



鈞濠集團

鈞濠集團有限公司*
GRAND FIELD GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 115)

In Motion and Connected,
Shaping the Future of Mobility

ANNUAL REPORT 2025

* For identification purposes only

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Corporate Information

EXECUTIVE DIRECTORS

Mr. Ma Xuemian (*Chairman*)
Mr. Kwok Siu Bun
Ms. Chow Kwai Wa Charmaine
Ms. Kwok Siu Wa Alison

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hui Pui Wai Kimber
Mr. Liu Chaodong
Mr. Tsui Matthew Mo Kan

COMPANY SECRETARY

Ms. Lam Yuen Ling Eva

AUDIT COMMITTEE

Mr. Tsui Matthew Mo Kan (*Chairman*)
Mr. Hui Pui Wai Kimber
Mr. Liu Chaodong

REMUNERATION COMMITTEE

Mr. Hui Pui Wai Kimber (*Chairman*)
Mr. Liu Chaodong
Mr. Ma Xuemian
Mr. Tsui Matthew Mo Kan

NOMINATION COMMITTEE

Mr. Liu Chaodong (*Chairman*)
Ms. Chow Kwai Wa Charmaine
(appointed on 30 June 2025)
Mr. Ma Xuemian (resigned on 30 June 2025)
Mr. Tsui Matthew Mo Kan

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr. Ma Xuemian (*Chairman*)
Mr. Liu Chaodong
Mr. Tsui Matthew Mo Kan

AUTHORISED REPRESENTATIVES

Ms. Chow Kwai Wa Charmaine
Ms. Kwok Siu Wa Alison

REGISTERED OFFICE IN BERMUDA

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Shek Mun, Shatin,
New Territories, Hong Kong

LEGAL ADVISER ON BERMUDA LAW

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8 Connaught Place,
Hong Kong

LEGAL ADVISER ON HONG KONG LAW

Simon Ho & Co. Solicitors
Room 609, 6th Floor,
China Insurance Group Building,
141 Des Voeux Road Central,
Hong Kong

AUDITOR

ZHONGHUI ANDA CPA Limited
23/F., Tower 2, Enterprise Square Five,
38 Wang Chiu Road, Kowloon Bay,
Kowloon, Hong Kong

PROPERTY VALUER

RAVIA GLOBAL APPRAISAL ADVISORY LIMITED
Unit B, 7/F, Chang Pao Ching Building,
No. 427-429, Hennessy Road,
Wan Chai, Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

PRINCIPAL BANKER

The Bank of East Asia, Limited

WEBSITE

<https://www.gfghl.com>

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Grand Field Group Holdings Limited (the "Company"), I am pleased to present the annual report of the Company (the "Annual Report") on the activities for the year ended 31 December 2025, and to report to all shareholders on the Company's operating conditions, development initiatives, and future plans for this year, with sincere gratitude to all shareholders for your enduring trust, steadfast support, and shared journey with the Company.

BUSINESS REVIEW

The year 2025 marked a significant milestone in advancing Chinese-style modernization. It witnessed the successful conclusion of the 14th Five-Year Plan, served as a pivotal juncture for mapping out the blueprint of the 15th Five-Year Plan, and stood as a critical period for the property sector to undergo deep adjustments and accelerate transition to a new development model. During the year, the global economic recovery remained weak, inflationary pressures persisted, and the international environment was complex and volatile. Domestically, the economy showed a steady rebound despite downward pressures, while the property sector continued its deep structural adjustment. On the supply side, credit risks persisted and industry concentration kept on rising. On the demand side, weakened household expectations and income uncertainty continued to suppress home purchase sentiment. Market divergence widened, leaving the sector exposed to mounting challenges.

Faced with a complex and challenging industry environment and operational pressures, the Board of the Company has consistently adhered to the core strategy of "stable operation and quality-oriented transformation". Under its leadership, all employees worked together to overcome difficulties, actively responded to industry changes, and proactively adjusted the business structure, in a bid to promote the Company's high-quality transformation. The Company focused on the rental housing business, converting some existing finished properties into long-term rental apartments. At the same time, it steadily developed held assets such as hotels, shopping centers, and office buildings, improving the real estate holding and operation system. Through refined operations, it enhanced the potential for asset appreciation, establishing a dual-driven model of "rental plus holding".

In the field of comprehensive real estate services, the Company actively promoted the implementation of the "Large-scale Property (大物業)" strategy. It integrated end-to-end resources including property operation and maintenance, investment promotion, and customer services, expanded diversified service scenarios, and enhanced comprehensive service capabilities, thereby fostering coordinated development across multiple business formats. In its operations, the Company adhered to its core business, strengthened risk prevention and control, strictly managed debt levels, optimized its capital structure, and mitigated operational risks. It adhered to compliant operations, strictly abided by the Listing Rules of the Stock Exchange, the Company Act, and other relevant laws and regulations, accumulated momentum through transformation and innovation, successfully withstood industry-wide downward pressure, achieved stable operations, and effectively safeguarded the legitimate rights and interests of all shareholders.

Chairman's Statement

The Board of the Company places great emphasis on the development of internal management systems. Centering on “enhancing quality and efficiency, standardizing operations, and mitigating risks”, it continuously optimizes governance structure, refines management systems, and elevates management standards. We strictly standardize the operation processes of the Board and the board of supervisors, improve decision-making mechanisms, safeguard shareholders’ rights to information, participation, expression, and supervision, and ensure the scientificity, efficiency, and compliance of the Company’s decision-making, continuously enhancing our governance level.

PROSPECTS

Looking ahead, as the property sector undergoes profound transformation, the Company may encounter multiple challenges in its development. At the same time, with the global energy industry accelerating its structural optimization and deepening the green, low-carbon transition, the new energy sector has entered a critical strategic opportunity period. Driven by the full implementation of the 15th Five-Year Plan, national efforts are intensifying to build a new-type power system, advance energy storage solutions, and promote the widespread adoption of clean energy. These dual drivers of policy support and market demand create favorable prospects for the high-quality growth of the new energy industry. The Company will continue to adhere to the strategic guidance of “stable operation and quality-oriented transformation”, optimize its industrial layout, focus on core new energy sectors, and steadily deploy new energy projects in energy storage and clean energy. At the same time, leveraging its existing resource advantages, the Company will promote the integrated development of real estate operations and green energy, foster a new pattern of coordinated development of “new energy plus comprehensive services”, cultivate new performance growth drivers, and enhance core competitiveness. Remaining confident and resolute, the Company will forge ahead, continuously improve management and operational capabilities, accelerate the pace of green transformation, and strive to achieve sustainable high-quality development, creating greater value for all shareholders through even better operating performance.

Ma Xuemian

Chairman

Hong Kong, 30 March 2026

Management Discuss and Analysis

FINANCIAL RESULTS

For the year ended 31 December 2025 (the "Year"), there was a slight increase in revenue from last year of approximately HK\$236,371,000 to approximately HK\$242,609,000. The revenue for the Year was mainly attributed to the rental income and sale of commercial apartments and offices in Shenzhen, which were accounted for 9% and 86% respectively of the total revenue for the Year. In contrast, contributions from general trading income, properties management services and hotel operation income were minimal, which represented approximately 0%, 2% and 3% respectively of the total revenue.

The loss for the Year was approximately HK\$189,952,000 (2024: loss of approximately HK\$386,605,000).

The reduction in loss was mainly attributable to the following reasons:

- (i) increase in gross profit of the Group from approximately HK\$16 million for the year ended 31 December 2024 to approximately HK\$20 million for the year ended 31 December 2025 driven by the increase in revenue;
- (ii) decrease in the Group's administrative expenses by approximately 21.7% for the year ended 31 December 2025 when compared with the same period last year, which was attributed to the Group's proactive review and streamlining of its cost structure, aimed at achieving better capital efficiency across its operations;
- (iii) one-off gain on disposal of approximately HK\$60 million recognised as a result of the disposal of 100% of the equity interest in Ka Fong Industrial Company Limited throughout the year ended 31 December 2025; and
- (iv) significant decrease in recognition of fair value loss of the Group's investment properties for the year ended 31 December 2025 when compared with the same period last year.

