the service fees to be charged by the Group shall be 3% of the proceeds from the sale of units of the Former Subsidiaries relevant projects (the “**Relevant Projects**”), plus an additional 2% as incentive subject to performance appraisal such as achievement of sales target, and shall be settled on a quarterly basis. For commercial investment properties, the service fees to be charged by the Group shall be 10% of the total operating income generated from the Relevant Projects and shall be settled on a quarterly basis.

The annual caps for the property management services for the year ended 31 December 2025 is RMB22,160,000 and is RMB84,140,000 and RMB78,040,000 for the year ending 31 December 2026 and 2027. Separate project agreements will be entered into between the Group and the Former Subsidiaries to set out the specific terms for each Relevant Projects being managed in accordance with the principles and broad terms agreed in the Framework Agreement.

To the best of the Directors’ knowledge, information and belief and after reasonable enquiries, there had been no continuing connected transaction conducted by the Group during the year ended 31 December 2025 and the transaction amount was RMBnil (2024: RMBnil).

REPORT OF THE DIRECTORS

The independent non-executive Directors have reviewed the continuing connected transaction set out above and have confirmed that the continuing connected transaction was entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreement governing them on terms that were fair and reasonable and in the interests of the Shareholders of the Company as a whole. PKF Hong Kong Limited, the Company's auditor, was engaged to report on the Group's continuing connected transaction and has issued their unqualified letter in accordance with Rule 14A.56 of the Listing Rules confirming that nothing has come to their attention that causes them to believe that the above continuing connected transaction:

- (a) has not been approved by the Board;
- (b) was not, in all material aspects, in accordance with the pricing policies of the Group if the transaction involve the provision of goods or services by the Group;
- (c) was not entered into, in all material respects, in accordance with the relevant agreement governing such transaction; and
- (d) has exceeded the annual cap set by the Company.

Further details about the Provision of Financial Assistance and Framework Agreement are disclosed in the announcements dated 7 June 2022 and 29 November 2024; and the circulars of the Company dated 30 June 2022 and 14 February 2025.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended 31 December 2025, none of the Directors had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Company and/or its subsidiaries and which is required to be disclosed pursuant to the Listing Rules.

REPORT OF THE DIRECTORS

PERSONS HAVING 5% OR MORE INTERESTS

As at 31 December 2025, the interests or short positions of the persons, other than a Director or chief executive of the Company, in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO and the amount of such interests and short positions were as follows:

Name	Nature of interests	Number of Shares interested as at 31 December 2025	Approximate percentage of the issued share capital as at 31 December 2025
Nantong Sanjian Holding (HK) Co., Limited (Note 1)	Beneficial owner	44,623,175 (L)	24.99%
Nantong Sanjian Holdings Co., Ltd.* (南通三建控股有限公司) (Note 1)	Interest in controlled corporation	44,623,175 (L)	24.99%
Smart Success Capital Ltd. (Note 2)	Beneficial owner	27,032,484 (L)	15.14%
China Orient Asset Management (International) Holding Limited ("COAMI") (Note 2)	Interest in controlled corporation	27,032,484 (L)	15.14%
	Person having a security interest	26,782,832 (L)	15.00%
		53,815,316 (L)	30.14%

REPORT OF THE DIRECTORS

Name	Nature of interests	Number of Shares interested as at 31 December 2025	Approximate percentage of the issued share capital as at 31 December 2025
Wise Leader Assets Ltd. (Note 2)	Interest in controlled corporation	53,815,316 (L)	30.14%
Dong Yin Development (Holdings) Limited (Note 2)	Interest in controlled corporation	53,815,316 (L)	30.14%
China Orient Asset Management Co., Ltd. ("COAMC") (Note 2)	Interest in controlled corporation	53,815,316 (L)	30.14%
Central Huijin Investment Ltd. (Note 2)	Interest in controlled corporation	53,815,316 (L)	30.14%
China Alliance Properties Limited (Note 3)	Beneficial owner	22,553,350 (L)	12.63%
Shanghai Forte Land Co., Ltd (Note 3)	Interest in controlled corporation	22,553,350 (L)	12.63%
Shanghai Fosun Industrial Investment Co., Ltd (Note 3)	Interest in controlled corporation	22,553,350 (L)	12.63%
Shanghai Fosun High Technology (Group) Co., Ltd (Note 3)	Interest in controlled corporation	22,553,350 (L)	12.63%
Fosun International Limited (Note 3)	Interest in controlled corporation	22,553,350 (L)	12.63%
Fosun Holdings Limited (Note 3)	Interest in controlled corporation	22,553,350 (L)	12.63%
Fosun International Holdings Ltd. (Note 3)	Interest in controlled corporation	22,553,350 (L)	12.63%
Guo Guangchang (Note 3)	Interest in controlled corporation	22,553,350 (L)	12.63%
Innumerable Fortune (Note 4)	Beneficial owner	29,758,703 (L)	16.67% (Note 5)

(L) denotes long position

REPORT OF THE DIRECTORS

Notes:

1. As at 31 December 2025, Nantong Sanjian Holding (HK) Co., Limited was 100% controlled by Nantong Sanjian Holdings Co., Ltd.* (南通三建控股有限公司).
2. As at 31 December 2025, Central Huijin Investment Ltd. had 71.55% control of COAMC, COAMC had 100% control of Dong Yin Development (Holdings) Limited, which in turn had 100% control of Wise Leader Assets Ltd.; Wise Leader Assets Ltd. and Dong Yin Development (Holdings) Limited each had 50% control of COAMI; COAMI had 100% control of the Smart Success Capital Ltd. COAMI entered into a security deed with Nantong Sanjian Holding (HK) Co., Limited, pursuant to which COAMI obtained security interests in 26,782,832 Shares of the Company.
3. As at 31 December 2025, Mr. Guo Guangchang had 85.29% control of Fosun International Holdings Ltd., which had 100% control of Fosun Holdings Limited, which had 72.50% control of Fosun International Limited, which had 100% control of Shanghai Fosun High Technology (Group) Co., Ltd., which had 100% control of Shanghai Fosun Industrial Investment Co., Ltd., which had approximately 99.71% control of Shanghai Forte Land Co., Ltd., which has 100% control of China Alliance Properties Limited.
4. On 2 December 2024, Innumerable Fortune and the Company entered into a subscription agreement, pursuant to which, Innumerable Fortune has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue 29,758,703 new Shares in the Company to Innumerable Fortune Limited (the “**Subscription**”). Innumerable Fortune is owned as to 70% by Ms. Li Zhen, the executive Director and chief executive officer of the Company, hence she is deemed to be interested in the Shares which Innumerable Fortune is interested in. The Subscription was completed on 31 March 2025.
5. Upon the capital reorganisation became effective on 11 March 2025 and the completion of the Subscription on 31 March 2025, the 29,758,703 subscription Shares represent approximately 16.67% of the total number of issued new Shares as enlarged by the allotment and issue of the subscription Shares.

Save as disclosed above, as at 31 December 2025, no persons, other than a director or chief executive of the Company, had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the laws of Bermuda.

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

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2025, the Group's sales to the five largest customers accounted for 13.23% of the Group's turnover for the Year, of which the largest customer accounted for 2.91% of the Group's turnover for the Year. During the year ended 31 December 2025, the aggregate purchases attributable to the Group's largest supplier and five largest suppliers accounted for approximately 2.02% and 7.46% respectively, of the Group's total purchases for the Year. None of the Directors, their associates or any Shareholders of the Company which to the knowledge of the Directors, own more than 5% of the Company's share capital, had any interest in the share capital of any of the five largest customers or suppliers of the Group.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has assessed the independence of all independent non-executive Directors and has received from each of its independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considered that the independent non-executive Directors to be independent.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group. Our Audit Committee is delegated by the Board to review of the effectiveness of the system of internal control in respect of, among other things, compliance controls function of the Group. External compliance and legal advisers are engaged to ensure transactions and business performed by the Group are within the applicable law framework. Updates on applicable laws, rules and regulations are brought to the attention of relevant employees and operation units from time to time. The Board believes that, in the absence of any evidence to the contrary, the system of internal controls maintained by the Group that was in place throughout the year and up to the date of this report, is adequate to meet the needs of the Group in its current business.

SUFFICIENCY OF THE PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, during the Year and up to the date of this annual report, there was sufficient public float of at least 25% of the total number of issued Shares held by the public.

On behalf of the Board
Ms. Li Zhen
Chairman
26 March 2026

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain a high standard of corporate governance practices and procedures to safeguard the interests of the Shareholders and enhance the performance of the Group. The Board will review and improve the corporate governance practices from time to time to ensure that the Group is under the leadership of an effective Board to optimise return for Shareholders.

The Company has adopted the Corporate Governance Code contained in Appendix C1 to the Listing Rules (the “**CG Code**”) as its own code of corporate governance and has taken careful measures to ensure that the provisions have been duly complied with from time to time. The Board is of the opinion that the Company has met the code provisions in part 2 of the CG Code during the Period except for the deviation from code provision C.2.1 of the CG Code.

Pursuant to code provision C.2.1 of the CG Code, the responsibilities between the chairman of the Board (the “**Chairman**”) and the chief executive officer of the Company (the “**CEO**”) should be segregated and should not be performed by the same individual. However, upon the appointment of the Chairman, the Company does not have a separate Chairman and CEO and Ms. Li will be performing these two roles. Ms. Li, being a substantial shareholder of the Company (as defined in the Listing Rules), has held key leadership positions of the Group and has been deeply involved in the formulation of corporate strategies and management of the business and operations of the Group. Taking into account the consistent leadership within the Group, the Board believes that it is in the best interests of the Group and the shareholders as a whole to have Ms. Li taking up both roles for effective and efficient overall strategic planning and continuation of the implementation of such plans for the Group.

Despite the responsibilities of the Chairman and the CEO vested in Ms. Li, all major decisions are made in consultation with the Board. The Board considers that the balance of power and authority under the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of the Chairman and the CEO at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules (the “**Model Code**”). Having made specific enquiry of all Directors, the Directors had complied with the required standard set out in the Model Code during the year ended 31 December 2025.

CORPORATE GOVERNANCE REPORT

COMPOSITION

The composition of the Board for the year ended 31 December 2025 and up to the date of this annual report are as follows:

Executive Directors

Ms. Li Zhen (*Chairman and CEO*)
Mr. Long Tianyu
Mr. Pi Minjie
Mr. Huang Yuhui (Resigned on 25 June 2025)
Mr. Wang Letian (Retired on 27 June 2025)

Non-executive Directors

Mr. Zou Yang
Ms. Wang Zheng (Retired on 27 June 2025)
Mr. Guo Haomiao (Retired on 27 June 2025)

Independent non-executive Directors

Dr. Guan Huanfei
Mr. Cao Hailiang
Dr. Lin Xinzhu
Mr. Wang Yuzhou

The term of appointment of non-executive Directors is 2 years.

CORPORATE GOVERNANCE FUNCTIONS

During the year under review, the Board is responsible for determining the policy for the corporate governance of the Company performing the corporate governance duties as below:

- to develop and review the Group's policies and practices on corporate governance and make recommendations;
- to review and monitor the training and continuous professional development of the directors and senior management;
- to review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements (where applicable);
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Group; and
- to review the Group's compliance with the CG Code and disclosure requirements in the corporate governance report.

CORPORATE GOVERNANCE REPORT

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

Code provision C.5.1 of the CG Code states that at least four regular Board meetings should be held each year at approximately quarterly intervals with active participation of a majority of Directors, either in person or through other electronic means of communication.

The attendance of each Director for the Board meetings and general meeting held during the year ended 31 December 2025 is set out in the following table:

Name of directors	Number of meetings attended/ total number of meetings				
	Board Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Audit Committee Meeting	Annual General Meeting
Mr. Huang Yuhui (<i>Chairman</i>) (<i>Note 1</i>)	1/1	-	-	-	-
Mr. Wang Letian (<i>Note 2</i>)	0/1	-	-	-	0/1
Ms. Li Zhen (<i>Chairman & Chief Executive Officer</i>)	4/4	1/1	-	-	1/1
Mr. Long Tianyu	2/4	-	-	-	1/1
Mr. Pi Minjie	4/4	-	-	-	1/1
Ms. Wang Zheng (<i>Note 2</i>)	1/1	-	-	-	0/1
Mr. Zou Yang	2/4	-	-	-	0/1
Mr. Guo Haomiao (<i>Note 2</i>)	1/1	-	-	-	1/1
Dr. Guan Huanfei	4/4	-	1/1	2/2	1/1
Mr. Cao Hailiang	4/4	1/1	1/1	2/2	0/1
Dr. Lin Xinzhu	4/4	1/1	1/1	1/2	1/1
Mr. Wang Yuzhou	4/4	1/1	-	2/2	0/1

Note 1: resigned on 25 June 2025

Note 2: retired on 27 June 2025

The Board was responsible for making overall strategic decisions, financial matters and equity related transactions such as acquisitions. The management will handle and execute the decisions made by the Board and oversee the day-to-day management of the Group.

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Ms. Li currently serves as the Chairman and CEO of the Company.

Pursuant to code provision C.2.1 of the CG Code, the responsibilities between the chairman of the Board (the “**Chairman**”) and the chief executive officer of the Company (the “**CEO**”) should be segregated and should not be performed by the same individual. However, the Company does not have a separate Chairman and CEO and Ms. Li performs both roles. Ms. Li, being a substantial shareholder of the Company (as defined in the Listing Rules), has held key leadership positions of the Group and has been deeply involved in the formulation of corporate strategies, management of the business and operations of the Group. Taking into account the consistent leadership within the Group, the Board believes that it is in the best interests of the Group and its shareholders as a whole to have Ms. Li taking up both roles for effective and efficient overall strategic planning and continuation of the implementation of such plans for the Group.

Despite the responsibilities of the Chairman and the CEO vested in Ms. Li, all major decisions are made in consultation with the Board. The Board considers that the balance of power and authority under the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of the Chairman and the CEO at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

DIRECTORS’ TRAINING

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. During the year, the Directors and senior management staff attended various training in the form of seminar and reading materials. According to the records provided by the Directors, they received relevant training in 2025.

REMUNERATION COMMITTEE

Members of the Remuneration Committee are as follows:

Independent non-executive Directors:

Mr. Cao Hailiang (*Chairman*)
Mr. Wang Yuzhou
Dr. Lin Xinzhu

Executive Directors:

Ms. Li Zhen
Mr. Wang Leitan (Retired on 27 June 2025)

CORPORATE GOVERNANCE REPORT

The Remuneration Committee is responsible for making recommendations on the Company's policy and structure on the remuneration of all Directors and senior management of the Company for approval by the Board, assessing performance of executive Directors and approving the terms of executive Directors' service contracts. During the year, the Remuneration Committee met for 1 time to discuss and review, inter alia, the remuneration policy for Directors and senior management of the Company, to make the recommendations for the Directors and senior management's remuneration. The attendance records of each Director are set out in the section "ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS".

NOMINATION COMMITTEE

Members of the Nomination Committee are as follows:

Independent non-executive Directors:

Dr. Guan Huanfei
Mr. Cao Hailiang
Dr. Lin Xinzhu

Executive Directors:

Ms. Li Zhen (*Chairman,
appointed on 18 July 2025*)
Mr. Huang Yuhui (Resigned on 25 June 2025)
Mr. Wang Leitan (Retired on 27 June 2025)

The Nomination Committee was established in March 2012 with specific terms of reference in accordance with the CG Code. The Nomination Committee is responsible to review the structure, size and composition of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy. It shall consider the suitability of a candidate to act as a Director on the basis of the candidate's qualification, experience, integrity and potential contribution to the Company, and assess the independence of independent non-executive Directors taking into account the independence requirements set out in Rule 3.13 of the Listing Rules. The Nomination Committee is also responsible for reviewing the board diversity policy (the "**Board Diversity Policy**") of the Company regularly (including any measurable objectives that the Board has set for implementing the Board Diversity Policy and the progress on achieving those objectives). The Board Diversity Policy sets out a clear objective and provides that the Company should endeavour to ensure that its Board members have the appropriate balance of skills, experience and diversity of perspectives and gender that are required to support the execution of its business strategy and in order for the Board to be effective. During the Year Under Review, 1 meeting was held to make recommendation to the Board of Directors of the Company. The attendance records of each Director are set out in the section "ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS".

CORPORATE GOVERNANCE REPORT

In order to achieve the purpose of the diversity of the Board, the Nomination Committee has following selection criteria for Directors:

- to select candidates with objective criteria, taking into account comprehensive factors like the gender, age, culture, educational background as well as professional experience of the Board members;
- to select candidates for Directors according to the business characteristics and future development needs of the Company.

Under the revised rule 13.92 of the Listing Rules that came into effect on 1 January 2022, a single gender Board will not be considered by the Stock Exchange to have achieved board diversity. The Board believes that gender diversity is a manifestation of board diversity, among all other measurable objectives. As at the date of this the Board comprises 2 female Directors and 6 male Directors. The Company will continue to apply the principle of appointments based on merits with reference to the Board Diversity Policy as a whole. The Company has complied with this new requirement during the year ended 31 December 2025. The Group recognizes the importance of diversity and has a diverse workforce in terms of gender, providing a variety of ideas and levels of competency that contribute to the Group's success. In the hiring process, the Company takes into account a number of measurable factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional specialization, experience, skills, knowledge and other qualifications. Appointment of candidates is solely based on meritocracy, and candidates will be considered against objective criteria, having due regards for the benefits of diversity on the Group. As at 31 December 2025, approximately 47% of the Group's employees (including senior management) are female and 53% are male.

During the reporting period, members of the Nomination Committee had studied the nomination standards and procedures for the Directors and senior management of the Company.

AUDIT COMMITTEE

Members of the Audit Committee are as follows:

Independent non-executive Directors:

Mr. Wang Yuzhou (*Chairman*)
Dr. Guan Huanfei
Mr. Cao Hailiang
Dr. Lin Xinzhu

CORPORATE GOVERNANCE REPORT

The Audit Committee's duties were, among others, to review adequacy of the Company's policies and procedures regarding internal controls and risk management systems, to review the relationship between the Company and its auditors and to review the Group's financial statements. During the year ended 31 December 2025, the Audit Committee held 2 meetings. The attendance records of each Director are set out in the section "ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS". During the aforesaid meetings, members of the Audit Committee reviewed the financial statements of the Group for the year ended 31 December 2024 and for the six months ended 30 June 2025 and the accounting principles and practices adopted by the Group. The Audit Committee has reviewed the auditor's independence and objectivity and the effectiveness of the auditor's audit process. The Audit Committee also conducted its annual review of the adequacy and effectiveness of the Company's risk management and internal control systems and external audit and internal audit function. The Company's annual results for the year ended 31 December 2025 has been reviewed by the Audit Committee of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is their responsibilities to ensure that the Group has established and maintained adequate and effective risk management and internal control systems. The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board is responsible for evaluating and determining the nature and extent of risks it is willing to take in achieving the strategic objectives; ensuring establishment and maintenance of effective risk management and internal control systems; and overseeing management in the design, implementation and monitoring of the risk management and internal control systems.

The Board delegates its responsibilities to the Audit Committee to review the practices of management with respect to risk management and internal control, including the design, implementation and supervision of the risk management and internal control systems, on an annually basis. The Audit Committee also reviews the effectiveness of the risk management and internal control systems on an annual basis.

Risk Management

Main Features of the Risk Management System

The risk management system of the Group consists of the following elements: strategy, risk governance structure, roles and responsibilities of each level of management, policies and procedures and risk management process.

The roles and responsibilities of all level of management in the risk governance structure

The Board:

- Ensure that the Group establishes and maintains appropriate and effective risk management and internal control systems, and review their effectiveness at least once a year; Oversee management in the design, implementation and monitoring of the risk management and internal control systems.

CORPORATE GOVERNANCE REPORT

Risk management Team:

- The Risk Management Team facilitates and supports business units in carrying out risk management procedures;
- Periodically reports the risk assessment results to the Board;
- Provide recommendations to enhance the control measure to mitigate the key risks;
- Promote the risk management culture.

Business Unit/functional management:

- Identify, evaluate and manage the risks that may potentially impact the major processes of the operations;
- Monitor risks and take measures to mitigate risks.

Process Used to Identify, Evaluate and Manage Significant Risks

A robust risk management process is developed to identify, evaluate and manage significant risks. The risk management procedures include the following 3 steps:

Step 1: Risk identification – Identify the risks at the Company level and its subsidiary level.

Step 2: Risk analysis – Analyze the identified risks from two dimensions: potential impact and likelihood of occurrence; prioritize key risks and confirm top risks. Select an appropriate risk strategies for the identified risks and develop the relevant risk response and control measures to mitigate the key risks.

Step 3: Risk reporting – Consolidate the risk assessment results and report the results to the Audit Committee and the Board.

Internal Control

Main Features of the Internal Control System

The Group has established internal control system by referencing to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) internal control framework. This internal control system consists of 17 principles and 5 key elements, e.g. control environment, risk assessment, control activities, information and communication, and monitoring.

Internal Audit Department

The Group has established internal audit department. The internal audit department conducts internal audits in accordance with a risk-based annual audit plan. The internal audit reports, along with the key audit findings prepared by the internal audit department, were reported to the Audit Committee and the Board on a regular basis. Management are obligated to address internal control deficiencies and the relevant recommendations proposed by the internal audit department in a timely manner to enhance the Group's internal control system stay effective.

CORPORATE GOVERNANCE REPORT

Inside Information

The Group has put in place internal procedures for the handling of inside information in accordance with the Listing Rules as follows:

- (1) Designated officers and employees of the Group are responsible for monitoring business developments and events of the Group for inside information to ensure that any potential inside information is promptly identified.
- (2) Any potential inside information identified is promptly reported to the company secretary of the Company who will assess, following the consultation with external financial or legal adviser if necessary or appropriate, whether the relevant information should be treated as inside information and whether an announcement is required or, where necessary, refer the matter to the Board for its decision.
- (3) Records of any meeting and discussion concerning the evaluation of whether certain information constitutes inside information will be maintained.
- (4) Relevant officers and members are frequently reminded of the need to comply with the confidentiality requirements before inside information is disclosed to the public and to ensure that appropriate non-disclosure agreements are put in place before the Group enters into significant negotiations or transactions.
- (5) If certain information is determined to be inside information, it will first be disclosed by way of an announcement on the website of the Stock Exchange before it is released in other channels.

Reviews on Risk Management and Internal Control Systems

The Board, through the Audit Committee, has annually reviewed the effectiveness of the Group's risk management and internal control systems by conducting a series of reviews, including management's assessment over internal control system and the internal audits conducted by internal audit department. The Board therefore considers that the Group's risk management and internal control systems are generally effective as at 31 December 2025, despite identifying certain areas for improvement.

The Board has also reviewed the adequacy of resources, including staff qualifications and experience, training programmes and budget of its accounting, internal audit and financial reporting functions, and are satisfied with the results.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group contained herein. The reporting responsibilities of PKF Hong Kong Limited, the auditor of the Company, are stated in the auditor's report on pages 40 to 45 of this report. There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of the external auditor.

CORPORATE GOVERNANCE REPORT

AUDITOR'S REMUNERATION

PKF Hong Kong Limited has been appointed as the Auditor of the Company. As regards annual audit service provided to the Company, the remuneration of HK\$850,000 made to the auditors was assessed according to the complexity, time required and prevailing market conditions. During the year ended 31 December 2025, the Group had engaged its auditor to provide other services mainly relating to the circular of the major transaction, the fees for these services were HK\$60,000.

DIVIDEND POLICY

Any declaration of dividends will depend upon a number of factors including the earnings and financial condition, operating requirements, capital requirements and any other conditions that the Directors may deem relevant and will be subject to the approval of the Shareholders. There is no assurance that dividends of any amount will be declared or distributed in any given year.

COMPANY SECRETARY

All Directors are entitled to the company secretary's services. The company secretary reports and notifies the Board the latest information on corporate governance and oversight on a regular basis, assists the Chairman in preparation of the agenda, prepares and dispatches meeting documents in a timely and comprehensive manner so as to ensure the efficiency and validity of the Board Meeting.

The company secretary assists in preparing and keeping written resolutions and/or minutes of the meeting of the Board and the Board committees together with relevant documents. All matters under consideration including any enquiry and objection by Director will be detailed in the minutes. Within a reasonable time frame upon closing a meeting, draft minutes will be despatched to all Directors for their comment and the final written resolution and minutes will be sent to Directors for their records.

According to Rule 3.29 of the Listing Rules, the company secretary had taken no less than 15 hours of relevant professional training during the Year.

With effect from 1 May 2021, Mr. Lau Yin Fung Terence of Stevenson, Wong & Co., an external service provider, has been appointed by the Company as the company secretary. His primary contact person at the Company is Ms. Li Zhen (an executive Director of the Company).

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

The Company shall, for the purpose to keep its Shareholders duly informed of their rights, publish from time to time the updated Bye-laws of the Company in a consolidated form on the Company's website and the Stock Exchange's website.

The Group establishes communications with the Shareholders through the publication of announcements, notices, and circulars, interim and annual reports and in the Company's website.

CORPORATE GOVERNANCE REPORT

According to paragraphs 58 to 59 of the Bye-laws of the Company, Shareholders, holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right to vote at general meetings of the Company, can by written requisition to the Board or the company secretary of the Company to request to convene a special general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition, and such meeting shall be held in the form of a physical meeting only and within two months after the deposit of such requisition. An annual general meeting of the Company shall be called by notice of not less than twenty-one clear days. All other general meetings (including a special general meeting) of the Company must be called by notice of not less than fourteen clear days. The chairman of any general meetings ensures that the Shareholders are informed of the procedure for demanding a poll by way of explaining the same during the general meetings. The chairman of general meetings also ensures compliance with the requirements about voting by poll contained in the Listing Rules and the Bye-laws of the Company.

Shareholders may put forward proposals to be considered at general meetings of the Company by convening a special general meeting under the procedure set out above.

In order to maintain an on-going dialogue with Shareholders, Shareholders are encouraged to attend annual general meeting of the Company at which Board members and Board committees are available to answer questions related to the Group's business. Shareholders, investors and the media may also contact the Company via email at the email address of the Company at INFO@devgreat.net.

Overall, the Company considers the shareholders' communication policy of the Group implemented and conducted during the year to be effective. The Company will continue to review the implementation and effectiveness of the shareholders' communication policy by shareholders' feedback from the above channel.

CHANGE OF COMPANY WEBSITE AND EMAIL ADDRESS

The website of the Company has been changed from "http://www.zendaiproperty.com/" to "www.devgreatgroup.com", and the email address of the Company has been changed from "INFO@zendaiproperty.com" to "INFO@devgreat.net". All announcements, notices or other documents published by the Company on the website of The Stock Exchange of Hong Kong Limited will be simultaneously published on this new website of the Company for access by shareholders and investors.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of DevGreat Group Limited

(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of DevGreat Group Limited (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 46 to 145, which comprise:

- the consolidated balance sheet as at 31 December 2025;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**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**”), as applicable to audits of financial statements of public interest entities. We have also 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.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are the 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 16 to the consolidated financial statements	We assessed the competence, capability, experience, independence and objectivity of the Valuer.
The Group's investment properties were measured at fair value and carried at approximately HK\$239 million as at 31 December 2025. A fair value loss of approximately HK\$22 million was recognized for the year ended 31 December 2025. The fair values of investment properties were determined by the Group based on the valuations performed by an independent professional valuer (the "Valuer") engaged by the Group.	We obtained the valuation report of each property, discussed with the Valuer of the valuation methodology and assessed the appropriateness of the valuation methods/ approaches applied.
The Group's investment property portfolio mainly included completed investment properties in mainland China.	We assessed the reasonableness of relevant key assumptions used in valuation including capitalization rates, reversionary yield, monthly rental and estimated price per square meter by gathering and analyzing the data of comparable properties in the market and the characteristics of individual investment property such as location, age and size.
The valuation of investment properties was derived from the income capitalization approach, the direct comparison method or a combination of these methods/approaches. For income capitalization approach, the relevant key assumptions include capitalization rate, reversionary yield and monthly rental. For direct comparison method, the relevant key assumption is the estimated price per square meter, with reference to recent transactions of the comparable properties and adjusted for differences in key attributes such as but not limited to location and property size.	We checked the arithmetical accuracy of calculations.
All the relevant key assumptions were influenced by the prevailing market conditions and each property's characteristics.	Based on our works performed, we found the significant judgments and estimates used in the valuation of investment properties were supported by available evidence.
We focus on this area due to the significant quantum of investment properties to the consolidated financial statements and the relevant key assumptions applied in valuation involved significant judgments and estimates.	

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Recoverability of amounts due from former subsidiaries	
<p>Refer to Note 5.1(b) and Note 32 to the consolidated financial statements</p>	<p>We assessed the competence, capability, experience, independence and objectivity of the Valuer.</p>
<p>As at 31 December 2025, the gross carrying amount and loss allowance of amounts due from former subsidiaries amounted to HK\$786 million and HK\$482 million, respectively.</p>	<p>We obtained the valuation report of ECL of amounts due from former subsidiaries, discussed with the Valuer of the valuation methodology and assessed the appropriateness of the valuation methods/approaches applied.</p>
<p>The Group performed assessment on the recoverability of the amounts due from former subsidiaries and the sufficiency of loss allowance for expected credit loss ("ECL") based on information including credit profile of the former subsidiaries, expected timing and amount of realization of outstanding balances, and ongoing business relationship with the former subsidiaries. The Group also considered forward-looking information that may impact the former subsidiaries' ability to repay the outstanding balances in order to estimate the ECL for the allowance for ECL assessment. ECL allowance was determined by the Group based on the valuations performed by the Valuer.</p>	<p>We assessed the reasonableness of the methodologies and assumptions used in valuation to calculate ECL.</p>
	<p>We checked the arithmetical accuracy of calculations.</p>
	<p>We assessed the adequacy of the disclosures related to recoverability of amounts due from former subsidiaries in the context of the applicable financial reporting framework.</p>
<p>We focus on this area due to the significance of the balance. Furthermore, a high level of management's judgement is required in assessing the loss allowance for ECL.</p>	

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

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

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards 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 are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors in discharging their responsibilities 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. Our report is made 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 scepticism throughout the audit. We also:

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

INDEPENDENT AUDITOR'S REPORT

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

- 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.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lam Kar Bo (Practising Certificate Number: P05453).