Due to the aforesaid reasons, the loss attributable to owners of the Company was approximately HK\$82,067,000 (2024: loss of approximately HK\$251,341,000).

Management Discuss and Analysis

BUSINESS REVIEW AND PROSPECT

In 2025, the property market in Chinese Mainland remained relatively weak, with market demand and price growth facing certain challenges. Nevertheless, our Group continued to make steady progress according to plan. Both our sales and leasing performances exceeded the market average, demonstrating our strong competitiveness and clear positioning within the market.

In 2025, our Group has been focusing its resources on operating the Shenzhen MIX PARK and the Xuzhou Golden Bay Plaza projects. For Shenzhen MIX PARK project, the Group continues to optimize its sale strategies by accurately positioning in the market and excellent sales services to keep stronger sales performance. Especially from the middle of May to June 2025, through the innovative “on-line to off-line” strategy, the sales of our Group ranked the top of the sales chart of the whole city. This benefited most from the following:

Differentiated pricing strategy: A dual approach, focusing on precise positioning and reasonable returns for investors. Targeting the investor segment, the Group highlighted the dual value of being “Adjacent to Luohu North High-Speed Rail Station and Stable Rental Income”. Market research helped lock in a reasonable annual return range of 4.5%-5.5%, aligned with appreciation expectations in core areas like Qianhai and Longhua in Shenzhen.

Omnichannel marketing network: Integrating online and off-line live stream promotion, private domain traffic operation and traditional media resources, the conversion rate of potential customers increased by 19%. The playback rate of the short-form video media platform featuring “project value analysis and actual rental records” surpassed 2 million times, promoting online consultation increase by 87%. Offline stream brings customers to visit the premises for more than 1,000 times.

Breakthrough of core regional projects: The project has the advantage of floor plan and being next to the Luohu North Railway Station in Shenzhen, thereby enhancing the overall sales performance.

For rental, we actively develop to diversify business sectors forming double driving mode, namely, “Property plus Services”. The digitization of hotel business focuses on deepening online business, through the deep docking of our self-built platform and main stream booking channels to achieve online booking rate to more than 80%. Cooperating with smart room management system, the occupancy rate of the hotel maintained around 85%. Through the intelligent voice control and internet of things, the rate of customers’ satisfaction reached 92%. For commercial rental and traffic operation, we focus on introduction of the debut of regional brands. In 2025 there have been 6 iconic brands renting our shopping centre, and a large brand supermarket, namely, Chao Aijia (超愛家), was successfully introduced, which increased the popularity of the shopping mall and attracted more new merchants.

Management Discuss and Analysis

For the project of Xuzhou Golden Bay Plaza, with the unique location, the Group has turned it into a tourist accommodation hub in the district. We aim at selling all remaining properties in the future.

Overall, despite the challenging market environment, the Group is still maintaining steady development in many aspects and responding to market changes through effective adjustments so as to lay a solid foundation for future growth of the Group. In future, we will continuously keep a prudent and steady development strategy to respond to the market changes flexibly to ensure the Group maintains its advantage in a highly competitive market and achieve sustainable growth.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2025, the Group's cash and cash equivalents were approximately HK\$25,090,000 (31 December 2024: approximately HK\$43,969,000) of which most were denominated in Hong Kong Dollar ("HK\$") and Renminbi ("RMB").

As at 31 December 2025, the Group had total current assets of approximately HK\$241,023,000 (31 December 2024: approximately HK\$529,482,000), and total current liabilities of approximately HK\$719,044,000 (31 December 2024: approximately HK\$884,723,000). The Group recorded total assets of approximately HK\$1,699,573,000 (31 December 2024: approximately HK\$2,141,537,000). As at 31 December 2025, the Group's total interest-bearing borrowings amounted to approximately HK\$480,888,000 (31 December 2024: approximately HK\$577,328,000), of which approximately HK\$281,309,000 was repayable within 1 year (31 December 2024: approximately HK\$291,235,000), approximately HK\$14,599,000 (31 December 2024: approximately HK\$57,076,000) was repayable within a period of more than one year but not exceeding two years, approximately HK\$184,980,000 (31 December 2024: approximately HK\$229,017,000) was repayable within a period of more than two years but not exceeding five years.

As at 31 December 2025, interest-bearing borrowings of the Group amounted to approximately HK\$480,888,000 (31 December 2024: approximately HK\$577,328,000) are denominated in RMB and such borrowings carried interest at fixed rates of 4.35% to 12% per annum (2024: 4.35% to 12% per annum).

As at 31 December 2025, there are no borrowings denominated in HK\$ (31 December 2024: Nil).

The gearing ratio as at 31 December 2025, which was defined to be total interest-bearing borrowings over shareholders' equity, was approximately 275% (31 December 2024: approximately 242%).

Management Discuss and Analysis

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's major operations are located in the People's Republic of China (the "PRC") and the main operational currencies are HK\$ and RMB. There has been no significant change in the Group's policy in terms of exchange rate exposure. The Group is exposed to foreign currency risk due to the exchange rate fluctuation of RMB against HK\$. Moderate fluctuation of RMB against HK\$ was expected. The Group considered the foreign currency risk exposure is acceptable. However, management of the Group will monitor foreign exchange exposure closely and consider the use of hedging instruments when necessary.

As at 31 December 2025, the Group has no material liability denominated in foreign currencies other than RMB. There was also no hedging transaction contracted for by the Group during the Year.

CAPITAL STRUCTURE

References are made to the announcements of the Company dated 12 August 2022, 5 September 2022, 5 October 2022, 10 October 2022, 26 October 2022 and 31 October 2022 and the circular of the Company dated 10 October 2022. The Company has issued convertible bonds in an aggregate principal amount of HK\$95,896,475.43 to Ms. Tsang Tsz Nok Aleen, a substantial shareholder of the Company (the "Subscriber"), on 31 October 2022 in accordance with the conditional subscription agreement dated 5 September 2022 (the "Old Convertible Bond"). Pursuant to the terms of the Old Convertible Bond, the Old Convertible Bond has been matured on 30 April 2024.

On 6 March 2024 (after trading hours of the Stock Exchange), the Company entered into the conditional subscription agreement dated 6 March 2024 (the "Subscription Agreement") with the Subscriber, pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for the 6% convertible bond with a 36 months term to be subscribed by the Subscriber under the Subscription Agreement with a principal amount of not less than HK\$100,869,000 and not more than HK\$101,912,000 (the "New Convertible Bond") (the "Subscription").

As additional time is required for the satisfaction or waiver, as the case may be, of the conditions precedent to the completion, the Company and the Subscriber have entered into the standstill agreement after trading hours on 30 April 2024. Pursuant to the standstill agreement, the time of repayment of all amounts outstanding under the Old Convertible Bond has been extended to 30 June 2024 with interest rate unchanged. Moreover, the conversion rights under the Old Convertible Bond were extinguished pursuant to its terms on 30 April 2024. As a result of the entering into of the standstill agreement, the Company has not defaulted and was not in a position of default in repaying the Old Convertible Bond from 1 May 2024 to 30 June 2024.

Management Discuss and Analysis

All the conditions precedent under the Subscription Agreement have been fulfilled and/or waived in accordance with the terms of the Subscription Agreement, completion of the Subscription was taken place on 6 May 2024. Based on (i) the outstanding principal amount of the Old Convertible Bond of HK\$95,896,475.43; (ii) the outstanding interests of the Old Convertible Bond of approximately HK\$4,973,130.08 as at 30 April 2024; and (iii) the additional interest accrued pursuant to the standstill agreement of approximately HK\$99,487.83, the New Convertible Bond was issued at a principal amount of HK\$100,969,093.34. Upon completion of the Subscription, the outstanding principal amount and the interests under the Old Convertible Bond was settled.