PKF Hong Kong Limited
Certified Public Accountants
26/F, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

Hong Kong, 26 March 2026

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 31 December	
		2025 HK\$'000	2024 HK\$'000
Continuing operations			
Revenue	7	183,040	204,651
Cost of revenue	9	(135,331)	(128,097)
Gross profit		47,709	76,554
Other income, gains and losses	8	53,094	14,456
Gain on disposal of subsidiaries	29	–	133,528
Net impairment losses on financial assets	5.1(b)	(76,194)	(673)
Provision for financial guarantees	33	–	(430,524)
Selling and marketing expenses	9	(13,010)	(10,534)
Administrative expenses	9	(33,481)	(75,564)
Change in fair value of investment properties	16	(21,885)	(401,750)
Finance costs	11	(27,435)	(180,100)
Loss before income tax		(71,202)	(874,607)
Income tax (expense)/credit	12	(6,867)	36,405
Loss for the year from continuing operations		(78,069)	(838,202)
Discontinued operation			
Profit for the year from discontinued operation	30	–	29,279
Loss for the year		(78,069)	(808,923)

CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	Year ended 31 December	
		2025 HK\$'000	2024 HK\$'000
Loss for the year attributable to:			
– Owners of the Company		(78,069)	(803,155)
– Non-controlling interests		–	(5,768)
		(78,069)	(808,923)
(Loss)/profit attributable to owners of the Company arises from:			
– Continuing operations		(78,069)	(832,434)
– Discontinued operation		–	29,279
		(78,069)	(803,155)
(Loss)/earnings per share attributable to owners of the Company			
– From continuing operations	14	HK\$(0.46)	HK\$(5.60)
– From discontinued operation	14	–	HK\$0.20
		HK\$(0.46)	HK\$(5.40)

The above consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Loss for the year	(78,069)	(808,923)
Other comprehensive income/(loss):		
Items that may be reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	9,360	(19,721)
Exchange differences arising on translation of foreign operations from discontinued operation	–	(2,392)
Release of exchange reserve upon disposal of subsidiaries	–	160,470
	9,360	138,357
Item that will not be reclassified to profit or loss:		
Changes in fair value of financial assets at fair value through other comprehensive income (“FVOCI”), net of tax	–	(60,935)
Other comprehensive income for the year, net of tax	9,360	77,422
Total comprehensive loss for the year	(68,709)	(731,501)
Total comprehensive loss attributable to:		
– Owners of the Company	(68,709)	(724,958)
– Non-controlling interests	–	(6,543)
Total comprehensive loss for the year	(68,709)	(731,501)
Total comprehensive (loss)/income attributable to owners of the Company arises from:		
– Continuing operations	(68,709)	(751,845)
– Discontinued operation	–	26,887
	(68,709)	(724,958)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

	Notes	As at 31 December	
		2025 HK\$'000	2024 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	2,390	2,061
Investment properties	16	239,079	251,351
Amounts due from former subsidiaries	32	304,069	310,197
Properties under development	18	85,718	97,111
Total non-current assets		631,256	660,720
Current assets			
Completed properties held-for-sale	18	33,706	93,017
Trade and other receivables and prepayments	19	28,500	40,093
Deposits for properties under development		–	12,780
Amounts due from former subsidiaries	32	–	83,062
Tax prepayments	25	5,190	4,345
Cash and bank balances	20	84,352	58,428
Total current assets		151,748	291,725
Total assets		783,004	952,445
EQUITY			
Equity attributable to owners of the Company			
Share capital	27	3,571	297,587
Reserves		2,754,468	2,412,406
Accumulated losses		(2,390,683)	(2,312,614)
Total equity		367,356	397,379

CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	As at 31 December	
		2025 HK\$'000	2024 HK\$'000
LIABILITIES			
Non-current liabilities			
Borrowings	23	220,322	211,441
Lease liabilities	28	18,146	22,954
Deferred income tax liabilities	26	2,526	479
Other payables	22	32,725	8,254
Total non-current liabilities		273,719	243,128
Current liabilities			
Trade and other payables	22	120,795	292,043
Amounts due to former subsidiaries	32	10,511	9,015
Lease liabilities	28	6,542	10,880
Tax payables	25	4,081	–
Total current liabilities		141,929	311,938
Total liabilities		415,648	555,066
Total equity and liabilities		783,004	952,445

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The consolidated financial statements were approved by the Board of Directors on 26 March 2026 and were signed on its behalf.

Ms. Li Zhen
Director

Mr. Pi Minjie
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital <i>(Note 27)</i> HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Equity attributable to owners of the Company HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
Balance at 1 January 2025	297,587	2,412,406	(2,312,614)	397,379	-	397,379
Comprehensive loss						
Loss for the year	-	-	(78,069)	(78,069)	-	(78,069)
Other comprehensive income						
Exchange differences arising on translation of foreign operations	-	9,360	-	9,360	-	9,360
Total comprehensive loss	-	9,360	(78,069)	(68,709)	-	(68,709)
Capital reorganization <i>(Note 27(a))</i>	(294,611)	294,611	-	-	-	-
Issue of new shares <i>(Note 27(a))</i>	595	38,091	-	38,686	-	38,686
	(294,016)	342,062	(78,069)	(30,023)	-	(25,941)
Balance at 31 December 2025	3,571	2,754,468	(2,390,683)	367,356	-	367,356

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital (Note 27) HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Equity attributable to owners of the Company HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
Balance at 1 January 2024	297,587	2,385,264	(1,560,514)	1,122,337	126,258	1,248,595
Comprehensive loss						
Loss for the year	-	-	(803,155)	(803,155)	(5,768)	(808,923)
Other comprehensive (loss)/income						
Changes in fair value of financial assets at FVOCI, net of tax	-	(60,935)	-	(60,935)	-	(60,935)
Exchange differences arising on translation of foreign operations	-	(21,338)	-	(21,338)	(775)	(22,113)
Release of exchange reserve upon disposal of subsidiaries	-	160,470	-	160,470	-	160,470
Total other comprehensive income, net of tax	-	78,197	-	78,197	(775)	77,422
Total comprehensive loss	-	78,197	(803,155)	(724,958)	(6,543)	(731,501)
Release of other reserves and non-controlling interests upon disposal of subsidiaries (Note 29)	-	(51,055)	51,055	-	(119,715)	(119,715)
	-	27,142	(752,100)	(724,958)	(126,258)	(851,216)
Balance at 31 December 2024	297,587	2,412,406	(2,312,614)	397,379	-	397,379

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED CASH FLOW STATEMENT

	Notes	Year ended 31 December	
		2025 HK\$'000	2024 HK\$'000
Cash flows from operating activities			
(Loss)/profit before income tax			
From continuing operations		(71,202)	(874,607)
From discontinued operation		–	29,279
Adjustments for:			
Interest income		(39,454)	(32,295)
Finance costs	11	27,435	180,100
Net impairment losses/(reversal of impairment losses) on financial assets	5.1(b)	76,194	(5,181)
Depreciation of property, plant and equipment	15	1,294	35,090
Change in fair value of investment properties	16	21,885	401,750
Impairment of properties under development and completed properties held-for-sale		10,227	39,279
(Gain)/loss on early termination of lease agreements		(1,660)	1,653
Gain on disposal of investment properties		–	(115)
Gain on disposal of subsidiaries	29	–	(133,528)
Provision for financial guarantees		–	430,524
(Reversal of provision)/provision for litigations		(7,542)	8,686
Loss on disposal of property, plant and equipment, net		–	335
Exchange (gain)/loss, net		(1,008)	9,240
Changes in operating assets and liabilities			
Decrease in completed properties held-for-sale		68,260	1,040
Decrease in inventories		–	293
Decrease in trade and other receivables and prepayments		7,960	42,627
Increase in deposits for properties under development		–	(6,536)
Decrease in trade and other payables		(94,376)	(61,777)
Cash (used in)/generated from operations		(1,987)	65,857
Interest received		39	1,117
Interest paid		–	(52,160)
Income taxes paid		(1,540)	(587)
Net cash (outflow)/inflow from operating activities		(3,488)	14,227

CONSOLIDATED CASH FLOW STATEMENT

	<i>Notes</i>	Year ended 31 December	
		2025 HK\$'000	2024 HK\$'000
Investing activities			
Purchases of property, plant and equipment		–	(1,024)
Proceeds from disposal of property, plant and equipment		–	129
Proceeds from disposal of investment properties		–	6,151
Net cash outflow arising on disposal of subsidiaries	29	–	(42,058)
Net cash outflow from investing activities		–	(36,802)
Financing activities			
Proceeds from borrowings		–	132,666
Repayment of borrowings		–	(153,532)
Decrease in pledged deposits		–	1,550
Principal elements of lease payments		(9,621)	(14,905)
Interest elements of lease payments		(2,260)	(4,872)
Proceeds from issue of ordinary shares		38,686	–
Net cash inflow/(outflow) from financing activities		26,805	(39,093)
Net increase/(decrease) in cash and cash equivalents		23,317	(61,668)
Cash and cash equivalents at beginning of year		58,428	122,665
Effect of foreign exchange rate changes		2,607	(2,569)
Cash and cash equivalents at end of year		84,352	58,428

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

DevGreat Group Limited (the “**Company**”) is a public limited company incorporated in Bermuda. Its shares are listed on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”). Its registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. With effect from 27 August 2025, the address of head office and principal place of business of the Company was changed from Room 2429-2430, 24/F, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong to Suite 1602A, 16/F., Kenbo Commercial Building, 335 Queen’s Road West, Hong Kong.

The Company acts as an investment holding company. During the year, its subsidiaries are principally engaged in property development, property investment and provision of property management. The Company and all its subsidiaries are referred as the Group. The Group has operations mainly in the People’s Republic of China (the “**PRC**”).

The consolidated financial statements are presented in HK dollars (“**HK\$**”), unless otherwise stated.

These consolidated financial statements have been approved for issue by the board of directors (the “**Directors**”) of the Company (the “**Board**”) on 26 March 2026.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared on a historical cost basis, except for investment properties which are carried at fair value.

2.1 Going concern basis

When preparing the consolidated financial statements, the Group’s ability to continue as a going concern has been assessed. These consolidated financial statements have been prepared by the Directors on a going concern basis notwithstanding that the Group incurred a net loss of approximately HK\$78,069,000 for the year ended 31 December 2025. The Directors are of the opinion that the Group will have sufficient funds to meet its financial obligations when they fall due in the foreseeable future taking into account the following: (i) the Group, from time to time, reviews the portfolio of investment properties and may adjust the investment strategies in order to enhance the cash flow position of the Group whenever it is necessary; (ii) the Group holds several completed properties which are held-for-sale. Sales of these properties will enhance the cash flow and financial position of the Group; (iii) the Group continues to take active measures to control administrative costs and contain capital expenditures. If necessary, the Group will seek alternative financing to fund the settlement of its existing financial obligations and future operating expenditure; and (iv) the Group continuously adjusts its property development plans based on market conditions and policy directions. If market conditions are favorable, the property development projects may resume, and upon completion, these projects are expected to enhance the Group’s cash flow and financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION *(Continued)*

2.1 Going concern basis *(Continued)*

After taking into consideration the above factors and funds expected to be generated internally from operations based on the Directors' estimation on the future cash flow of the Group, the Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and consider that it is appropriate for the consolidated financial statements to be prepared on a going concern basis because there is no material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

3.1 Changes in accounting policies and disclosures

(a) Amended standards adopted by the Group

The Group has applied the following amended standards for the first time for its annual reporting period commencing 1 January 2025:

Amendments to HKAS 21 – Lack of Exchangeability

The amended standards listed above did not have any significant impact on the Group's accounting policies and did not require retrospective adjustments, and are not expected to significantly affect the current or future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.1 Changes in accounting policies and disclosures *(Continued)*

(b) *New and amended standards and annual improvements issued but not yet applied by the Group*

The following HKFRS Accounting Standards in issue at 31 December 2025 have not been applied in the preparation of these consolidated financial statements since they are not yet effective for the current year:

- Amendments to HKFRS Accounting Standards – Annual Improvement to HKFRS Accounting Standards – Volume 11¹
- Amendments to HKFRS 9 and HKFRS 7 – Classification and Measurement of Financial Instruments¹
- Amendments to HKFRS 9 and HKFRS 7 – Contracts Referencing Nature-dependent Electricity¹
- HKFRS 18 – Presentation and Disclosure in Financial Statements²
- HKFRS 19* – Subsidiaries without Public Accountability: Disclosures²
- Amendments to HKFRS 19* – Amendments to Subsidiaries without Public Accountability: Disclosures²
- Amendments to HKAS 21 – Translation to a Hyperinflationary Presentation Currency²
- Amendments to HKFRS 10 and HKAS 28 – Sales or Contribution of Assets between an Investor and its Associate or Joint Venture³

* HKFRS 19 is not applicable to listed issuers. It is a voluntary standard for eligible non-listed subsidiaries.

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual periods beginning on or after 1 January 2027

³ Effective for annual periods beginning on or after a date to be determined

The Directors are in the process of assessing the potential impact of the new and amended HKFRS Accounting Standards but are not yet in a position to determine whether the new and amended HKFRS Accounting Standards will have material impact on the Group's performance and financial position and on the disclosures. The new and amended HKFRS Accounting Standards may result in changes to how the Group's performance and financial position are prepared and presented in the future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 3.3).

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet and consolidated statement of changes in equity respectively.

(b) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable HKFRS Accounting Standards.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity.

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.3 Business combinations *(Continued)*

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

3.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

3.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Directors that makes strategic decisions.

3.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("**the functional currency**"). The consolidated financial statements are presented in HK\$, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.6 Foreign currency translation *(Continued)*

(b) Transactions and balances (Continued)

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement within "finance costs". All other foreign exchange gains and losses are presented in the consolidated income statement on a net basis within "other income, gains and losses".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss ("FVPL") are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income ("FVOCI") are recognized in other comprehensive income.

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- (iii) all resulting exchange differences are recognized in other comprehensive income under exchange revenue.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.6 Foreign currency translation *(Continued)*

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company were reclassified to profit or loss.

In the case of a partial disposal that did not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences were re-attributed to non-controlling interests and were not recognized in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange difference was reclassified to profit or loss.

3.7 Investment properties

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties and right-of-use assets recognized on lease contracts that meet the definition of investment properties. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment property is carried at fair value, assessed annually by a professional independent valuer. Fair value is based on active market prices, adjusted, if necessary, for any differences in the nature, location or condition of the specific asset. If such information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

Property that is being constructed or developed as investment property is carried at fair value. Where fair value is not reliably determinable, such investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market condition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.7 Investment properties *(Continued)*

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

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any differences resulting between the carrying amount and the fair value of this item at the date of transfer is recognized in other comprehensive income and increase the revaluation surplus within equity. Any resulting increase in the carrying amount of the property is recognized in the profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognized in other comprehensive income and changed directly to revaluation reserves within equity. Any resulting decrease in the carrying amount of the property is charged to the profit or loss.

For an investment property becomes to redevelop with a view to sale, it is reclassified as inventory, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an item of inventories becomes an investment property that will be carried at fair value is consistent with the treatment of sales of inventories. Any difference between the fair value of the property at that date and its previous carrying amount shall be recognized in profit or loss.

3.8 Land use rights

Land in China is state-owned and no individual land ownership right exists. The Group acquired the rights to certain land, and the premiums paid for such rights are recorded as land use rights. Land use rights are classified and accounted for in accordance to the intended use of respective properties as erected on the land.

For properties that are held for own use, corresponding land use rights are accounted for as part of property, plant and equipment in the consolidated balance sheet, and are stated at cost and amortized over the use terms of 40 to 70 years using the straight-line method.

For properties that are held for development and subsequent sale, corresponding land use rights are accounted for as part of the development costs, and are accounted for under Note 3.14.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.9 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

– Hotel and buildings	Lower of underlying land lease term or 50 years
– Motor vehicles	5 years
– Leasehold improvements	5 years
– Furniture and equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are recognized within "other income, gains and losses" in the consolidated income statement.

When revalued assets are sold, it is the Group's policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

3.10 Impairment of non-financial assets

Property, plant and equipment, land use right are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Property, plant and equipment and land use right that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.11 Non-current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable (e.g. have committed to a plan to sell the asset (or disposal group) and an active programme to locate a buyer and complete the plan must have been initiated and where applicable, the required shareholders' approval for the related disposal could certainly be obtained). They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred income tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value, which are specifically exempt from this requirement.

An impairment loss is recognized for any initial or subsequent write-down of the disposal group to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of disposal group, but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of disposal group is recognized at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

The assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated balance sheet.

3.12 Investments and other financial assets

3.12.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortized cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.12 Investments and other financial assets *(Continued)*

3.12.1 Classification *(Continued)*

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

3.12.2 Recognition and de-recognition

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

3.12.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.12 Investments and other financial assets *(Continued)*

3.12.3 Measurement *(Continued)*

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented under "other income, gains and losses" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income ("**OCI**"), except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in "other income, gains and losses". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other income, gains and losses" and impairment losses are presented as separate line item in the consolidated income statement.
- **FVPL:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within "other income, gains and losses" in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other gains when the Group's right to receive payments is established.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.12 Investments and other financial assets *(Continued)*

3.12.3 Measurement *(Continued)*

Equity instruments *(Continued)*

Changes in the fair value of financial assets at FVPL are recognized in “other income, gains and losses” in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

3.12.4 Impairment

The Group performs impairment assessment under expected credit loss (“**ECL**”) model on its debts instruments which are subject to impairment under HKFRS 9 “Financial Instruments”. 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 recognizes lifetime ECL for trade receivables. The ECL on these assets are assessed individually.

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

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 as at the reporting date with the risk of a default occurring on the financial instrument as 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.12 Investments and other financial assets *(Continued)*

3.12.4 Impairment *(Continued)*

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 and 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. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience adjusted for forward-looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

3.12.5 Dividend income

Dividends are received from financial assets measured at FVPL and FVOCI. Dividends are recognized as other gains in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognized in OCI if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

3.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.14 Inventories

(a) Properties under development

Properties under development are stated at the lower of cost and net realizable value. Net realizable value is determined by reference to estimated sales proceeds of the properties sold in the ordinary course of business less costs to complete development and estimated selling expenses.

Development costs of properties comprises land use rights, construction costs, borrowing costs capitalized for qualifying assets and professional fees as incurred during the development period. On completion, all development costs of the properties are transferred to completed properties held-for-sale.

Properties under development are classified as current assets when the construction of the relevant properties commences unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

Costs to fulfill a contract comprise the development cost and land use right cost directly related to an existing contract that will be used to satisfy performance obligations in the future. The costs to fulfill a contract are recorded in properties under development if they are expected to be recovered. The amount is amortized on a systematic basis, consistent with the pattern of revenue recognition of the contract to which the asset relates.

(b) Completed properties held-for-sale

Completed properties held-for-sale are completed properties remaining unsold at the balance sheet date and are stated at the lower of cost and net realizable values. Cost comprises development costs attributable to the unsold properties. Net realizable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

(c) Other inventories

Other inventories mainly comprise raw materials for upfitting, food and beverages and hotel consumables. Goods are valued at the lower of cost and net realizable value. Cost, calculated on the weighted average basis, comprises invoiced price, delivery and other direct costs relating to purchases. Net realizable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.15 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method.

3.16 Cash and cash equivalents

For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.18 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are presented as current liabilities unless payment is not due within 12 months (or in the normal operating cycle of the business if longer) after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

3.19 Borrowings and borrowing costs

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the consolidated income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.19 Borrowings and borrowing costs *(Continued)*

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

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

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

3.20 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.20 Current and deferred income tax *(Continued)*

(b) Deferred income tax (Continued)

The deferred income tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred income tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current income tax assets and liabilities and where the deferred income tax balances relate to the same taxation authority. Current income tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred income tax is recognized in the consolidated income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

3.21 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated balance sheet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.21 Employee benefits *(Continued)*

(b) Pension obligations

The Group has only defined contribution pension plans.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

For LSP obligation, the Group accounts for the employer MPF contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of HKAS 19.93(a) and it is measured on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes costs for a restructuring that is within the scope of HKAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(d) Bonus plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.22 Share-based payments

(a) Equity-settled share-based payment transactions

The Group operates an equity-settled, share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specified period of time).

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.22 Share-based payments *(Continued)*

(b) Share-based payment transactions among group entities

The grant of options by the Company over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

In the subsidiaries' financial statements, the award is treated as an equity-settled share-based payment, as the subsidiaries do not have an obligation to settle the award. An expense for the grant date fair value of the award is recognized over the vesting period, with a credit recognized in equity. The credit to equity is treated as a capital contribution, as the parent is compensating the subsidiaries' employees with no cost to the subsidiaries.

3.23 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.24 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the Group's activities as described below.

The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sale of properties

For property development and sales contracts for which the control of the property is transferred at a point in time, revenue is recognized when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant. For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

(b) Rental income

Rental income from investment properties is recognized on a straight-line basis over the term of the lease.

(c) Hotel operation

Revenue from provision of services and facilities of hotels is recognized in the accounting period in which the services and facilities are rendered. For income from food and beverages, revenue is recognized when control of the goods has transferred to customers, being at the point the goods are delivered to the customer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.24 Revenue recognition *(Continued)*

(d) Property management and agency fee income

Property management and agency fee income is recognized in the accounting period in which the services are rendered.

3.25 Interest income

Interest income on financial assets at amortized cost calculated using the effective interest method is recognized in profit or loss as part of other gains.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in "other income, gains and losses".

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3.26 Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.26 Leases *(Continued)*

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based 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 that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.26 Leases *(Continued)*

If a readily observable amortizing loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are initially measured at cost comprising the following (if applicable):

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

Certain right-of-use assets meet the definition of investment property and are measured at fair value subsequently. The rest of right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Except for right-of-use assets that meet the definition of investment properties are presented under investment properties, the Group presents other right-of-use assets and land use rights under property, plant and equipment on the consolidated balance sheet.

Payments associated with short-term leases of building and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term (Note 3.24).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.27 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares,
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3.28 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.29 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

3.30 Financial guarantee contracts

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under HKFRS 9; and
- the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the principles of HKFRS 15 "Revenue from Contracts with Customers".

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

3.31 Contingent assets

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Group and they are not recognized in the consolidated financial statements. The Group assesses continually the development of contingent assets. If it has become virtually certain that an inflow of economic benefits will arise, the Group recognizes the asset and the related income in the consolidated financial statements in the reporting period in which the change occurs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.32 Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognized 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 recognized 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 recognized 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.

3.33 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 a part of a single co-ordinated 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, which comprises the post-tax profit or loss of the discontinued operation and 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 constituting the discontinued operation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

(a) Going concern consideration

In the process of applying the Group's accounting policies, apart from those involving estimations, management has prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the coming year, which is a critical judgement that has the most significant effect on the amounts recognized in the financial statements. The assessment of the going concern assumption involves making a judgement by the Directors, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The Directors consider that the Group has the capability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt upon the going concern assumption are set out in note 2.1 to the consolidated financial statements.

(b) Estimate of fair value of investment properties

The fair value of investment properties is determined by using valuation technique. Details of the judgment and assumptions have been disclosed in Note 16.

In estimating the fair value of investment properties, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages independent qualified external valuers to perform the valuation. The management works closely with the independent qualified external valuers to establish the appropriate valuation techniques and key inputs to the model. The Group uses valuation techniques that include key inputs that are not based on observable market data to estimate the fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(c) Income taxes

The Group is primarily subject to various taxes in the PRC, as it principally operates in the PRC. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

(d) Provision for properties under development and completed properties held-for-sales

The Group assesses the recoverable amounts of properties under development and completed properties held-for-sales according to their forecast net realizable value, taking into account costs to completion based on budget and past experience and net sales value based on prevailing and expected market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realized. The assessment requires the use of estimation.

(e) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions, probability of default and recovery rate quoted from international credit-rating agencies. Management considers reasonably supportable information that is relevant and available without undue cost or effort for this purpose. The measurement of ECL is a function of the probability of default and loss given default, which involves key estimates from the management. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Details of the key assumptions and inputs used are disclosed in Note 5.1(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Policy for managing these risks is set by the Directors and summarized below.

(a) *Market risk*

(i) Foreign exchange risk

Foreign exchange risk arises when the Group's entities enter into transactions denominated in a currency other than their functional currency.

The Company and its certain subsidiaries undertake certain transactions denominated in United States dollars ("**USD**"). The functional currency of these companies are HK\$. Under the Linked Exchange Rate System in Hong Kong, HK\$ is pegged to USD, management considers that there is no significant foreign exchange risk with respect to USD.

(ii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's fair value interest rate risk relates primarily to its fixed rate borrowings and payables. The Group currently does not utilize any derivative contracts to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk factors *(Continued)*

(b) Credit risk

The Group's credit risk arises from cash and cash equivalents, contractual cash flows of debt instruments carried at amortized cost, and deposits with banks and financial institutions, as well as credit exposures to customers and former subsidiaries, including outstanding receivables.

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge the obligation under the terms of financial instrument and cause a financial loss to the Group. The Group considered the probability of default upon initial recognition of asset (or inception date the Group becomes a party to the irrecoverable commitment in a financial guarantee arrangement) and whether there has been a significant increase in credit risk on an on-going basis throughout each reporting period. To assess whether there's a significant increase in credit risk, the Group compares the risk of a default occurring on the asset (or the financial guarantee) at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

(i) Risk management

The Group reviews and assesses the recoverable amount of each individual trade receivables on a regular basis to ensure that adequate impairment losses are made for irrecoverable amounts.

The recoverability of other receivables is assessed taking into account of the financial position of the counterparties, past experiences and other factors.

The Group has provided guarantees to banks in favour of certain customers to secure their repayment obligations to banks for their purchases of property units (Note 33(a)). If a customer defaults on the payment of its mortgage during the term of the guarantee, banks holding the mortgage may demand the Group to repay the outstanding amount together with any accrued interest thereon. Under such circumstances, the Group is able to sell the property to recover any amounts paid by the Group to banks. The Directors consider that the Group's exposure to credit risk in this regard is minimal.

The maximum exposure at the end of the reporting period in respect of financial guarantees is disclosed in liquidity risk (Note 5.1(c)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk factors *(Continued)*

(b) Credit risk (Continued)

(ii) Impairment of financial assets

The Group has two types of financial assets that are subject to the ECL model:

- trade receivables from properties rental and from the provision of property management services; and
- other receivables carried at amortized cost.

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial as the counterparties are banks with high credit ratings.

Trade receivables

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime expected loss allowance for all trade receivables.

To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk factors *(Continued)*

(b) *Credit risk (Continued)*

(ii) Impairment of financial assets *(Continued)*

Trade receivables *(Continued)*

On that basis, the loss allowance as at 31 December 2025 and 2024 was determined as follows for trade receivables:

31 December 2025	Current	Less than 3 months	3-12 months	More than 1 year	Total HK\$'000
Gross carrying amount					
– trade receivables	–	11,474	9,856	8,374	29,704
Expected loss rate	–	5%	30%	89%	37%
Loss allowance	–	(574)	(2,928)	(7,435)	(10,937)
Trade receivables, net	–	10,900	6,928	939	18,767

31 December 2024	Current	Less than 3 months	3-12 months	More than 1 year	Total HK\$'000
Gross carrying amount					
– trade receivables	–	12,756	23,210	5,164	41,130
Expected loss rate	–	5%	10%	73%	16%
Loss allowance	–	(638)	(2,321)	(3,764)	(6,723)
Trade receivables, net	–	12,118	20,889	1,400	34,407

During the year ended 31 December 2025, provision for loss allowance of HK\$3,846,000 (2024: reversal of provision for loss allowance of HK\$288,000) was provided on trade receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables are presented as net impairment losses on financial assets within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk factors *(Continued)*

(b) Credit risk (Continued)

(ii) Impairment of financial assets *(Continued)*

Other receivables

The Group uses general approach for other receivables, including receivables from third parties and amounts due from former subsidiaries, which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings.

A summary of the assumptions underpinning the Group's ECL model is as follows:

Category	Definition of category	Basis for recognition of ECL provision
Stage one	Debtors have a low risk of default and a strong capacity to meet contractual cash flows	12 month ("12m") expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Stage two	Receivables for which there is a significant increase in credit risk since initial recognition	Lifetime expected losses
Stage three	Receivables for which there is a credit loss since initial recognition	Lifetime expected losses

The Group accounts for its credit risk by appropriately providing for expected losses on a timely basis. In calculating the ECL rates, the Group considers historical loss rates for each category of receivables and adjusts for forward-looking macroeconomic data.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk factors *(Continued)*

(b) Credit risk (Continued)

(ii) Impairment of financial assets *(Continued)*

Other receivables *(Continued)*

As at 31 December 2025 and 2024, the loss allowance was determined as follows for the remaining amount of other receivables:

31 December 2025	Receivables from third parties (a) HK\$'000	Amounts due from former subsidiaries (b) HK\$'000	Total HK\$'000
Gross carrying amount – other receivables	9,421	785,708	795,129
Expected loss rate	17%	61%	61%
Loss allowance	(1,629)	(481,639)	(483,268)
Other receivables, net	7,792	304,069	311,861

31 December 2024	Receivables from third parties (a) HK\$'000	Amounts due from former subsidiaries (b) HK\$'000	Total HK\$'000
Gross carrying amount – other receivables	4,181	798,425	802,606
Expected loss rate	10%	51%	51%
Loss allowance	(414)	(405,166)	(405,580)
Other receivables, net	3,767	393,259	397,026

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk factors *(Continued)*

(b) Credit risk (Continued)

(ii) Impairment of financial assets *(Continued)*

Other receivables *(Continued)*

- (a) Other receivables amounting to HK\$9,421,000 (2024: HK\$4,181,000) mainly include deposits and utilities payments and the associated ECL were considered as low. During the year ended 31 December 2025, provision for loss allowance of HK\$1,171,000 (2024: reversal of provision for loss allowance of HK\$3,720,000) was provided on these amounts of other receivables.
- (b) The Directors have reviewed the credit qualities of amounts due from former subsidiaries of gross carrying amount of HK\$785,708,000 (2024: HK\$798,425,000) and has considered that there are credit losses since initial recognition of these receivables in view of (i) the net asset value (excluding investments in subsidiaries and inter-company balances) of certain former subsidiaries are negligible; and (ii) certain former subsidiaries have encountered material financial difficulties and require longer period of time to develop and realize their properties. Accordingly, the Group has recognized expected credit loss provision of HK\$481,639,000 (2024: HK\$405,166,000) in respect of amounts due from former subsidiaries as at 31 December 2025.

Other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. The Group made no written off of other receivables during the years ended 31 December 2025 and 2024.

No significant changes to estimation techniques or assumptions were made during the reporting period.

The directors have also reviewed the credit qualities of deposits for properties under development. An expected credit loss provision of HK\$13,025,000 (2024:HK\$nil) is recognized for the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk factors *(Continued)*

(b) Credit risk (Continued)

(ii) Impairment of financial assets *(Continued)*

During the year, the following impairment loss movement were recognized in profit or loss in relation to impaired financial assets:

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
– (impairment losses)/reversal of impairment losses on trade receivables	(3,846)	288
– (impairment losses)/reversal of impairment losses/on other receivables	(1,171)	3,720
– impairment losses on deposits for properties under development	(13,025)	–
– (impairment losses)/reversal of impairment losses on amounts due from former subsidiaries	(58,152)	1,173
Net (impairment losses)/ reversal of impairment losses on financial assets at amortized cost	(76,194)	5,181

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by finance department of the Group. The finance department of the Group monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. The finance department of the Group has prepared cash flow projections which cover a period of not less than twelve months from 31 December 2025. Management will closely monitor the situation to ensure that appropriate alternative actions are taken if any of the conditions in the cash flow projections are not fully fulfilled.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk factors *(Continued)*

(c) Liquidity risk (Continued)

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment which might have unexpected material impact on the Group's anticipated cash flow position. These include accelerating sales of the Group's properties with more flexible pricing, implementing cost control measures, adjusting investment strategies of investment properties and obtaining alternative financing. The Group will assess the relevant future costs and benefits and pursue such options as are appropriate. The Directors consider that the Group will be able to maintain sufficient financial resources to meet its operation needs.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on their contractual maturities of repayment schedule. The amounts disclosed in the table are the contractual undiscounted cash flow.