The New Convertible Bond carries the right to convert into the conversion shares at the conversion price of HK\$2.6 per conversion share (subject to adjustments). Assuming the conversion rights are exercised in full at the conversion price, 38,834,266 new ordinary shares will be allotted and issued to the Subscriber. Upon full exercise of the conversion rights attaching to the New Convertible Bond, the shareholdings of the Subscriber will be changed from approximately 55.25% to 89.27% of the total number of issued shares of the Company as enlarged by the issue of the shares of the Company upon the conversion of the New Convertible Bond.

Reference is made to the Company's announcement (the "Announcement") dated 15 September 2025. Capitalised terms used herein shall have the same meanings as those defined in the Announcement. On 15 September 2025, the Company received a conversion notice from Ms. Tsang in respect of the exercise of the Conversion Rights to convert a principal amount of HK\$22,000,000 of the outstanding Convertible Bond at the Conversion Price of HK\$2.6 each. The Company allotted and issued 8,461,538 Conversion Shares to Ms. Tsang on 16 September 2025.

Details were set out in the announcements of the Company dated 6 March 2024, 10 April 2024, 26 April 2024, 30 April 2024, 2 May 2024, 6 May 2024 and 15 September 2025 and the circular of the Company dated 10 April 2024.

CAPITAL COMMITMENTS

The Group had the following material commitments as at 31 December 2025 and 31 December 2024:

	2025 HK\$'000	2024 HK\$'000
Investment properties and properties for sale under development	<u>750</u>	<u>34,983</u>

Management Discuss and Analysis

CHARGE ON GROUP ASSETS

As at 31 December 2025, certain properties (2024: properties) situated in Shenzhen owned by Shenzhen Zongke Real Estate Co., Ltd (“Shenzhen Zongke”), Shenzhen Grand Field Commercial Management Company Limited, G&H International Supply Chain (Shenzhen) Limited and Xingfu Jiari Hotel Management (Shenzhen) Company Limited with carrying amount of approximately HK\$1,291,361,000 were pledged for several bank loans and other borrowing with principal amounts of approximately RMB377,091,000 (2024: RMB473,899,000), which equivalent to approximately HK\$420,230,000 (2024: HK\$502,380,000).

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Apart from those mentioned hereinafter under the topic of “Significant Event during the year”, there were neither significant investments held as at 31 December 2025 nor material acquisitions and disposals of subsidiaries during the Year.

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained an appropriate liquidity position throughout the year of 2025. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial condition of its customers. To manage liquidity risk, the Board closely monitors the Group’s liquidity position to ensure that the liquidity structure of the Group’s assets, liabilities and commitments can meet its funding requirements from time to time.

CONTINGENT LIABILITIES

The Group’s contingent liabilities are disclosed in note 16 to the consolidated financial statements.

Management Discuss and Analysis

SEGMENT INFORMATION

The details of the segment information of the Group are set out in note 7 to the consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, the Group employed 107 employees (31 December 2024: 111) and had 7 Directors (31 December 2024: 7). The total staff costs (including Directors' remuneration) for the Year amounted to approximately HK\$12,580,000 (2024: approximately HK\$12,924,000). No equity-settled share option arrangement was included in staff cost for the Year (2024: Nil). The Group's emolument policies are formulated such that the emoluments are made by reference to the performance of individual employees and will be reviewed every year. Apart from basic salary and statutory provident fund scheme, employees will also be offered bonus based on the results of the Group and their individual performance.

SIGNIFICANT EVENT DURING THE YEAR

On 30 June 2025, Grand Field Group Holdings (BVI) Limited (a wholly-owned subsidiary of the Company) (the "Ordinary Shares Vendor"), Mr. Tsang Wai Lun Wayland ("Mr. Tsang") and Ms. Kwok Wai Man Nancy ("Ms. Kwok") (Mr. Tsang and Ms. Kwok collectively referred to as the "Non-voting Deferred Shares Vendors") (as vendors entered into a sale and purchase agreement dated 30 June 2025 (the "SPA") with an independent third party, as purchaser, for the (i) disposal of 100% of the equity interest in Ka Fong Industrial Company Limited as subsidiary of the Company ("Ka Fong") held by the Ordinary Shares Vendor at a consideration of RMB48,224 (the "1st Disposal"); and (ii) disposal of 2,000 non-voting deferred shares of Ka Fong held by the Non-voting Deferred Shares Vendors at a consideration of RMB1,776 (the "2nd Disposal") (the 1st and 2nd Disposals collectively referred to as the "Disposals"). The consideration of the Disposals under the SPA was determined with reference to, among other things, the net liabilities position Ka Fong.

Details were set out in the announcements of the Company dated 30 June 2025 and 29 July 2025.

Profile of Directors

Executive Directors

Mr. Ma Xuemian (“Mr. Ma”), aged 61, was elected as an executive Director and the chairman (the “Chairman”) of the Company on 2 December 2008 and 19 October 2009 respectively. Mr. Ma is also a member of the remuneration committee of the Company (the “Remuneration Committee”), a member of the nomination committee of the Company (the “Nomination Committee”) and the chairman of environmental, social and governance committee of the Company (the “ESG Committee”). Mr. Ma has joined the Group since 1999 and has been responsible for the Group’s property sales and management in the PRC since then. Mr. Ma has more than 20 years of management experiences in property management and marketing. From 1988 to 1992, Mr. Ma worked as a supervisor of the construction team in The Guangzhou Construction Company Limited, a subsidiary of the 3rd Guangdong Water and Electricity Bureau. He joined Ka Fong Industrial Company, Limited in 1992, which later became a subsidiary of the Company. Since then, Mr. Ma has served management role in various capacities including applying for government approval for development plan and construction plan, on-site project management, construction completion inspection. From July 1995 to 1996, Mr. Ma served in various management capacities including property completion and delivery management. From 1997 to 2000, he was in charge for managing the title deed application and property management in various projects in China. Since 2001, Mr. Ma is the general manager of the Group’s operation in Dongguan, the PRC. Mr. Ma is also a director, legal representative, general manager and chairman of several subsidiaries and associates of the Company. The letter of appointment of Mr. Ma, the Chairman and executive Director, entered into a term of three years commencing on 1 April 2025. Mr. Ma is entitled to a Director’s fee of HK\$60,000 per month as at the date of this Annual Report.

Profile of Directors

Mr. Kwok Siu Bun (“Mr. Kwok”), aged 50, was appointed as a non-executive Director on 5 February 2010 and re-designated as an executive Director on 15 August 2011. Mr. Kwok graduated from Leonard Stern School of Business of New York University with a double major in Finance and Information Systems. Mr. Kwok had previously worked for Deutsche Bank (New York) where Mr. Kwok was a senior systems analyst of the Private Banking Department. In 2003, Mr. Kwok was the project manager of Visionsky Informance Science and Technology Limited, a subsidiary of Bank of China (Guangzhou). Mr. Kwok successfully implemented several data warehouse projects for the Credit Card Centre of Bank of China (Hong Kong). Mr. Kwok had also worked in Crushpad Winery in San Francisco. Recently, Mr. Kwok has established Tao of Wines, a wine company dedicated to introducing a wide range of wines to the Hong Kong food and beverages market. Mr. Kwok has more than 10 years of professional experience in various industries including banking, information technology and wine business. Mr. Kwok was also appointed as a director, legal representative and company secretary of several subsidiaries of the Company. Mr. Kwok’s scope of work includes: developing business and proactively looking for investment projects and focusing on potential projects with stable efficiency and liaising with the project parties on investment cooperation at different aspects; managing investment and researching work, including setting up investment strategy and establishing investment procedures; establishing investment research team and organizing and writing investment strategy report; building good business relationship and financing channel with banks, non-banking financial institutions, securities institutions and investment funds. Mr. Kwok holds the qualifications of the Professional Diploma in the Corporate Governance and Directors by the Hong Kong Institute of Directors.