Contractual maturities of financial liabilities	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Total contractual cash flows HK\$'000	Carrying amount of liabilities HK\$'000
At 31 December 2025					
Trade and other payables	81,141	32,725	–	113,866	113,866
Borrowings	6,653	261,919	–	268,572	220,322
Amounts due to former subsidiaries	10,511	–	–	10,511	10,511
Lease liabilities	8,124	8,036	10,310	26,470	24,688
	106,429	302,680	10,310	419,419	369,387

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk factors *(Continued)*

(c) Liquidity risk (Continued)

Contractual maturities of financial liabilities	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Total contractual cash flows HK\$'000	Carrying amount of liabilities HK\$'000
At 31 December 2024					
Trade and other payables	218,385	8,254	–	226,639	226,639
Borrowings	–	6,385	274,514	280,899	211,441
Amounts due to former subsidiaries	9,015	–	–	9,015	9,015
Lease liabilities	13,208	8,629	17,432	39,269	33,834
	240,608	23,268	291,946	555,822	480,929

The maturities of the Group's borrowings based on the earliest date on which the Group can be required to pay as at 31 December 2025 and 2024 are same as their contractual maturities of repayment schedules.

In addition to the non-derivative financial liabilities as disclosed above, the Group also has provided financial guarantees in respect of the mortgage facilities for certain properties purchasers of the Group's properties and borrowings with guaranteed amounts of HK\$1,119,000 (2024: HK\$3,801,000) as at 31 December 2025, details of which have been set out in Note 33(a).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT *(Continued)*

5.2 Capital risk management

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

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

Consistent with industry practice, the Group monitors its capital structure on the basis of a gearing ratio. The ratio is calculated as net debt divided by equity attributable to owners of the Company (as shown in the consolidated balance sheet). For this purpose, the Group defines net debt as total debt (which comprises borrowings, amounts due to minority owners of subsidiaries and lease liabilities) less cash and cash equivalents and pledged deposits.

In order to maintain or adjust the appropriate ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt. The Group's overall strategy remains unchanged from prior year.

The gearing ratio at 31 December 2025 and 2024 was calculated as follows:

	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
Borrowings	220,322	211,441
Lease liabilities	24,688	33,834
Total debts	245,010	245,275
Less:		
Cash and cash equivalents	(84,352)	(58,428)
Net debts	160,658	186,847
Equity attributable to owners of the Company	367,356	397,379
Gearing ratio	44%	47%

The gearing ratio as at 31 December 2025 is primarily resulted from the decrease in net debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT *(Continued)*

5.3 Fair value estimation

The table below analyses the Group's financial instruments and investment properties carried at fair value as at 31 December 2025 and 2024 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- (b) Inputs other than quoted prices included within investment properties that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- (c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

See Note 16 for detailed disclosures of the investment properties that are measured at fair value.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
As at 31 December 2025				
Investment properties	–	–	239,079	239,079

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
As at 31 December 2024				
Investment properties	–	–	251,351	251,351

There were no transfers among Level 1, Level 2 and Level 3 during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. SEGMENT REPORTING

Management has determined the operating segments based on the internal reports reviewed by the Directors, being the chief operating decision maker in making operation decisions, for assessing the operating performance and resources allocation.

The Directors considers the business primarily on the basis of the types of goods and services supplied by the Group. The Group was mainly organized into two operating segments during the year which comprised (i) sales of properties and (ii) properties rental, management and agency services.

In 2024, operating segments included the above two segments and the hotel operation segment which was discontinued during the year. Information about the discontinued operation is provided in Note 30.

The Directors assess the performance of the operating segments based on a measure of adjusted profit or loss before income tax. Certain income and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the Directors for assessment of segment performance.

Total segment assets mainly exclude amounts due from former subsidiaries, and unallocated head office and corporate assets, all of which are managed on a centralized basis.

Total segment liabilities mainly exclude amounts due to former subsidiaries, unallocated borrowings and unallocated head office and corporate liabilities, all of which are managed on a centralized basis.

Transactions between segments are carried out at arm's length. The revenue from external parties reported to the Directors is measured in a manner consistent with that in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. SEGMENT REPORTING *(Continued)*

Segment information is presented below:

(a) *Information about reportable segment revenue, profit or loss before income tax and other information*

	Continuing operations					
	Sales of properties		Properties rental, management and agency services		Total	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Reportable segment revenue	68,997	1,675	114,043	205,983	183,040	207,658
Reportable segment revenue from internal sales	-	-	-	(3,007)	-	(3,007)
Reportable segment revenue from external sales <i>(i)</i>	68,997	1,675	114,043	202,976	183,040	204,651
Reportable segment (loss)/profit before income tax	(30,776)	(58,734)	14,383	(453,997)	(16,393)	(512,731)
Other information (items included in determining the reportable segment loss):						
Interest income	-	2	36	799	36	801
Depreciation charge	(2)	(4)	(453)	(30,644)	(455)	(30,648)
Net impairment losses on financial assets	(13,025)	-	(5,017)	(1,846)	(18,042)	(1,846)
Change in fair value of investment properties	-	-	(21,885)	(401,750)	(21,885)	(401,750)
Loss on disposal of property, plant and equipment, net	-	-	-	(335)	-	(335)
Gain on disposal of investment properties	-	-	-	115	-	115
Impairment on properties under development and completed properties held-for-sale	(10,227)	(39,279)	-	-	(10,227)	(39,279)
Finance costs	-	-	(2,089)	(102,075)	(2,089)	(102,075)
Reportable segment assets	124,751	207,316	343,405	343,656	468,156	550,972
Amounts included in the measure of segment assets:						
Additions to non-current assets <i>(ii)</i>	-	-	1,601	24,266	1,601	24,266
Reportable segment liabilities	37,103	66,172	112,000	150,723	149,103	216,895

(i) For the year ended 31 December 2025, revenue from sales of properties of HK\$68,997,000 (2024: HK\$1,675,000) was recognized at a point in time. The revenue from management and agency services of HK\$86,321,000 (2024: HK\$130,905,000) were recognized over time. Rental income of HK\$27,722,000 (2024: HK\$72,071,000) was recognized on a straight-line basis over the term of respective leases.

(ii) Amounts comprise additions to investment properties and certain property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. SEGMENT REPORTING *(Continued)*

Segment information is presented below: *(Continued)*

(b) *Reconciliation of reportable segment profit or loss before income tax, assets and liabilities*

Continuing operations

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Reportable segment loss before income tax	(16,393)	(512,731)
Unallocated interest income	39,418	31,494
Gain on disposal of subsidiaries <i>(Note 29)</i>	–	133,528
Net (impairment losses)/reversal of impairment losses on amounts due from former subsidiaries	(58,152)	1,173
Provision for financial guarantees	–	(430,524)
Unallocated finance costs	(25,346)	(78,025)
Unallocated depreciation charge	(839)	(298)
Unallocated head office and corporate expenses	(9,890)	(19,224)
Loss before income tax	(71,202)	(874,607)

Assets	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
Reportable segment assets	468,156	550,972
Amounts due from former subsidiaries	304,069	393,259
Unallocated head office and corporate assets	10,779	8,214
Total assets	783,004	952,445

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. SEGMENT REPORTING *(Continued)*

Segment information is presented below: *(Continued)*

(b) *Reconciliation of reportable segment profit or loss before income tax, assets and liabilities (Continued)*

Liabilities	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
Reportable segment liabilities	149,103	216,895
Amounts due to former subsidiaries	10,511	9,015
Unallocated borrowings	220,322	211,441
Unallocated head office and corporate liabilities	35,712	117,715
Total liabilities	415,648	555,066

(c) *Geographical information*

The Group's revenue are all derived from operations conducted in the PRC and the majority of the Group's non-current assets are also located in the PRC.

The Group has a large number of customers, and there is no significant revenue derived from specific external customers for the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. REVENUE

Revenue representing the aggregate of proceeds from sales of properties and amounts received and receivable from properties rental, management and agency income is summarized as follows:

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Continuing operations		
Sales of properties	68,997	1,675
Properties rental income (a)	27,722	72,071
Properties management and agency income	86,321	130,905
	183,040	204,651

(a) Properties rental income represented fixed lease payments from operating leases.

8. OTHER INCOME, GAINS AND LOSSES

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Continuing operations		
Interest income	39,454	32,295
Government grants	197	1,574
Loss on disposal of property, plant and equipment, net	–	(335)
Gain on disposal of investment properties	–	115
Exchange gain/(loss), net	1,008	(9,240)
Reversal of provision/(provision) for litigations	7,542	(8,686)
Others	4,893	(1,267)
	53,094	14,456

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. EXPENSES BY NATURE

Expenses by nature comprise cost of revenue, selling and marketing expenses and administrative expenses as follows:

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Continuing operations		
Cost of properties sold	67,916	1,040
Cost of rendering property management service and others (a)	46,951	73,035
Tax and levies	5,129	11,441
Impairment of properties under development and completed properties held-for-sale (b)	10,227	39,279
Employee benefit expense (c)	34,600	44,360
Auditors' remuneration:		
– Audit services	850	950
– Non-audit services	60	350
Consulting and service expenses	7,774	9,433
Depreciation charge (d)	1,294	30,946
Advertising costs	–	410
Short-term leasing expenses	24	1,294
Other expenses	6,997	1,657
Total	181,822	214,195

(a) Cost of rendering property management service and others mainly includes cost of maintenance, cleaning and security relating to the provision of property management services.

(b) Impairment of properties under development and completed properties held-for-sale are included in cost of revenue.

(c) The total employee benefit expense for the year ended 31 December 2025 was approximately HK\$34,600,000 (2024: HK\$44,360,000), of which, approximately HK\$4,926,000 (2024: HK\$3,302,000), HK\$7,449,000 (2024: HK\$4,903,000) and HK\$22,225,000 (2024: HK\$36,155,000) were included in cost of revenue, selling and marketing expenses and administrative expenses respectively.

(d) The depreciation charge for the year ended 31 December 2025 was approximately HK\$1,294,000 (2024: HK\$30,946,000), of which, approximately HK\$183,000 (2024: HK\$4,416,000) and HK\$1,111,000 (2024: HK\$26,530,000) were included in selling and marketing expenses and administrative expenses respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. EMPLOYEE BENEFIT EXPENSE

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Salaries and wages	29,813	47,501
Pension costs – defined contribution plans	4,787	10,376
Total	34,600	57,877

In 2024, employee benefit expense included an amount of HK\$13,517,000 from discontinued operation.

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include 2 (2024: 2) directors whose emolument is reflected in the analysis shown in Note 37. The emoluments payable to the remaining 3 (2024: 3) highest paid individuals during the year are as follows:

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Salaries and wages	1,050	2,549
Pension costs – defined contribution plans	434	236
Total	1,484	2,785

The emoluments fell within the following bands:

Emolument bands	Number of individuals	
	2025	2024
HK\$1,000,001 – HK\$1,500,000	–	1
HK\$500,001 – HK\$1,000,000	2	2
HK\$1 – HK\$500,000	1	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. EMPLOYEE BENEFIT EXPENSE *(Continued)*

(b) Retirement benefit schemes

The Group operates a mandatory provident fund (the “MPF”) scheme for all eligible employees in Hong Kong. The assets of the MPF scheme are held separately from those of the Group in funds under the control of trustees. The retirement benefit cost charged to profit or loss represents contributions payable to the MPF scheme by the Group at rates specified in rules of the MPF scheme.

The Group contributes to a local municipal government retirement scheme for all qualified employees in the PRC. The employer and its employees are each required to make contributions to the scheme at the rates specified in the rules. The only obligation of the Group with respect to retirement scheme is to make the required contributions under the scheme. The retirement benefit scheme contributions arising from the PRC municipal government retirement scheme charged to profit or loss represent contributions paid or payable by the Group at rates specified in the rules of the scheme.

No forfeited contribution is available to reduce the contribution payable in the current and future years for the above schemes.

11. FINANCE COSTS

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Continuing operations		
Interest expenses:		
– Bank borrowings	–	48,978
– Other borrowings	25,175	119,522
Interest expenses on lease liabilities	2,260	3,697
Guarantee fee expense	–	7,903
Finance costs	27,435	180,100

Note:

Interest expenses on other borrowings include the provision for late payment surcharges in connection with the delay in the repayment of certain other borrowings of HK\$Nil (2024: HK\$94,172,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. INCOME TAX EXPENSE/(CREDIT)

The amount of income tax in the consolidated income statement represents:

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Continuing operations		
Current income tax:		
– PRC Enterprise Income Tax (“EIT”)	3,992	–
– PRC Land Appreciation Tax (“LAT”)	892	587
	4,884	587
Over-provision in prior years:		
– PRC EIT	–	(290)
Deferred income tax expense/(credit) (Note 26)	1,983	(36,702)
Income tax expense/(credit)	6,867	(36,405)

Hong Kong Profits Tax

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits in Hong Kong for the years ended 31 December 2025 and 2024.

EIT

The PRC subsidiaries are subject to PRC EIT at 25% (2024: 25%) during the year ended 31 December 2025. No provision was made in last year as the subsidiaries had no assessable profits.

LAT

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development and construction expenditures, with an exemption provided for property sales of ordinary residential properties (普通標準住房) if their appreciation values do not exceed 20% of the sum of total deductible items.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. INCOME TAX EXPENSE/(CREDIT) *(Continued)*

The income tax expense/(credit) for the year can be reconciled to the loss before income tax as follows:

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Loss before income tax [#]	(71,202)	(845,328)
Tax calculated at domestic rates applicable in tax jurisdictions concerned	(13,156)	(208,779)
Impact of LAT in the PRC net of allowance deduction for EIT purpose	892	440
Tax effect of non-taxable income	(6,504)	(39,981)
Tax effect of expenses not deductible for tax purposes	16,166	114,037
Tax effect of tax losses not recognized	5,864	37,259
Tax effect of temporary differences not recognized	9,519	72,235
Utilization of tax losses previously not recognized as deferred income tax assets	(5,914)	(11,326)
Over provision in respect of prior years	–	(290)
Income tax expense/(credit)	6,867	(36,405)

[#] Includes loss of HK\$71,202,000 (2024: HK\$874,607,000) from continuing operations and profit of HK\$nil (2024: HK\$29,279,000) from a discontinued operation.

13. DIVIDENDS

No dividend was proposed by the Board for the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. LOSS PER SHARE

The weighted average number of ordinary shares used to calculate the basic and diluted loss per share for the year ended 31 December 2024 has been adjusted to reflect the share consolidation (Note 27) implemented on 11 March 2025. The share consolidation reduced the number of ordinary shares outstanding without a corresponding change in resources.