Mr. Kwok is the uncle of Mr. Tsang Yee, the general manager of the Company, and Ms. Tsang Tsz Nok Aleen. Each of Mr. Tsang Yee and Ms. Tsang Tsz Nok Aleen holds 50% shareholding in Rhenfield Development Corp., the substantial shareholder of the Company. Mr. Kwok is also the brother of Ms. Kwok Siu Wa Alison, an executive Director. The letter of appointment of Mr. Kwok, the executive Director, entered into a term of three years commencing on 1 April 2025. Mr. Kwok is entitled to a Director’s fee of HK\$41,800 per month as at the date of this Annual Report.

Profile of Directors

Ms. Chow Kwai Wa Charmaine (Former Name: Chow Kwai Wa Anne) (“Ms. Chow”), aged 60, holds a bachelor’s degree in Business Administration from Shepherd University, USA. Ms. Chow was the operations manager of Air Global Holdings Limited and the business director of AGE International Limited, the subsidiary of Air Global Holdings Limited. Previously, Ms. Chow set up a branch office for Amkey Inc., USA in Singapore and served as the operations manager of the Singapore branch. Ms. Chow had also worked as the administrative cum sales director for a number of Chinese property projects and was the assistant to several senior executives of Star TV, a subsidiary of News Corporation. Ms. Chow has extensive experience in business management, sales strategic planning and overseas marketing. Ms. Chow joined the Group in November 2009 and was appointed as an executive Director in February 2010. Ms. Chow was the general manager of the sales and administration department of the Group, and is currently responsible for the operation management of the Company. Ms. Chow is also the director and company secretary of several subsidiaries of the Company. The letter of appointment of Ms. Chow, the executive Director, entered into a term of three years commencing on 1 April 2025. Ms. Chow is entitled to a Director’s fee of HK\$41,800 per month as at the date of this Annual Report.

Ms. Kwok Siu Wa Alison (“Ms. Kwok”), aged 51, was appointed as an executive Director on 5 February 2010. Ms. Kwok holds a bachelor’s degree in International Business Management from Oxford Brookes University and a master’s degree in Professional Accounting from Hong Kong Polytechnic University. Ms. Kwok joined the Group in 2000 and is responsible for financial management of the Group. Ms. Kwok has more than 10 years of experience in accounting and administrative management. Ms. Kwok was the vice president (business development) and the vice president (finance) of the Group. Ms. Kwok is also a director and company secretary of several subsidiaries and associates of the Company.

Ms. Kwok is the aunt of Mr. Tsang Yee, the general manager of the Company, and Ms. Tsang Tsz Nok Aleen. Each of Mr. Tsang Yee and Ms. Tsang Tsz Nok Aleen holds 50% shareholding in Rhenfield Development Corp., the substantial shareholder of the Company. Ms. Kwok is also the sister of Mr. Kwok Siu Bun, an executive Director. The letter of appointment of Ms. Kwok, the executive Director, entered into a term of three years commencing on 1 April 2025. Ms. Kwok is entitled to a Director’s fee of HK\$41,800 per month as at the date of this Annual Report.

Profile of Directors

Independent Non-executive Directors

Mr. Hui Pui Wai Kimber (“Mr. Hui”), aged 55, was appointed as an independent non-executive Director on 15 April 2014, and is also a member of the audit committee of the Company (the “Audit Committee”) and the chairman of the Remuneration Committee. Mr. Hui holds a Bachelor of Arts Degree majoring in Economics and Political Science from The University of New South Wales in Australia. Mr. Hui has over 20 years’ experience in the marketing industry. Mr. Hui was the independent non-executive Director from 1999 to 2008. The letter of appointment of Mr. Hui, the independent non-executive Director, has been renewed for a further term of one year commencing on 1 April 2026. Mr. Hui is entitled to a Director’s fee of HK\$10,000 per month as at the date of this Annual Report.

Mr. Liu Chaodong (“Mr. Liu”), aged 57, was appointed as an independent non-executive Director on 25 August 2009, and is also a member of the Audit Committee, Remuneration Committee and ESG Committee and the chairman of the Nomination Committee. Mr. Liu has practising qualifications of registered accountant, registered tax agent, forensic accounting practitioners and certified public valuer in the PRC. In 1990, Mr. Liu graduated from Anhui Jianghuai Vocational University, the PRC, majoring in financial accounting. In 2006, Mr. Liu graduated from Huazhong University of Science and Technology, the PRC, majoring in legal studies. Mr. Liu served as the chief accountant in Blue Star New Chemical Materials Co., Ltd. from 1991 to 1994, a department manager in Zhonglei Certified Public Accountants Co., Ltd. from 1994 to 1997, the deputy general manager of Foshan Branch of Ruihua Certified Public Accountants (LLP) from 1998 to 2020 and the general manager of Foshan Branch of Mazars CPA Limited (LLP) from 2020 to 2023. Mr. Liu is currently serves as the quality control director of Guangdong Branch of Crowe China Certified Public Accountants (LLP)* (北京國富會計師事務所 (特殊普通合夥)). Mr. Liu was an independent non-executive director of Wuzhou International Holdings Limited (former stock code: 1369), the shares of which were listed on the Main Board of the Stock Exchange and were delisted on 8 December 2020, from 7 August 2018 to 7 December 2020. The letter of appointment of Mr. Liu, the independent non-executive Director, has been renewed for a further term of one year commencing on 1 April 2026. Mr. Liu is entitled to a Director’s fee of HK\$10,000 per month as at the date of this Annual Report.

* For identification purposes only

Profile of Directors

Mr. Tsui Matthew Mo Kan (“Mr. Tsui”), aged 43, was appointed as an independent non-executive Director on 23 July 2021, and is also the chairman of the audit committee of the Company and a member of the remuneration committee, nomination committee and environmental, social and governance committee of the Company. Mr. Tsui graduated from the Macquarie University in Australia in 2003 and obtained a degree of bachelor of commerce in accountancy. He is a member of the CPA Australia and Hong Kong Institute of Certified Public Accountants. Mr. Tsui has more than 20 years of experience in accounting, auditing, corporate governance and investor relations. He worked at a major international accounting firm for over seven years from May 2007 to August 2014 (last position as manager), and subsequently served as the chief financial officer, financial controller and/or company secretary at several pre-IPO companies from September 2014 to December 2019. He was one of the joint company secretaries, authorized representative and investor relations director of Jiumaojiu International Holdings Limited (stock code: 9922, a company whose shares are listed on the main board of the Stock Exchange), from January 2020 to July 2024. He served as a project director since September 2025, engaged in corporate consulting and advisory services. Mr. Tsui was appointed as an independent non-executive director of Shida Shinghwa Advanced Material Group Co., Ltd. (stock code: 603026, the shares of which are listed on the Shanghai Stock Exchange) on 13 March 2026. He was also appointed as an independent director of Charming Medical Limited (stock code: MCTA, the shares of which are listed on the NASDAQ) on 2 April 2026. The letter of appointment of Mr. Tsui, the independent non-executive Director, has been renewed for a further term of one year commencing on 1 April 2026. Mr. Tsui is entitled to a Director’s fee of HK\$10,000 per month as at the date of this Annual Report.

Senior Management

Mr. Tsang Yee (“Mr. Tsang”), aged 34, was appointed as the general manager of the Company on 1 October 2018. Mr. Tsang holds a Bachelor of Chemistry from University of California, Los Angeles and a Master’s degree in Real Estate from The University of Hong Kong, a member of the Royal Institution of Chartered Surveyors (MRICS). Mr. Tsang joined the Group in 2015 and is responsible for real estate development, land administration application, real estate investment, public relation and investor relation of the Group. Prior joining the Group, Mr. Tsang worked in Sun Hung Kai Properties and CBRE. In addition, Mr. Tsang founded 708090 co-working space in Shenzhen and received numerous awards from the local government, with the great contributions to Shenzhen. Mr. Tsang is rewarded as the Remarkable Young Entrepreneur of the Year in Shenzhen in 2018.

Corporate Governance Report

CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures. The Company has complied with all the code provisions as set out in the Corporate Governance Code to the Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “CG Code”) (the “Listing Rules”) during the Year except for the following deviation:

Code Provision C.2.1

According to the code provision C.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual.

During the Year, the role of the Chairman is performed by Mr. Ma Xuemian but the office of the chief executive is vacated. Given all major decisions are reserved to the Board, the Company considers that there is an adequate balance of power and authority in place between the Board and the management of the Company. However, the Board will keep reviewing the current structure of the Board from time to time and should candidate with suitable knowledge, skill and experience be identified, the Company will make appointment to fill the post as appropriate.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms as set out in Appendix C3 to the Listing Rules (the “Model Code”). Having made specific enquiry to all Directors, the Company was not aware of any non-compliance with the required standard in the Model Code for dealing in securities of the Company throughout the Year.

BOARD OF DIRECTORS

The members of the Board for the Year were:

Executive Directors

Mr. Ma Xuemian (*Chairman*)
Mr. Kwok Siu Bun
Ms. Chow Kwai Wa Charmaine
Ms. Kwok Siu Wa Alison

Independent Non-executive Directors

Mr. Hui Pui Wai Kimber
Mr. Liu Chaodong
Mr. Tsui Matthew Mo Kan

Corporate Governance Report

As at the date of this Annual Report, the Board comprises a total of seven Directors, of whom four are executive Directors and three are independent non-executive Directors, and at least one of the independent non-executive Directors has appropriate professional qualifications to comply with Rules 3.10(1) and (2) of the Listing Rules. The Board believes that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. All independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

The Board, led by the Chairman, is responsible for approving and monitoring the Group's overall strategies and policies; approval of business plans; evaluating the performance of the Group and oversight of management.

The Board is also responsible for promoting the success of the Company and its businesses by directing and supervising the Company's affairs. The Board is also required to approve acquisitions or disposals that require shareholder notification or approval under the Listing Rules. The Board has a fiduciary duty and statutory responsibility towards the Group and is directly accountable to the shareholders of the Company (the "Shareholders").

The Board delegates day-to-day operations of the Group to executive Directors and senior management while reserving certain key matters for the Board's approval. Decisions of the Board are put through to the management by the executive Directors who have attended the Board meetings.

Save as disclosed in the section of "Profile of Directors", there is no financial, business, family or other material/relevant relationship among the members of the Board.

During the Year, the management provided all members of the Board with monthly updates in accordance with the code provision D.1.2 of the CG Code.

During the Year, 4 Board meetings and 1 general meetings were held. The attendance records of each Director at such meetings are set out below:

Directors	Attendance/ Number of General Meeting(s) entitled to attend	Attendance/ Number of Board Meeting(s) entitled to attend
Executive Directors:		
Mr. Ma Xuemian (<i>Chairman</i>)	1/1	4/4
Mr. Kwok Siu Bun	1/1	4/4
Ms. Chow Kwai Wa Charmaine	1/1	4/4
Ms. Kwok Siu Wa Alison	1/1	4/4
Independent non-executive Directors:		
Mr. Hui Pui Wai Kimber	1/1	4/4
Mr. Liu Chaodong	1/1	4/4
Mr. Tsui Matthew Mo Kan	1/1	4/4

Corporate Governance Report

Minutes of the meetings of Board/committee would be maintained, and draft minutes would be circulated to the Board/committee members for comments before being approved by the chairman of the meetings. Minutes of the Board meetings are kept by the company secretary of the Company and shall be open for inspection by Directors. Minutes of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee are kept by the secretary of these four committees. Where Directors have a material or conflict of interests in any transaction the matter would not be dealt with by way of written resolutions and a Board meeting would be held. The Directors concerned could express views but would not be counted as part of the quorum and shall abstain from voting on the relevant resolutions.

CONTINUING PROFESSIONAL DEVELOPMENT

According to the code provision C.1.4 of the CG Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. The Company would arrange and/or introduce some Director's training courses for the Directors to develop and explore their knowledge and skills.

The Directors confirmed that they have complied with the code provision C.1.4 of the CG Code on the Directors' training. During the Year, all the Directors have participated in continuous professional development by attending seminars or reading materials on the following topics to develop and refresh their knowledge and skills and provided a record of training to the Company.

Directors	Topics on training covered
	<i>(Note)</i>
Executive Directors:	
Mr. Ma Xuemian (<i>Chairman</i>)	a, b
Mr. Kwok Siu Bun	a
Ms. Chow Kwai Wa Charmaine	a
Ms. Kwok Siu Wa Alison	a
Independent non-executive Directors:	
Mr. Hui Pui Wai Kimber	a, b
Mr. Liu Chaodong	a, b, c
Mr. Tsui Matthew Mo Kan	a, b, c

Note:

- (a) corporate governance
- (b) regulatory
- (c) finance

Corporate Governance Report

CHAIRMAN AND THE CHIEF EXECUTIVE

According to the code provision C.2.1 of the CG Code, the roles of the chairman and the chief executive of the Company should be separate and should not be performed by the same individual.

During the Year, the role of the Chairman was performed by Mr. Ma Xuemian but the office of the CEO was vacated upon the resignation of Mr. Chen Mudong as the CEO on 15 April 2011. Given all major decisions are reserved to the Board, the Company considers that there is an adequate balance of power and authority in place between the Board and the management of the Company. The Board will keep reviewing the current structure of the Board from time to time and should candidate with suitable knowledge, skill and experience be identified, the Company will make appointment to fill the post as appropriate.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of independent non-executive Directors, namely Mr. Hui Pui Wai Kimber, Mr. Liu Chaodong and Mr. Tsui Matthew Mo Kan, have entered into an appointment letter with the Company for a term from 1 April 2025 to 31 March 2026.

According to the code provision C.2.7 of the CG Code, the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors. The Company complied the code provision C.2.7 of the CG Code that the Chairman met the independent non-executive Directors without the present of the other Directors.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 26 September 2005 with the latest written terms of reference adopted on 29 December 2022 in compliance with the requirement stipulated in the CG Code. The full terms of reference of the Remuneration Committee is available on the Stock Exchange's and the Company's websites.

Corporate Governance Report

As at 31 December 2025, the Remuneration Committee comprised one executive Director, namely Mr. Ma Xuemian and three independent non-executive Directors, namely Mr. Hui Pui Wai Kimber (chairman of the Remuneration Committee), Mr. Liu Chaodong and Mr. Tsui Matthew Mo Kan.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy; reviewing the specific remuneration packages of all Directors and senior management by reference to corporate goals and objective resolved by the Board from time to time; ensuring no Director or any of his/her associates is involved in deciding his/her own remuneration.

The roles and functions of the Remuneration Committee include to make recommendation to the Board on the remuneration packages of individual executive Directors, which include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive Directors.

The Remuneration Committee held one meeting during the Year to review the remuneration of the Directors and senior management. The attendance record of the Remuneration Committee meeting is as follows:

Members	Attendance
REMUNERATION COMMITTEE	
Mr. Hui Pui Wai Kimber (<i>Chairman</i>)	1/1
Mr. Liu Chaodong	1/1
Mr. Ma Xuemian	1/1
Mr. Tsui Matthew Mo Kan	1/1

SENIOR MANAGEMENT'S REMUNERATION

Senior management's remuneration payment of the Group for the Year falls within the following band:

	Number of individual(s)
Nil to HK\$1,000,000	1

Corporate Governance Report

AUDIT COMMITTEE

The Audit Committee was established on 4 August 1999 with written terms of reference with the requirement stipulated in the CG Code. The latest terms of reference of the Audit Committee were updated on 1 January 2019 and are available on the Stock Exchange's and the Company's websites.