Basic loss per share

The calculations of the basic loss per share from continuing and discontinued operations attributable to owners of the Company are as below:

	Year ended 31 December	
	2025	2024
Loss		
Loss for the year from continuing operations attributable to the owners of the Company (HK\$'000)	(78,069)	(832,434)
Profit for the year from discontinued operation attributable to the owners of the Company (HK\$'000)	–	29,279
Loss for the year attributable to the owners of the Company (HK\$'000)	(78,069)	(803,155)
Number of shares		
Weighted average number of ordinary shares in issue	171,295,986	148,793,515
	HK\$	HK\$
Basic (loss)/earnings per share		
Loss per share for loss from continuing operations attributable to the owners of the Company	(0.46)	(5.60)
Earnings per share for profit from discontinued operation attributable to the owners of the Company	–	0.20
Basic loss per share	(0.46)	(5.40)

Diluted loss per share

Since there was no dilutive ordinary share during the years ended 31 December 2025 and 2024, diluted loss per share is equal to basic loss per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. PROPERTY, PLANT AND EQUIPMENT

	Hotel and buildings HK\$'000	Right-of-use assets HK\$'000	Motor vehicles HK\$'000	Leasehold improvements HK\$'000	Furniture and equipment HK\$'000	Total HK\$'000
Year ended 31 December 2025						
Cost						
At 1 January 2025	–	580	1,222	4,247	12,574	18,623
Additions	–	1,536	–	–	–	1,536
Disposals	–	(580)	–	(2,919)	–	(3,499)
Exchange differences	–	34	51	80	496	661
At 31 December 2025	–	1,570	1,273	1,408	13,070	17,321
Accumulated depreciation and impairment						
At 1 January 2025	–	386	1,158	3,484	11,534	16,562
Depreciation provided for the year	–	833	–	284	177	1,294
Disposals	–	(580)	–	(2,919)	–	(3,499)
Exchange differences	–	14	49	54	457	574
At 31 December 2025	–	653	1,207	903	12,168	14,931
Net book amount	–	917	66	505	902	2,390
Year ended 31 December 2024						
Cost						
At 1 January 2024	710,735	645,435	5,705	47,744	80,007	1,489,626
Additions	–	–	–	602	422	1,024
Disposals	–	(16,203)	–	(2,276)	(454)	(18,933)
Disposals of subsidiaries	(706,642)	(625,030)	(4,457)	(41,585)	(67,113)	(1,444,827)
Exchange differences	(4,093)	(3,622)	(26)	(238)	(288)	(8,267)
At 31 December 2024	–	580	1,222	4,247	12,574	18,623
Accumulated depreciation and impairment						
At 1 January 2024	533,662	291,700	5,260	27,272	66,144	924,038
Depreciation provided for the year	8,417	19,753	182	4,489	2,249	35,090
Disposals	–	(14,843)	–	(979)	(431)	(16,253)
Disposals of subsidiaries	(539,074)	(294,733)	(4,262)	(27,198)	(56,198)	(921,465)
Exchange differences	(3,005)	(1,491)	(22)	(100)	(230)	(4,848)
At 31 December 2024	–	386	1,158	3,484	11,534	16,562
Net book amount	–	194	64	763	1,040	2,061

The Group enters into lease agreements for its office premises for terms of 2 to 3 years (2024: 2 years) with fixed monthly rentals.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. INVESTMENT PROPERTIES

	2025 HK\$'000	2024 HK\$'000
At fair value		
Opening balance at 1 January	251,351	2,628,284
Additions (a)	1,601	24,261
Disposal	–	(12,494)
Disposal of subsidiaries	–	(1,936,970)
Termination of leases	(2,045)	(26,519)
Net changes from fair value adjustments	(21,885)	(401,750)
Exchange differences	10,057	(23,461)
Closing balance at 31 December	239,079	251,351

(a) The Group has leased certain retail stores for the sole purpose to sub-lease out for rental income (the “**Sub-lease Arrangements**”) for a period of 2-6 years (2024: 2-7 years). These leased properties have been classified as right-of-use assets in accordance with HKFRS 16 and have been included as investment properties of the Group. Additions to investment properties for the year ended 31 December 2025 included the right-of-use assets as recognized for the leased properties of approximately HK\$1,601,000 (2024: HK\$24,261,000). As at 31 December 2025, the carrying amounts of the properties under the Sub-lease Arrangements amounted to HK\$25,616,000 (2024: HK\$29,798,000).

(b) Amounts recognized in profit or loss for investment properties

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Rental income	27,722	72,071
Direct operating expenses	(8,197)	(26,918)
	19,525	45,153

The Group’s investment properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties through use. The Group has measured deferred income tax relating to the temporary differences of these investment properties using the tax rates and the tax bases that are consistent with the expected manner of recovery of these investment properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. INVESTMENT PROPERTIES *(Continued)*

(c) Valuation basis

An independent valuation of the Group's investment properties was performed by the valuer, Cushman & Wakefield International Property Advisers (Shanghai) CO. LTD. ("**Shanghai Cushman & Wakefield**"), to determine the fair value of the investment properties as at 31 December 2025. The revaluation gains or losses is included in "Change in fair value of investment properties" in the consolidated income statement. The following table summarizes the fair values of investment properties analyzed by fair value hierarchy levels:

Description	Fair value measurements at 31 December 2025				
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	RMB'000
Recurring fair value measurements					
Investment properties:					
– Shopping malls – Shanghai	–	–	11,643	11,643	10,500
– Shopping malls – Nantong	–	–	201,820	201,820	182,000
– Leased properties classified as right-of-use assets – Shanghai	–	–	25,616	25,616	23,100
	–	–	239,079	239,079	215,600

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. INVESTMENT PROPERTIES *(Continued)*

(c) Valuation basis *(Continued)*

Description	Fair value measurements at 31 December 2024				
	Quoted prices in active markets for identical assets (Level 1) HK\$'000	Significant other observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	Total HK\$'000	Total RMB'000
Recurring fair value measurements					
Investment properties:					
– Shopping malls – Shanghai	–	–	12,025	12,025	11,300
– Shopping malls – Nantong	–	–	209,528	209,528	196,888
– Leased properties classified as right-of-use assets – Shanghai	–	–	29,798	29,798	28,000
	–	–	251,351	251,351	236,188

All of the Group's investment properties are located in the PRC and the fair values of these investment properties are all denominated in RMB. Despite these consolidated financial statements are presented in HK\$, the fair values of each investment properties in RMB have also been presented above to better reflect the changes in the fair values of these investment properties (by excluding the impact of the changes in exchanges rates of RMB against HK\$).

There were no transfers among Levels 1, 2 and 3 during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. INVESTMENT PROPERTIES *(Continued)*

(c) Valuation basis *(Continued)*

Fair value measurements using significant unobservable inputs (Level 3)

	Year ended 31 December 2025					
	Shopping malls				Leased properties classified as right-of-use assets	Total
	Shanghai HK\$'000	Yangzhou HK\$'000	Qingdao HK\$'000	Nantong HK\$'000	HK\$'000	HK\$'000
Opening balance at 1 January 2025	12,025	-	-	209,528	29,798	251,351
Addition	-	-	-	-	1,601	1,601
Termination of leases	-	-	-	-	(2,045)	(2,045)
Loss from fair value adjustments	(868)	-	-	(16,147)	(4,870)	(21,885)
Exchange differences	486	-	-	8,439	1,132	10,057
Closing balance at 31 December 2025	11,643	-	-	201,820	25,616	239,079

	Year ended 31 December 2024					
	Shopping malls				Leased properties classified as right-of-use assets	Total
	Shanghai HK\$'000	Yangzhou HK\$'000	Qingdao HK\$'000	Nantong HK\$'000	HK\$'000	HK\$'000
Opening balance at 1 January 2024	1,016,935	233,579	909,558	341,197	34,445	2,535,714
Addition	-	-	-	-	24,261	24,261
Disposal	(557)	(11,937)	-	-	-	(12,494)
Disposal of subsidiaries	(896,633)	(189,564)	(772,042)	-	-	(1,858,239)
Termination of leases	-	-	-	-	(26,519)	(26,519)
Loss from fair value adjustments	(98,507)	(30,385)	(131,201)	(129,047)	(2,083)	(391,223)
Exchange differences	(9,213)	(1,693)	(6,315)	(2,622)	(306)	(20,149)
Closing balance at 31 December 2024	12,025	-	-	209,528	29,798	251,351

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. INVESTMENT PROPERTIES *(Continued)*

(c) Valuation basis *(Continued)*

Valuation processes of the Group

The Group's investment properties were valued by an independent professionally qualified valuer who holds a recognized relevant professional qualification and has recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the Chief Accountant. Discussions of valuation processes and results are held between the Chief Accountant, the valuation team and the valuer at least once every year. As at 31 December 2025, the fair values of investment properties have been determined based on the valuation performed by Shanghai Cushman & Wakefield.

At the end of each reporting period, the finance department:

- verifies all major inputs to the independent valuation report;
- assesses properties valuations movements when compared to the prior year valuation reports; and
- holds discussions with the independent valuer.

Changes in Level 2 and 3 fair values are analyzed at each reporting date during the bi-annual valuation discussions between the Chief Accountant and the valuation team.

Valuation techniques

For certain car parking area in Shanghai, the valuation was determined using the direct comparison approach which is based on market observable transactions of similar project without adjustment on significant unobservable inputs.

For certain shopping malls in Shanghai and Qingdao and the leased properties in Shanghai, the valuation was determined using the income approach. For shopping malls in Yangzhou and the projects in Nantong, the valuation was determined using a combination of income capitalization approach and direct comparison approach (50% each). For the remaining shopping malls in Shanghai, the valuation was determined using the direct comparison approach. Rental prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The valuation was based on significant unobservable inputs. These inputs are summarized as the following tables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. INVESTMENT PROPERTIES *(Continued)*

(c) Valuation basis *(Continued)*

Valuation techniques (Continued)

Properties	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Property 1 – Shopping malls in Shanghai Zendai Thumb Plaza located in Pudong, Shanghai*	Level 3	Income Capitalization Approach The key inputs are: (1) Monthly unit rent (2) Reversionary yield	1) Monthly unit rent, using direct market comparables and taking into account of age, location and individual factors such as road frontage, size of property and layout/design of from RMB90/square meter (“sq.m.”) – RMB329/sq.m. 2) Reversionary yield, taking into account annual unit market rental income and unit market value of the comparable properties, range from 4.5% – 6%.	The higher the monthly unit rent, the higher the fair value. The higher the reversionary yield, the lower the fair value.
Property 2 – Car parking area in Shanghai Zendai Thumb Plaza*	Level 2	Direct Comparison Approach The key inputs are based on market observable transactions of similar properties	N/A	N/A
Property 3 – Shopping malls and car parking area in Zendai Xizhen Thumb Plaza located in Qingpu, Shanghai#	Level 3	Direct Comparison Approach The key inputs are based on market observable transaction of similar properties	1) Price per sq.m., using market direct comparables and taking into account of location and other individual factors such as road frontage, size of property etc. of RMB19,228/sq.m. for the base level (2024: RMB20,365/sq.m.).	The higher the price, the higher the fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. INVESTMENT PROPERTIES *(Continued)*

(c) Valuation basis *(Continued)*

Valuation techniques (Continued)

Properties	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Property 4 – Yangzhou Commercial Project located in Yangzhou City*	Level 3	<p>Income Capitalization Approach and Direct Comparison Approach</p> <p>The key inputs are:</p> <p>(1) Monthly unit rent</p> <p>(2) Reversionary yield</p> <p>(3) Price per sq.m.</p>	<p>1) Monthly unit rent, using direct market comparables and taking into account of age, location and individual factors such as road frontage, size of property and layout/design of from RMB73/sq.m. – RMB104/sq.m.</p> <p>2) Reversionary yield, taking into account annual unit market rental income and unit market value of the comparable properties of 5.5%.</p> <p>3) Price per sq.m., using market direct comparables and taking into account of location and other individual factors such as road frontage, size of property etc. of RMB14,700/sq.m. for the base level.</p>	<p>The higher the monthly unit rent, the higher the fair value.</p> <p>The higher the reversionary yield, the lower the fair value.</p> <p>The higher the price, the higher the fair value.</p>
Property 5 – Shopping malls of Qingdao Zendai Thumb Plaza located in Qingdao City*	Level 3	<p>Income Capitalisation Approach</p> <p>The key inputs are:</p> <p>(1) Monthly unit rent</p> <p>(2) Reversionary yield</p>	<p>1) Monthly unit rent, using direct market comparables and taking into account of age, location and individual factors such as road frontage, size of property and layout/design of from RMB40/sq.m. – RMB189/sq.m.</p> <p>2) Reversionary yield, taking into account annual unit market rental income and unit market value of the comparable properties, range from 6% – 7%.</p>	<p>The higher the monthly unit rent, the higher the fair value.</p> <p>The higher the reversionary yield, the lower the fair value.</p>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. INVESTMENT PROPERTIES *(Continued)*

(c) Valuation basis *(Continued)*

Valuation techniques (Continued)

Properties	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Property 6 – Commercial Projects of Nantong Yicheng Thumb Plaza located in Nantong City	Level 3	Income Capitalization Approach and Direct Comparison Approach The key inputs are: (1) Monthly unit rent (2) Reversionary yield (3) Price per sq.m.	1) Monthly unit rent, using direct market comparables and taking into account of age, location and individual factors such as road frontage, size of property and layout/design of from RMB13/sq.m. – RMB40/sq.m. (2024: RMB14/sq.m. – RMB46/sq.m.).	The higher the monthly rent, the higher the fair value.
			2) Reversionary yield, taking into account annual unit market rental income and unit market value of the comparable properties, of 6% (2024: 6%).	The higher the reversionary yield, the lower the fair value.
			3) Price per sq.m., using market direct comparables and taking into account of location and other individual factors such as road frontage, size of property etc. of RMB6,746/sq.m. (2024: RMB7,645/sq.m.) for the base level.	The higher the price, the higher the fair value.
Property 7 – Leased properties in Shanghai classified as right-of-use assets	Level 3	Income Capitalization Approach The key inputs are: (1) Monthly unit rent (2) Reversionary yield	1) Monthly unit rent, using direct market comparables and taking into account of age, location and individual factors such as road frontage, size of property and layout/design of from RMB299/sq.m. – RMB498/sq.m. (2024: RMB320/sq.m. – RMB533/sq.m.).	The higher the monthly rent, the higher the fair value.
			2) Reversionary yield, taking into account annual unit market rental income and unit market value of the comparable properties, of 7.5% (2024: 7.5%).	The higher the reversionary yield, the lower the fair value.

* The properties held by the Disposal Group (see note 29(c)) were valued at the completion on 18 October 2024.

Car parking area and parts of shopping malls held by the Disposal Group (see note 29(c)) were valued at the completion on 18 October 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. INVESTMENTS IN SUBSIDIARIES

The following is a list of the principal subsidiaries as at 31 December 2025 and 31 December 2024:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Percentage of ownership interests	
				directly held	indirectly held
Shanghai Zendai Himalayas Hotel Management Co., Ltd. 上海証大喜瑪拉雅酒店管理 有限公司	The PRC, limited liability company	Property rental in the PRC	RMB15,000,000	-	100% (2024: 100%)
Shanghai Zendai Operation & Management Co., Ltd. 上海証大商業經營管理 有限公司	The PRC, limited liability company	Properties rental and agency services in the PRC	RMB20,000,000	-	100% (2024: 100%)
Shanghai DevGrand Property Management Co., Ltd. (formerly known as Shanghai Zendai Property Management Co., Ltd.) 上海大方廣潤德物業管理 有限公司 (前稱上海証大物業管理 有限公司)	The PRC, limited liability company	Properties rental and property management in the PRC	RMB5,000,000	-	100% (2024: 100%)
Nanjing Shengying Property Management Co., Ltd. 南京勝盈物業管理 有限公司	The PRC, limited liability company	Property management in the PRC	RMB1,000,000	-	100% (2024: 100%)
Nantong Zendai Real Estate Co., Ltd. 南通証大置業 有限公司	The PRC, limited liability company	Property development in the PRC	RMB100,000,000	-	100% (2024: 100%)
DevGrand (Shanghai) Enterprise Management Ltd. 大方廣潤德(上海)企業管理 有限公司	The PRC, limited liability company	Investment in the PRC	RMB5,000,000	-	100% (2024: 100%)

- (a) The above table lists the subsidiaries of the Company, which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD-FOR-SALE

	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
Properties under development		
– Beyond a normal operating cycle included under non-current assets	85,718	97,111
Completed properties held-for-sale	33,706	93,017
	119,424	190,128

During the year ended 31 December 2025, impairment provision of HK\$10,227,000 (2024: HK\$39,279,000) has been recognized which is mainly attributable to the change in estimated net realizable value of certain properties under development and completed properties held-for-sale located in the PRC due to current market condition.

As at 31 December 2025, the accumulated impairment provision is HK\$63,018,000 (2024: HK\$50,444,000).

Properties which are expected to be recovered in more than twelve months after the end of reporting period are still classified under current assets if they are expected to be realized within the Group's normal operating cycle. As at 31 December 2025, properties under development of HK\$85,718,000 (2024: HK\$97,111,000) which are not expected to be developed within the Group's normal business cycle are therefore classified as non-current assets.

As at 31 December 2025, completed properties held-for-sale of HK\$33,706,000 are expected by management to be realized through the delivery of the related properties to the customers within twelve months from the end of reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
Trade receivables	29,704	41,130
Less: provision for loss allowance	(10,937)	(6,723)
Trade receivables – net (a)	18,767	34,407
Other receivables	7,075	1,956
Deposits	2,346	2,225
Less: provision for loss allowance (b)	(1,629)	(414)
Other receivables – net	7,792	3,767
Prepayments	1,941	1,919
	28,500	40,093

As at 31 December 2025 and 2024, the majority of the Group's trade and other receivables and prepayments are denominated in RMB.

As at 31 December 2025, the carrying amounts of trade and other receivables and prepayments approximated their fair values.

The Group generally grants up to 30 days for properties rental, management and agency service, except for certain significant transactions where credit terms or settlement schedules are negotiated on an individual basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

- (a) The aging analysis of trade receivables before provision for loss allowance based on the date of services provided at the end of reporting period is as follows:

	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
Within 3 months	11,474	12,756
More than 3 months but less than 12 months	9,856	23,210
More than 12 months	8,374	5,164
	29,704	41,130

Movements in the provision for loss allowance on trade receivables are as follows:

	2025 HK\$'000	2024 HK\$'000
At 1 January	(6,723)	(14,593)
Net (provision)/reversal of provision for the year	(3,846)	288
Disposal of subsidiaries	–	7,318
Exchange differences	(368)	264
At 31 December	(10,937)	(6,723)

- (b) Movements in the provision for loss allowance on other receivables are as follows:

	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
At 1 January	(414)	(93,038)
Net (provision)/reversal of provision for the year	(1,171)	3,720
Disposal of subsidiaries	–	88,361
Exchange differences	(44)	543
At 31 December	(1,629)	(414)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. CASH AND BANK BALANCES

Cash and bank balances include the following for the purposes of the consolidated cash flow statement:

	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
Cash on hand	57	176
Cash at bank	84,293	52,332
Restricted bank balances (i)	2	5,920
Cash and cash equivalents	84,352	58,428

(i) The bank balances are restricted for the balances under custodian by the courts.

As at 31 December 2025 and 2024, the Group had no bank overdrafts balance.

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

	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
RMB	74,903	44,626
USD	1	13,181
HK\$	9,448	621
Cash and cash equivalents	84,352	58,428

21. FINANCIAL ASSETS AT FAIR VALUE

Movements in financial assets at FVOCI are as below:

	FVOCI HK\$'000
At 1 January 2024	67,215
Changes in fair value	(60,935)
Disposal of subsidiaries (Note 29)	(5,674)
Exchange differences	(606)
At 31 December 2024, 1 January 2025 and 31 December 2025	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. TRADE AND OTHER PAYABLES

	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
Trade payables (a)	17,625	33,444
Other payables and accruals (b), (c)	107,762	211,690
Contract liabilities/receipts in advance (d)	28,133	55,163
	153,520	300,297
Less: non-current portions (c)	(32,725)	(8,254)
	120,795	292,043

As at 31 December 2025 and 2024, the majority of the Group's trade and other payables are denominated in RMB.

As at 31 December 2025, the carrying amounts of trade and other payables approximated their fair values.

Trade payables comprise of construction cost payables and payables to suppliers of properties rental, management and agency services.

- (a) The aging analysis is based on date of when the construction services have been verified with the contractors and date of invoices in respect of payables to suppliers of properties rental, management and agency services and is as follows:

	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
Within 3 months	1,418	15,631
More than 3 months but less than 12 months	1,480	278
More than 12 months	14,727	17,535
	17,625	33,444

- (b) As at 31 December 2025, other payables and accruals primarily comprise of interest payable, deposits received and amounts collected on behalf of property owners and tenants of HK\$32,725,000, HK\$42,166,000 and HK\$15,441,000 (2024: HK\$92,958,000, HK\$49,736,000 and HK\$22,929,000), respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. TRADE AND OTHER PAYABLES *(Continued)*

- (c) Included in other payables and accruals as at 31 December 2025 are interest payable of HK\$32,725,000 (2024: HK\$8,254,000) due to Power Rider Enterprises Corp., an associated company of a shareholder (the “**Associated Company**”). Pursuant to the amendment and restatement deed (the “**Extension Deed**”) dated 29 November 2024, the repayment date of the interest payable was extended to 31 December 2027. Accordingly, the interest payable of HK\$32,725,000 (2024: HK\$8,254,000) is classified under non-current liabilities.
- (d) Contract liabilities/receipts in advance

	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
Receipts in advance from sales of properties	15,311	46,057
Receipts in advance of properties rental	2,924	2,959
Receipts in advance of properties service performed	9,898	6,147
	28,133	55,163

Out of the contract liabilities as at 1 January 2025, amounts of HK\$38,229,000 (2024: HK\$12,219,000) has been recognized as revenue of the Group during the year ended 31 December 2025.

23. BORROWINGS

	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
Borrowings from the Associated Company	220,322	211,441
	220,322	211,441

- (a) The Group’s borrowings from the Associated Company bear interests at 10.95% per annum (2024: 10.95%) per annum and are repayable on 31 December 2027 according to the Extension Deed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. BORROWINGS *(Continued)*

- (b) The securities executed in relation to the borrowings from the Associated Company include (i) guarantee put up by Nantong Sanjian Holdings (HK) Co., Limited (“**Nantong Sanjian**”), a substantial shareholder; (ii) 18% of the Company’s issued share capital pledged by Nantong Sanjian; (iii) guarantees put up by Nantong Sanjian Holdings Co., Ltd., the holding company of Nantong Sanjian, Mr. Huang Yuhui, a former director resigned on 25 June 2025, and Ms. Liu Mei; (iv) 2% of the shares in Nantong Sanjian; and (v) guarantee put by Haimen Zendai Binjiang Real Estate Co., Ltd., a former subsidiary.
- (c) The Group’s borrowings are denominated in RMB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Movements in liabilities from financing activities:

	Liabilities from financing activities			
	Amounts due to minority owners of subsidiaries due within 1 year HK\$'000	Borrowings HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
As at 1 January 2024	(107,742)	(1,768,795)	(56,576)	(1,933,113)
Changes from financing cash flows:				
Proceeds from borrowings	–	(132,666)	–	(132,666)
Repayment of borrowings	–	153,532	–	153,532
Principal elements of lease payments	–	–	14,905	14,905
Interest elements of lease payments	–	–	4,872	4,872
Foreign exchange adjustments	621	9,635	205	10,461
Other charges:				
New leases entered	–	–	(24,261)	(24,261)
Disposal of subsidiaries	107,121	1,526,853	–	1,633,974
Termination of leases	–	–	30,718	30,718
Other non-cash movements	–	–	(3,697)	(3,697)
As at 31 December 2024	–	(211,441)	(33,834)	(245,275)
As at 1 January 2025	–	(211,441)	(33,834)	(245,275)
Changes from financing cash flows:				
Principal elements of lease payments	–	–	9,621	9,621
Interest elements of lease payments	–	–	2,260	2,260
Foreign exchange adjustments	–	(8,881)	(1,043)	(9,924)
Other charges:				
New leases entered	–	–	(1,092)	(1,092)
Termination of leases	–	–	1,660	1,660
Other non-cash movements	–	–	(2,260)	(2,260)
As at 31 December 2025	–	(220,322)	(24,688)	(245,010)

25. TAX PREPAYMENTS/PAYABLES

	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
<i>Tax prepayments</i>		
LAT prepayments	5,190	4,345
<i>Tax payables</i>		
EIT payable	4,081	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. DEFERRED INCOME TAX

Details of the deferred income tax recognized and movements during the current and the prior years were as follows:

Deferred income tax liabilities	Revaluation of property, plant and equipment HK\$'000	Revaluation of investment properties HK\$'000	Total HK\$'000
At 1 January 2024	(113,179)	(45,661)	(158,840)
Credited to income statement	3,753	32,949	36,702
Disposal of subsidiaries	107,596	12,016	119,612
Exchange differences	1,830	217	2,047
At 31 December 2024 and 1 January 2025	–	(479)	(479)
Charged to income statement	–	(1,983)	(1,983)
Exchange differences	–	(64)	(64)
At 31 December 2025	–	(2,526)	(2,526)

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. As at 31 December 2025, the Group did not recognize deferred income tax assets of HK\$22,547,000 (2024: HK\$29,349,000) in respect of cumulative tax losses amounting to HK\$91,470,000 (2024: HK\$118,675,000) that can be carried forward against future taxable income.

As at 31 December 2025, cumulative tax losses amounting to HK\$3,768,000 (2024: HK\$3,768,000) can be carried forward indefinitely and the tax losses of HK\$87,702,000 (2024: HK\$114,907,000) will expire in five years' time (out of which tax losses of HK\$21,617,000 (2024: HK\$30,545,000) is expiring within one year).

As at 31 December 2025, the Group had unrecognized taxable temporary difference on lease properties of approximately HK\$1,902,000 (2024: unrecognized deductible temporary difference of approximately HK\$3,820,000), unrecognized deductible temporary differences on fair value changes of investment properties of approximately HK\$255,060,000 (2024: HK\$228,935,000), impairment loss on properties under development and completed properties held for sale of approximately HK\$63,018,000 (2024: HK\$50,444,000), and ECL on financial assets of approximately HK\$25,346,000 (2024: HK\$7,137,000). No deferred tax asset has been recognized in relation to the deductible temporary differences, as it is not probable that sufficient taxable profits will be available against which the deductible temporary differences can be utilized. Taxable temporary differences have not been recognized in these consolidated financial statements owing to immateriality.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. SHARE CAPITAL

(a) Authorized and issued share capital

Authorized	As at 31 December			
	2025 Number	2025 HK\$'000	2024 Number	2024 HK\$'000
Ordinary shares of HK\$0.02 each	20,000,000,000	400,000	20,000,000,000	400,000

Issued and fully paid	As at 31 December			
	2025 Number	2025 HK\$'000	2024 Number	2024 HK\$'000
Ordinary shares of HK\$0.02 each	178,552,218	3,571	14,879,351,515	297,587

The special resolution regarding the proposal to implement a capital reorganization (which involved share consolidation and capital reduction) had been passed by the shareholders of the Company at the special general meeting held on 7 March 2025. For details, please refer to the announcements of the Company dated 29 November 2024, 3 December 2024, 12 February 2025 and 7 March 2025 and the circular of the Company dated 14 February 2025. The capital reorganization took effect on 11 March 2025. Consequently, the number of ordinary shares in issue decreased from 14,879,351,515 to 148,793,515 and the credit arising from the capital reduction in the amount of approximately HK\$294,611,000 was transferred to the contributed surplus account of the Company, the entire amount of which can be applied towards offsetting the accumulated losses.

On 2 December 2024, the Company entered into a share subscription agreement to issue 29,758,703 new shares at the subscription price of HK\$1.3 each to the subscriber, a company incorporated in the British Virgin Islands and is owned as to 70% by Ms. Li Zhen, the Chairman and Chief Executive Officer of the Company, and 10% each by Mr. Pi Minjie, an executive director of the Company, Mr. Song Yi and Mr. Hong Bin respectively. All the shares ranked pari passu in all respects among themselves and all other existing shares. These new shares were issued under the special mandate on 31 March 2025 and the subscription money of HK\$38,686,000 was duly received.

(b) Share option scheme

The Company adopted a share option scheme on 26 June 2012 and the said scheme was expired on 25 June 2022. No share options were granted, exercised, forfeited or outstanding during the year ended 31 December 2025. The Company has not adopted any new share scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. LEASES

(a) The Group as the lessor

As at 31 December 2025 and 2024, the Group had future aggregate minimum rental receivables under non-cancellable operating leases of self-owned investment properties and leased properties as follows:

	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
Not later than one year	15,561	22,143
Later than one year and not later than five years	43,265	47,237
Later than five years	–	2,705
	58,826	72,085

(b) The Group as the lessee

(i) Amounts recognized in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

	As at 31 December 2025 HK\$'000	As at 31 December 2024 HK\$'000
Right-of-use assets		
Leased properties (included in property, plant and equipment (<i>Note 15</i>) and investment properties (<i>Note 16(a)</i>))	26,533	29,992
	26,533	29,992
Lease liabilities		
Current	6,542	10,880
Non-current	18,146	22,954
	24,688	33,834

Additions to the right-of-use assets which are included as investment properties and property, plant and equipment during the year ended 31 December 2025 were HK\$1,601,000 (2024: HK\$24,261,000) and HK\$1,536,000 (2024: HK\$nil), respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. LEASES *(Continued)*

(b) The Group as the lessee *(Continued)*

(ii) *Amounts recognized in the consolidated income statement*

The consolidated income statement shows the following amounts relating to leases:

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Depreciation charge of right-of-use assets included in property, plant and equipment	833	19,753
Decrease in fair value of right-of-use assets classified as investment properties under the Sub-lease Arrangements	4,870	2,083
Interest expense on lease liabilities (included in finance costs) <i>(Note 11)</i>	2,260	3,697

The total cash outflow for leases (including short-term lease) in 2025 was HK\$11,905,000 (2024: HK\$21,071,000).

(iii) *The Group's leasing activities and how these are accounted for*

The Group leases certain office buildings and retail stores. Rental contracts are typically made for fixed periods of 2 to 6 years (2024: 2 to 7 years).

The present value of the lease liabilities is calculated using the Group's incremental borrowing rate of 8% (2024: 9%) per annum.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants. Leased assets may not be used as security for borrowing purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. DISPOSAL OF SUBSIDIARIES

Details of the net assets of the subsidiaries disposed of during the year ended 31 December 2024 and their financial impacts were summarized below:

	<i>(note (a))</i> Huayi Disposal HK\$'000	<i>(note (b))</i> Xiongjun Disposal HK\$'000	<i>(note (c))</i> 2024 Disposal HK\$'000	Total HK\$'000
Property, plant and equipment	–	–	523,362	523,362
Investment properties	–	–	1,936,970	1,936,970
Financial assets at FVOCI	–	–	5,674	5,674
Interest in an associate	–	–	–	–
Properties under development and completed properties held-for-sales	261,923	–	258,645	520,568
Inventories	–	–	1,055	1,055
Trade and other receivables and prepayments	–	35	158,476	158,511
Deposits for properties under development	3	–	7,990	7,993
Amounts due from the Group	–	16,376	1,019,731	1,036,107
Amount due from an associate	–	–	–	–
Tax prepayments	–	–	2,372	2,372
Pledged deposits	–	–	9,247	9,247
Cash and bank balances	–	6	50,738	50,744
Trade and other payables	(17,606)	(1,521)	(687,290)	(706,417)
Amounts due to the Group	(48,622)	(358)	(1,791,698)	(1,840,678)
Amounts due to minority owners of subsidiaries	–	–	(107,121)	(107,121)
Borrowings	–	(46,136)	(1,480,717)	(1,526,853)
Financial guarantee contracts provision	–	–	(749,018)	(749,018)
Tax payables	–	–	(48,136)	(48,136)
Deferred income tax liabilities	–	–	(119,612)	(119,612)
Net assets/(liabilities) disposed of	195,698	(31,598)	(1,009,332)	(845,232)
Cash consideration	–	–	10,941	10,941
Settlement of interest payable through judicial auction	92,332	–	–	92,332
Exchange reserve released	(29,717)	2,808	(133,561)	(160,470)
Net (assets)/liabilities disposed of	(195,698)	31,598	1,009,332	845,232
Non-controlling interest	78,279	–	41,436	119,715
Amounts due from the Disposal Group	–	–	1,019,731	1,019,731
Amounts due to the Disposal Group	–	–	(1,791,698)	(1,791,698)
Transaction costs attributable to the 2024 Disposal	–	–	(2,255)	(2,255)
(Loss)/gain on disposal of subsidiaries	(54,804)	34,406	153,926	133,528
Net cash outflow arising on disposal:				
Cash received	–	–	10,941	10,941
Cash and bank balances disposed of	–	(6)	(50,738)	(50,744)
Transaction costs attributable to the 2024 Disposal	–	–	(2,255)	(2,255)
Total	–	(6)	(42,052)	(42,058)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. DISPOSAL OF SUBSIDIARIES *(Continued)*

- (a) On 14 March 2024, the pledged equity interest of Huayi was disposed of through a judicial auction process on the network platform by the Intermediate People's Court of Lanzhou (the "**Huayi Disposal**") for a transaction price of RMB85 million to partially settle the Qingdao Defaulted Borrowing as defined in the Company's Annual Report for the year ended 31 December 2023.
- (b) On 28 March 2024, the Group entered into a share transfer agreement for the disposal of its entire equity interests in Jiangsu Xiongjun Construction & Development Limited (江蘇雄駿建設發展有限公司) with two transferees (the "**Xiongjun Disposal**") for a total cash consideration of RMB10.
- (c) On 26 July 2024, the Group as a seller entered into the Disposal Agreement with Fortunate Omen as purchaser and the Disposal Targets in respect of the disposal of its entire equity interests of each of the Disposal Targets and the assignment of the amounts due from and due to the Disposal Targets and their respective subsidiaries (collectively the "**Disposal Group**") to Fortunate Omen by the Company for a total cash consideration of RMB10 million (equivalent to approximately HK\$11 million). The transaction was completed in October 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. DISCONTINUED OPERATION

The Disposal Group contained a subsidiary which is principally engaged in the hotel operation segment. After the 2024 Disposal, the hotel operation was discontinued in accordance with HKFRS 5 and the comparative information relating to the discontinued operation has been re-presented on a consistent basis accordingly.