As at 31 December 2025, the Audit Committee comprised three independent non-executive Directors, namely Mr. Tsui Matthew Mo Kan (chairman of the Audit Committee), Mr. Hui Pui Wai Kimber and Mr. Liu Chaodong.

Its primary duties are to monitor integrity of the annual report and accounts and half-year report of the Company and to review significant reporting judgements contained in such reports; to review the Group's financial and accounting policies and practices; to review the Group's financial control, the internal audit function, internal control and risk management systems of the Group with particular regard to their effectiveness; to make recommendations to the Board where the monitoring activities of the Audit Committee reveal cause for concern or scope for improvement and to make recommendation to the Board on the appointment, re-appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of such auditors.

During the Year, the Audit Committee had performed the following works:

1. Financial Reporting

- reviewed the audited consolidated financial statements for the year ended 31 December 2024 in conjunction with the external auditor and the unaudited financial statements for the six months ended 30 June 2025;
- reviewed the accounting principles and practices adopted by the Group with the management of the Group;
- reviewed the auditing and financial reporting matters, including the key audit matters of the consolidated financial statements for the year ended 31 December 2024 which are set out in the annual report of the Company for the year ended 31 December 2024;

Corporate Governance Report

2. External Auditor

- discussed auditing and financial reporting matters including the review of the audited consolidated financial statements for the Year, with external auditor of the Company. There were no disagreements from the external auditor of the Company or the Audit Committee in respect of the accounting policies adopted by the Company;
- reviewed the re-appointment of external auditor of the Company and was satisfied with their work, their independence, and their objectivity, and therefore recommended the re-appointment of ZHONGHUI ANDA CPA Limited (which had indicated their willingness to continue in office) as the Group's external auditor for shareholders' approval in the 2025 annual general meeting;

3. Internal Audit

- reviewed the effectiveness of the internal audit function performed by independent professional adviser;

4. Risk Management and Internal Controls

- reviewed the Enterprise Level Risk Assessment Report prepared by independent professional adviser;
- reviewed the Internal Control Review Report prepared by independent professional adviser; and
- reviewed the effectiveness of risk management and internal control systems with the independent professional adviser.

The Audit Committee held two meetings during the Year. The attendance records of the Audit Committee meetings are as follow:

Members	Attendance
AUDIT COMMITTEE	
Mr. Tsui Matthew Mo Kan (<i>Chairman</i>)	2/2
Mr. Hui Pui Wai Kimber	2/2
Mr. Liu Chaodong	2/2

Corporate Governance Report

Each member of the Audit Committee has unrestricted access to the auditor and all senior management of the Group. During the Year, the Audit Committee had met twice with the external auditor of the Company.

The Audit Committee has reviewed and approved the annual results of the Group for the Year prior to approval by the Board.

NOMINATION OF DIRECTORS

In accordance with the bye-laws of the Company (the "Bye-laws"), the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director. Apart from that, nomination of Directors is determined by the Board with approvals by the Shareholders in general meeting. In addition, a resolution was passed by the then sole Shareholder on 20 May 1999, which resolved to set the maximum number of Directors at 15.

Notwithstanding the above, in the High Court judgment (the "Judgment") handed down on 12 August 2009, paragraph 39 states that Bye-law 113 of the Bye-laws empowers the Company in general meeting to increase the number of Directors beyond the 1999 maximum simply by voting on specified candidates as additional Directors. Paragraph 41 of the Judgment further states that in contrast the Board's ability to vote on additional Directors is explicitly limited by any prevailing maximum which the Company in general meeting has expressly or impliedly determined.

DIRECTOR'S NOMINATION POLICY

The latest version of director's nomination policy of the Company was adopted by the Board on 1 January 2022 and the Nomination Committee is responsible for execution.

Director Nomination Process

The Nomination Committee utilizes various methods for identifying director candidates, including recommendations from Board members, management, and headhunters. The Nomination Committee may also put forward director candidates who are not nominated by Board members. In addition, the Nomination Committee will consider director candidates properly submitted by Shareholders through formal procedures set out in the Company's Procedures for Shareholders to Propose a Person for Election as a Director.

For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing director candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.

Corporate Governance Report

All director candidates, including incumbents and candidates nominated by Shareholders are evaluated by the Nomination Committee based upon the director's qualifications. While director candidates will be evaluated on the same criteria, the Nomination Committee retains the discretion to establish the relative weighting of such criteria, which may vary based on the composition, skill sets, and experiences of the collective Board rather than on the individual candidate.

The Board shall have the final decision on all matters relating to the recommendation of director candidates by the Nomination Committee to stand for election at any general meeting. The Board will take such recommendations under advisement and is responsible for designating the director candidates to be elected at the annual general meeting of the Company and electing directors to fill Board vacancies.

Procedure for Appointment of New Director

Director candidates will be asked to submit the necessary personal information in a prescribed form, together with their written consent to be appointed as a Director and to the public disclosure of their personal data on any documents or the relevant websites for the purpose of or in relation to their standing for election as a Director.

The Nomination Committee shall, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the director candidate, evaluate such director candidate based on the criteria as set out below to determine whether such director candidate is qualified for directorship.

If the process yields one or more desirable director candidates, the Nomination Committee shall rank them by order of preference based on the needs of the Company and reference check of each director candidate (where applicable).

For any person that is nominated by a Shareholder for election as a Director at the general meeting of the Company, the Nomination Committee shall evaluate such director candidate based on the criteria as set out below to determine whether such director candidate is qualified for directorship and where appropriate, the Nomination Committee and/or the Board shall make recommendation to Shareholders in respect of the proposed election of Director at the general meeting (where applicable).

A director candidate is allowed to withdraw his/her candidature at any time before the general meeting by serving a notice in writing to the company secretary of the Company.

Until the issue of the shareholder circular, the nominated persons shall not assume that they have been proposed by the Board to stand for election at the general meeting.

Corporate Governance Report

Procedure for Re-appointment of Director at General Meeting

The Nomination Committee shall review the overall contribution and service to the Company of the retiring Directors including their attendance of Board meetings and, where applicable, general meetings, and the level of participation and performance on the Board.

The Nomination Committee shall also review and determine whether the retiring Directors continue to meet the criteria as set out below.

The Nomination Committee and/or the Board shall then make recommendation to the Shareholders in respect of the proposed re-election of Directors at the general meeting.

Director Selection Criteria

The Nomination Committee considers the following qualifications are at a minimum to be required of a director candidate in recommending to the Board potential new Director, or the continued service of existing Director:

- (a) the highest personal and professional ethics and integrity;
- (b) proven achievement and competence in the nominee's field and the ability to exercise sound business judgment;
- (c) qualifications including professional qualifications, skills, knowledge and experience that are complementary to those of the existing Board;
- (d) the ability to assist and support management and make significant contributions to the Company's success;
- (e) the contribution on diversity of the Board and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board;
- (f) an understanding of the fiduciary responsibilities that is required of a member of the Board and the commitment of time and energy necessary to diligently carry out those responsibilities; and
- (g) meet the "independence" criteria as required under the Listing Rules and the composition of the Board is in conformity with the provisions of the Listing Rules from time to time (where applicable).

Other than the foregoing, there are no stated minimum criteria for director candidate, although the Nomination Committee may also consider such other factors as it may deem to be in the best interests of the Company and the Shareholders.

Corporate Governance Report

NOMINATION COMMITTEE

The Nomination Committee was established on 28 March 2012 with written terms of reference in compliance with the requirement stipulated in the CG Code. The full terms of reference of the Nomination Committee was revised on 30 June 2025 and is available on the Stock Exchange's and the Company's websites.