	Year ended 31 December 2024 HK\$'000
Revenue	56,728
Cost of revenue	(4,042)
Gross profit	52,686
Net reversal of impairment losses on financial assets	5,854
Selling and marketing expenses	(19,240)
Administrative expenses	(10,021)
Profit before income tax	29,279
Income tax	–
Profit for the discontinued operation	29,279
Exchange differences arising on translation of foreign operations	(2,392)
Total comprehensive income from discontinued operation	26,887
Cash generated from operating activities	5,006
Cash used in investing activities	(1,020)
Exchange differences	(159)
Net increase in cash and cash equivalents	3,827

The revenue from hotel operations was recognized over time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. RELATED PARTY TRANSACTIONS/BALANCES

As at 31 December 2025, Nantong Sanjian, as the shareholder with largest shareholding in the Company, and Smart Success Capital Ltd., as a substantial shareholder of the Company, directly held 24.99% (2024: 29.99%) and 15.14% (2024: 18.17%) respectively in the issued shares of the Company.

Smart Success Capital Ltd. is indirectly controlled by China Orient Asset Management (International) Holding Limited (“**COAMI**”), which is ultimately held by China Orient Asset Management Co., Ltd. Nantong Sanjian is indirectly controlled by Nantong Sanjian Holdings Co., Ltd.

In addition to those disclosed elsewhere in the consolidated financial statements, the Group had entered into the following significant transactions and had balances with related parties:

(a) Compensation of key management personnel

The remuneration of key management during the year was as follows:

	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
Short-term benefits	6,543	6,688
Post-employment benefits	584	623
	7,127	7,311

The remuneration of key management personnel is determined by reference to the performance of individuals and market trends.

(b) Balance with a related party

Borrowings due to the Associated Company of a shareholder represent the borrowings due to COAMI's subsidiary of HK\$220,322,000 (2024: HK\$211,441,000). The Associated Company is not deemed as the related party to the Company in accordance with the respective HKFRS Accounting Standards.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. RELATED PARTY TRANSACTIONS/BALANCES *(Continued)*

(c) Transactions with related parties

- (i) According to the Myway Disposal agreement, the Group charges the former subsidiaries a guarantee fee equivalent to 1% of the guaranteed amount per annum from date of Myway Disposal until the date of release of these guarantees.

From the date of Myway Disposal until the date of release of these guarantees, the former subsidiaries charge the Group a 1% guarantee fee per annum for the guaranteed amount. Guarantee fee expense of HK\$7,903,000 was provided for the year ended 31 December 2024.

- (ii) According to the Myway Disposal agreement, amounts due from and to former subsidiaries are interest-bearing at the rate of 11.9% per annum. Interest income of HK\$39,415,000 (2024: HK\$31,179,000) and interest expense of HK\$1,093,000 (2024: HK\$458,000) were recognized during the year ended 31 December 2025.

32. AMOUNTS DUE FROM/TO FORMER SUBSIDIARIES

	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
Amounts due from former subsidiaries <i>(Note i)</i>	785,708	798,425
Less: provision for loss allowance <i>(Note ii)</i>	(481,639)	(405,166)
Amounts due from former subsidiaries, net	304,069	393,259

	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
Current portion	–	83,062
Non-current portion	304,069	310,197
Amounts due from former subsidiaries, net	304,069	393,259

	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
Amounts due to former subsidiaries <i>(Note i)</i>	(10,511)	(9,015)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. AMOUNTS DUE FROM/TO FORMER SUBSIDIARIES *(Continued)*

- (i) Prior to completion of the Myway Disposal in 2022, the Group and the former subsidiaries had maintained inter-company balances. As these inter-company balances involved many different business entities of the Group and each of them had its own tax, operational and cashflow concerns for the repayment of these balances, it was impracticable for the relevant parties to settle all the outstanding balances before completion. Having considered the liquidity needs of the Group, amount due from and to former subsidiaries were retained after the Myway Disposal.

Based on the Myway Disposal agreement, balances with subsidiaries are unsecured, interest-bearing at the rate of 11.9% per annum and repayable in full on or before 31 December 2024. In the event that the balances have not been repaid in full as at 31 December 2024, the Group has the right to extend the maturity dates by not more than three years. Pursuant to the supplementary agreement in relation to the confirmation and extension of the amounts due from former subsidiaries dated 29 November 2024, the repayment date was extended to 31 December 2027.

A set-off deed agreement (the “**Set-off Deed**”) was entered into on 29 November 2024 whereas the Company agreed to assign to the Associated Company, and the Associated Company agreed to take from the Company a partial outstanding balance from amounts due from former subsidiaries of HK\$83,062,000 for setting off the interest payable to the Associated Company. The Set-off Deed was passed in the Company’s special general meeting held on 7 March 2025.

As at 31 December 2025, the gross amounts due from and due to the former subsidiaries were HK\$785,708,000 and HK\$10,511,000 respectively (2024: \$798,425,000 and HK\$9,015,000 respectively).

- (ii) Details of impairment assessment are set out in Note 5.1(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL GUARANTEES

(a) Financial guarantees in respect of mortgage facilities for certain properties purchasers

	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
Financial guarantee provided	1,119	3,801

As at 31 December 2025 and 2024, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain properties purchasers of the Group's properties, net of mortgages received and included in receipts in contract liabilities. Pursuant to the terms of the guarantees, upon default in mortgage payments by the respective properties purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted properties purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends when the properties purchasers obtain the "property title certificate" which is then to be pledged with the banks.

The Group has not recognized any ECL provision in connection with the aforesaid financial guarantee contracts as the Directors of the Company are of the view that it is remote for the Group to suffer from any significant losses on these financial guarantee contracts.

(b) Financial guarantees issued in respect of borrowings and interest payables of former subsidiaries

The Group recognized loss allowance on financial guarantee contracts of HK\$430,524,000 for the year ended 31 December 2024. After the 2024 Disposal, the Group's obligations to these financial guarantee contracts were released.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. COMMITMENTS

	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
Commitments in respect of properties under development and investment properties – contracted for but not provided	16,437	45,763

35. FINANCIAL INSTRUMENTS BY CATEGORY

The following table shows the Group's financial assets and liabilities by category:

	Financial assets at amortized cost HK\$'000	Total HK\$'000
Assets		
As at 31 December 2025		
Trade and other receivables (excluding prepayments)	26,559	26,559
Amounts due from former subsidiaries	304,069	304,069
Cash and bank balances	84,352	84,352
	414,980	414,980

	Financial assets at amortized cost HK\$'000	Total HK\$'000
Assets		
As at 31 December 2024		
Trade and other receivables (excluding prepayments)	38,174	38,174
Amounts due from former subsidiaries	393,259	393,259
Cash and bank balances	58,428	58,428
	489,861	495,079

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

	Financial liabilities at amortized cost HK\$'000	Total HK\$'000
Liabilities		
As at 31 December 2025		
Trade and other payables (excluding non-financial liabilities)	113,866	113,866
Borrowings	220,322	220,322
Amounts due to former subsidiaries	10,511	10,511
Lease liabilities	24,688	24,688
	369,387	369,387
Liabilities		
As at 31 December 2024		
Trade and other payables (excluding non-financial liabilities)	226,639	226,639
Borrowings	211,441	211,441
Amounts due to former subsidiaries	9,015	9,015
Lease liabilities	33,834	33,834
	480,929	480,929

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36. BALANCE SHEET AND RESERVES MOVEMENT OF THE COMPANY

Balance sheet of the Company

	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
Assets		
Non-current assets		
Investments in subsidiaries	–	–
Property, plant and equipment	1	8
Amounts due from former subsidiaries	296,054	301,321
Total non-current assets	296,055	301,329
Current assets		
Amounts due from former subsidiaries	–	83,062
Cash and cash equivalents	9,615	7,762
Total current assets	9,615	90,824
Total assets	305,670	392,153
Equity and liabilities		
Equity attributable to owners of the Company		
Share capital	3,571	297,587
Share premium	2,202,773	2,164,682
Other reserves	521,541	226,930
Accumulated losses	(2,713,598)	(2,667,550)
Total equity	14,287	21,649

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36. BALANCE SHEET AND RESERVES MOVEMENT OF THE COMPANY

(Continued)

Balance sheet of the Company (Continued)

	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
Liabilities		
Non-current liabilities		
Borrowings	220,322	211,441
Other payables	32,725	8,254
Total non-current liabilities	253,047	219,695
Current liabilities		
Amounts due to subsidiaries	28,804	35,113
Amounts due to former subsidiaries	7,521	6,450
Other payables	2,011	109,246
Total current liabilities	38,336	150,809
Total liabilities	291,383	370,504
Total equity and liabilities	305,670	392,153

The balance sheet of the Company was approved by the Board of Directors on 26 March 2026 and was signed on its behalf.

Ms. Li Zhen
Director

Mr. Pi Minjie
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36. BALANCE SHEET AND RESERVES MOVEMENT OF THE COMPANY

(Continued)

Reserves movement of the Company include:

	Other reserves HK\$'000	Accumulated losses HK\$'000
At 1 January 2024	226,930	(2,800,319)
Profit for the year	–	132,769
At 31 December 2024	226,930	(2,667,550)
At 1 January 2025	226,930	(2,667,550)
Loss for the year	–	(46,048)
Capital reorganization	294,611	–
At 31 December 2025	521,541	(2,713,598)

The Group's other reserves include mainly the share premium and other reserves as disclosed in the balance sheet of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. BENEFITS AND INTERESTS OF DIRECTORS

Directors' and chief executive's emoluments

The remuneration of every director and the chief executive of the Company is set out below:

For the year ended 31 December 2025:

	Emoluments paid or payable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:			Total HK\$'000
	Fees HK\$'000	Salaries and wages HK\$'000	Employer's contribution to pension scheme or retirement benefit scheme HK\$'000	
Executive Directors and chief executive:				
Mr. Huang Yuhui (<i>Note (v)</i>)	–	–	–	–
Mr. Wang Letian (<i>Note (vi)</i>)	–	–	–	–
Ms. Li Zhen (<i>chairman of the Board and chief executive officer</i>) (<i>Note (iii)</i>)	–	3,952	128	4,080
Mr. Long Tianyu	–	–	–	–
Mr. Pi Minjie (<i>Note (iv)</i>)	–	652	145	797
Non-executive Directors:				
Ms. Wang Zheng (<i>Note (vi)</i>)	–	–	–	–
Mr. Zou Yang	–	–	–	–
Mr. Guo Haomiao (<i>Note (i, vi)</i>)	–	–	–	–
Independent non-executive Directors:				
Dr. Guan Huanfei	300	–	–	300
Mr. Cao Hailiang	300	–	–	300
Dr. Lin Xinzhu	300	–	–	300
Mr. Wang Yuzhou	300	–	–	300
Total	1,200	4,604	273	6,077

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

Directors' and chief executive's emoluments *(Continued)*

The remuneration of every director and the chief executive of the Company is set out below:
(Continued)

For the year ended 31 December 2024:

	Emoluments paid or payable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:			Total HK\$'000
	Fees HK\$'000	Salaries and wages HK\$'000	Employer's contribution to pension scheme or retirement benefit scheme HK\$'000	
Executive Directors and chief executive:				
Mr. Huang Yuhui <i>(Chairman of the Board)</i> <i>(Note (v))</i>	–	–	–	–
Mr. Wang Letian	–	–	–	–
Ms. Li Zhen <i>(chief executive officer)</i> <i>(Note (iii))</i>	–	1,051	32	1,083
Mr. Long Tianyu	–	–	–	–
Mr. Pi Minjie <i>(Note (iv))</i>	–	646	159	805
Non-executive Directors:				
Ms. Wang Zheng	–	–	–	–
Mr. Zou Yang	–	–	–	–
Mr. Guo Haomiao <i>(Note (i))</i>	–	–	–	–
Mr. Huang Jiawei <i>(Note (i))</i>	–	–	–	–
Independent non-executive Directors:				
Dr. Guan Huanfei	300	–	–	300
Mr. Chen Shuang <i>(Note (ii))</i>	75	–	–	75
Mr. Cao Hailiang	300	–	–	300
Dr. Lin Xinzhu	300	–	–	300
Mr. Wang Yuzhou	300	–	–	300
Total	1,275	1,697	191	3,163

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

Directors' and chief executive's emoluments *(Continued)*

For the years ended 31 December 2025 and 2024, no housing allowance, estimated money value of other benefits, remunerations paid or receivable in respect of accepting office as director, emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking were provided by the Group to Directors or chief executive.

Notes:

- (i) Mr. Huang Jiawei resigned and Mr. Guo Haomiao was appointed as a non-executive director of the Company on 26 March 2024.
- (ii) Mr. Chen Shuang was vacated as an independent director of the Company on 26 March 2024.
- (iii) Ms. Li Zhen was appointed as the chief executive officer of the Company on 1 December 2024 and chairman of the Board on 18 July 2025.
- (iv) Mr. Pi Minjie was appointed as an executive director of the Company on 1 December 2024. During the year ended 31 December 2024, the emoluments paid or payable in respect of his services as a director and an employee were HK\$120,000 and HK\$685,000 respectively.
- (v) Mr. Huang Yuhui resigned as an executive director of the Company and chairman of the Board on 25 June 2025.
- (vi) Mr. Wang Letian as the executive director of the Company, Ms. Wang Zheng and Mr. Guo Haomiao as the independent director of the Company, retired on 27 June 2025.
- (vii) Directors' retirement benefits and termination benefits

None of the Directors received termination benefits for the year ended 31 December 2025.
- (viii) Consideration provided to third parties for making available directors' services

For the year ended 31 December 2025, the Group did not pay consideration to any third parties for making available directors' services.
- (ix) Information about loans, quasi-loans and other dealings in favour of Directors, bodies corporate controlled by such Directors and connected entities with such Directors

For the year ended 31 December 2025, the Group did not provide loans, quasi-loans and other dealings in favour of Directors.
- (x) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at 31 December 2025 or at any time during the year ended 31 December 2025.

FINANCIAL SUMMARY

The following table summarizes the results, assets and liabilities of the Group for the last five years.

RESULTS

	Year ended 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	183,040	261,379	380,100	396,621	740,993
Loss before income tax	(71,202)	(845,328)	(51,929)	2,793,560	(2,163,004)
Income tax (expense)/credit	(6,867)	36,405	78,175	84,778	81,076
(Loss)/profit for the year	(78,069)	(808,923)	26,246	2,878,338	(2,081,928)

ASSETS AND LIABILITIES

	At 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Total assets	783,004	952,445	4,890,860	6,526,021	13,537,545
Total liabilities	(415,648)	(555,066)	(3,642,265)	(5,336,755)	(15,329,881)
Non-controlling interests	–	–	(126,258)	(203,956)	(226,352)
Balance of shareholders' funds/(deficit)	367,356	397,379	1,122,337	985,310	(2,018,688)