As at 31 December 2025, the Nomination Committee comprised one executive Director, namely Ms. Chow Kwai Wa Charmaine and two independent non-executive Directors, namely Mr. Liu Chaodong (chairman of the Nomination Committee) and Mr. Tsui Matthew Mo Kan. On 30 June 2025, Ms. Chow Kwai Wa Charmaine currently an executive Director, has been appointed as a member of the nomination committee of the Company and Mr. Ma Xuemian has ceased to be a member of the Nomination Committee of the Company.

The principal responsibilities of the Nomination Committee include reviewing the structure, size and composition (including without limitation, gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service) of the Board at least annually and making recommendations to the Board regarding any proposed changes; identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of, individuals nominated for directorships; assessing the independence of independent non-executive Directors; making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors.

Board Diversity Policy

The latest version of the board diversity policy was adopted by the Board and became effective on 1 January 2022 (the "Board Diversity Policy") and the Nomination Committee is responsible for execution.

The Company recognises and believes the benefits of a diverse Board for enhancing the performance of the Board, which promote the long-term sound development of the Group. The Company believes board diversity is an important element for maintaining robust corporate governance, achieving sustainable development and realising strategic goals.

The Board believes that board diversity enhances decision-making capacity and a diverse board is more effective in dealing with organizational changes and less likely to suffer from group thinking. The appointment of Directors is one of the most important rights of Shareholders, and the Board Diversity Policy will not restrict such right. Appointments based on meritocracy and serving the Board and Shareholders remain as the primary principles.

Corporate Governance Report

The goal of the Board Diversity Policy is for the Company to have a board supported by shareholders, so that:

- (a) a broad range of views arising from members with different experiences when discussing business;
- (b) facilitating the making of informed and critical decisions; and
- (c) sustainable development as its core value,

therefore, the interests of all our stakeholders are safeguarded in a fair and effective manner, particularly the long-term interests of our Shareholders.

In order to achieve sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic goals and sustainable development. The Board should recruit different talents to the maximum extent based on meritocracy and taking into account objective condition and the benefits of Board diversity when considering the candidates.

In designing the composition of the Board, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service.

Independence

A balanced composition of executive, non-executive and independent non-executive Directors on the Board should be maintained to ensure a high degree of independence of the Board. The independent non-executive Directors shall be of sufficient caliber and views to carry weight.

The Board is committed to assessing the independence of Directors on an ongoing basis, taking into account all relevant factors concerned and not just limited to whether the length of service of a Director exceeds nine years.

Corporate Governance Report

The Company is committed to ensuring that independent non-executive Directors will be given opportunities and channels to communicate and express their independent views and inputs to the Board and its committees. The Company has established channels through formal and informal means whereby independent non-executive Directors can express their views in an open and candid manner, and in a confidential manner, should circumstances require. These channels include periodic Board surveys and Board reviews, dedicated meeting sessions with the Chairman and interaction with management and other Board members including the Chairman outside the boardroom.

Gender

The Company is committed to maintaining an environment of respect for people regardless of their gender in all business operations and achieving a workplace environment free of harassment and discrimination on the basis of gender, physical or mental state, race, nationality, religion, age or family status. The same principle is applied to the selection of potential candidates for appointment to the Board.

The Company is in favor of the Board with gender diversity and is committed to maintaining gender diversity in the Board. The Company strives to avoid Board members with a single gender. If the Board members are in single gender temporarily due to factors such as the resignation of Directors, the Nomination Committee will take the gender diversity as a priority when it is identifying new Directors, in order to restore the Board diversity as soon as possible. The Company requires the Board to include at least one member of other gender to join the Board, and to review annually for complying with the relevant requirements, or the requirements of the Listing Rules/any applicable laws and regulations on gender diversity.

Age

The Board comprises of Directors with a range of ages and tenure, which may maintain member diversity and minimize succession risks. In this regard, a non-executive Director (other than the Chairman) will not be offered himself/herself for re-election when he/she has reached the age of 65 at the time of the annual general meeting at which he/she would retire by rotation. This guideline apply to all non-executive Directors (including non-executive Directors and independent non-executive Directors) except the Chairman. The Board considers that a Director to possess certain skills, experience or capabilities that cannot be readily replaced, the Board may waive or relax to implement of the relevant guideline at an appropriate time, and reasons for the Board's considerations for waiver or relaxation of the applicable guidance will set out in the notice of the annual general meeting for the resolution on re-election of such Director.

Corporate Governance Report

Skills and professional experience

The Board members should possess a balance of skills appropriate for the requirements of the business of the Group, including the independent non-executive Directors possessing professional accounting and other qualifications, who can provide the Group with considerable experience in a range of activities.

Cultural and educational background

The Board should accept members with different cultural and educational backgrounds. The Company believes that people from different cultural and educational backgrounds can bring benefits such as different perspectives, local wisdom, and development potential to the Group. Due to the limited number of members of the Board, it may be difficult to require members from all different cultural and educational backgrounds. However, when selecting board members, whether they can adapt to work with employees with different cultural and educational backgrounds is one of the important considerations.

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

1. The Company should comply with the requirements on board composition under the Listing Rules from time to time.
2. The number of independent non-executive Directors should be not less than three and one-third of the Board.
3. At least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise.
4. At least one Director should be the professional or have intensive experience of the industry on which the business of the Group is.
5. There shall be at least one male and one female Board member each, subject to any more stringent requirements under the Listing Rules/any applicable laws and regulations, if any.

The Company shall assess annually its diversity profile including gender balance of the Board, senior management and their direct reports, and its progress in achieving its diversity objectives. The assessment should ensure that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Company shall implement a succession plan that will assist in the development of a broader and more diverse pool of skilled and experienced employees and that, in time, their skills will prepare them for senior management and board positions.

Corporate Governance Report

The Board has reviewed the Board Diversity Policy and its effectiveness for the Year. The Board has achieved the measurable objectives under the Board Diversity Policy for the Year.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness and discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

The Nomination Committee held one meeting during the Year to review the structure, size and composition of the Board, assess the independence of independent non-executive Directors and assess the Board Diversity Policy. The attendance record of the Nomination Committee meeting is as follows:

Members	Attendance
NOMINATION COMMITTEE	
Mr. Liu Chaodong (<i>Chairman</i>)	1/1
Mr. Ma Xuemian (resigned on 30 June 2025)	1/1
Mr. Tsui Matthew Mo Kan	1/1
Ms. Chow Kwai Wa Charmaine (appointed on 30 June 2025)	0/0

PROGRESS ON AND STATUS OF GENDER DIVERSITY

As at the date of this Annual Report, the Board comprises five male Directors and two female Directors. The Nomination Committee considered that the Board had achieved gender diversity and possessed skill and expertise and a diverse mix appropriate for the business of the Company and will review the composition and diversity of the Board annually to ensure its continued effectiveness.

Measures to develop a pipeline of potential successors to achieve gender diversity:

- The Board will identify potential successors internally, having regard to the industry expertise, leadership skills, decision making capabilities, communication skills and professional qualification of the staff.
- The Board will also consider outside sources such as head hunter and referral.

The details of workforce composition were disclosed under Environmental, Social and Governance Report in this Annual Report.

Corporate Governance Report

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

The corporate governance committee of the Company was established on 28 March 2012 and renamed as the ESG Committee on 17 September 2021 with the latest written terms of reference adopted on 17 September 2021 in compliance with the requirement stipulated in the CG Code.

As at 31 December 2025, the ESG Committee comprised one executive Director, namely Mr. Ma Xuemian (chairman of the ESG Committee) and two independent non-executive Directors, namely Mr. Liu Chaodong and Mr. Tsui Matthew Mo Kan.

The principal responsibilities of the ESG Committee include overseeing the development of and making recommendations to the Board regarding environmental, social and governance (the “ESG”) vision, goals and strategies of the Group; overseeing the establishment of ESG policies and codes of practice of the Company and their effective implementation, and monitoring and reviewing their ongoing relevance, effectiveness, and further development; assessing ESG risks, advising on those of strategic significance to the Company and providing anticipatory and mitigation plans; reviewing material interests of the Group’s key stakeholders and reporting their point of views on material issues to the Company in order to secure correct long term strategic direction; reviewing and reporting the Group’s sustainability performance relative to comparable peers/historical records or other benchmarked to the Board; reviewing and advising the Board on the environmental social and governance report of the Company regarding its performance on sustainability and compliance to the requirements as set out in the Environmental, Social and Governance Reporting Guide (Appendix C2 to the Listing Rules), approving the Environmental Social and Governance Report before submitting it to the Board for final endorsement; developing and reviewing the policies and practices on corporate governance of the Group and making recommendations to the Board; reviewing and monitoring the training and continuous professional development of the Directors and senior management; reviewing and monitoring the Group’s policies and practices on compliance with legal and regulatory requirements; developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors; and reviewing the Group’s compliance with the CG Code and disclosure in the corporate governance report of the Company.

Corporate Governance Report

The ESG Committee held one meeting during the Year to review policies and practices of the Group relating to the CG Code. The attendance record of the ESG Committee meeting is as follows:

Members	Attendance
ESG COMMITTEE	
Mr. Ma Xuemian (<i>Chairman</i>)	1/1
Mr. Liu Chaodong	1/1
Mr. Tsui Matthew Mo Kan	1/1

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has the responsibility to maintain effective risk management and internal control systems in order to safeguard the interests of the Company and the Shareholders as a whole. However, the Group's risk management and internal control systems were formulated to manage instead of eliminating all the risk exposure of the Group, it can only provide reasonable, but not absolute, assurance against material misstatements or losses.

The Group established an Enterprise Risk Management (the "ERM") framework to implement effective risk management. The ERM framework mainly comprises of two parts: (1) risk management structure and (2) risk management process.

Risk Management Structure

Board of Directors

The Board plays an important role in the Group's risk management and internal control systems. The Board is responsible for establishing the ERM framework and risk management policies, which aims at assessing and evaluating the Group's business strategies and defining risk tolerance. The Board, with assistance from the Audit Committee, continuously monitors and reviews the effectiveness of the risk management and internal control systems at least once a year.

Audit Committee

The Audit Committee stands at the highest level of the risk management and internal control systems below the Board, responsible for providing suggestion and support in respect of all risk matters to the Board, including monitoring the implementation of the risk management processes, reviewing the Group's risk register, reviewing and approving the internal control review plans and results.

Corporate Governance Report

Environmental, Social and Governance Committee

The Environmental, Social and Governance Committee assists Audit Committee in discharge of its oversight responsibility over the risk management and internal control systems of the Group. It is accountable to the Audit Committee on all the matters relating to risk management and internal control. Its duties include developing risk management and internal control policies for Audit Committee's review; assisting Audit Committee to review the effectiveness of the Group's risk management and internal control systems regularly; reporting to the Audit Committee the identified risks; evaluating risks and internal control measure to mitigate the risks; reporting to the Audit Committee the significant internal control deficiencies; and providing guidance to the management in setting risk management and internal control objectives and formulating internal control policies and procedures.

Management

The management of the Group (the "Management") is responsible for identifying and continuously monitoring the strategy, operation and finance, reporting and compliance risks in daily operation, and reporting the risks and their changes to the Board and the Audit Committee. The Management also formulates various internal control measures to mitigate the risks and rectify internal control deficiencies they identified in a timely manner.

The Group has in place policies and guidelines which are zealously implemented by the management of the Group so as to ensure that the Group has the ability to:

- (i) carry on its business in an orderly and efficient manner;
- (ii) safeguard the Group's and the clients' assets;
- (iii) maintain proper records and the reliability of financial and other information used within and published by the Group;
- (iv) prevent and detect potential fraud; and
- (v) comply with all applicable laws and regulatory requirements.

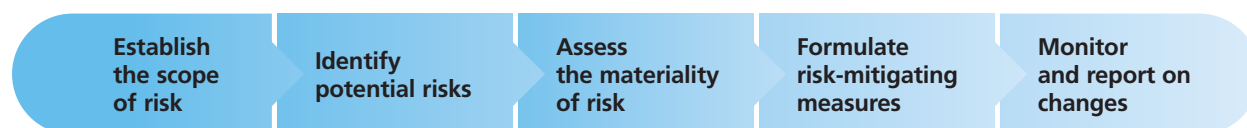
Corporate Governance Report

Third-party Professional Internal Control Advisor

To ensure the independence of internal control review, the Group has outsourced the internal audit function to an independent internal control advisor (the "Internal Control Advisor"). The scope of work includes reviewing the Group's risk management procedures and the effectiveness of the Group's internal control system. The Internal Control Advisor formulates the internal control review plan based on risk assessment and approval from the Audit Committee, and will report the review result to the Audit Committee directly.

Risk Management Process

The ERM framework defines the Group's procedures of identifying, assessing, responding and monitoring the risk and their changes. The Group regularly discuss with each operating functions in order to promote risk management to each department, such that all staff could understand and report risks timely, thus strengthening the Group's capability of risk management.



In the course of risk identification, the management liaises with each operating function to collect significant risk factors, which are material to the Group in various aspects such as strategy, operation and finance, reporting and compliance in a bottom up approach. After identifying all relevant risks for the basis of risk assessment, the management determines the materiality of risk based on its potential impact and possibility, formulates internal control measures for each material risk, and continuously monitors and reports on changes of the risk.

Main Features of the Risk Management and Internal Control Systems

Maintaining an effective internal control system (management level)

- Clear internal control policies and procedures are in place, with definite the responsibility, authority and accountability for each department and function;
- Code of conduct for employees has been established to convey to the employees the Group's requirement on integrity and ethic;
- A whistle-blowing system is available to encourage employees to report suspected events of misconduct or fraud;
- Appropriate access to the information system has been assigned to avoid leaking price-sensitive information; and

Corporate Governance Report

- Establish insider information disclosure policy, including reporting channel and responsible person of disclosure, unified response to external enquiries and obtain advice from professional financial advisors or the Stock Exchange, if necessary.

During the Year, the Board reviewed the effectiveness of its internal control policies and processes, including those for financial reporting and in compliance with the requirements of the Listing Rules. During the evaluation of the effectiveness of risk management and internal control systems, the Board considered the adequacy of resources, staff qualifications and experience, training programmes for employees and relevant budget of its accounting, internal audit and financial reporting functions.

Ongoing monitor of risks (risk management level)

Based on the ERM framework and risk management policies set up by the Board, the management liaises with each operating function to collect significant risk factors which is material to the Group in a bottom-up approach and continues to monitor the change in risks. The Group has put in place a risk register to record identified risks and evaluates the potential impact and possibility of each major risk on the Group to set up relevant internal control measures.

During the current financial year, the management has conducted evaluation on the risk management structure and processes and reported on risk assessment results to the Board and the Audit Committee. It enabled the Board and the Audit Committee to monitor the major risks of the Group effectively and understand how the management respond to and mitigate those risks.

Independent review

The Group has appointed the Internal Control Advisor to conduct an internal control review for the Year. The internal control review performed by the Internal Control Adviser does not constitute an assurance engagement made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by the Hong Kong Institute of Certified Public Accountants. An internal control review report has been provided to the Audit Committee.

The Management has established remediation and improvement plan for internal control weakness identified. The Internal Control Advisor has also reported the outcome of the internal control review to the Audit Committee. Nothing has come to the Audit Committee's or the Board's attention to believe that the risk management and internal control systems of the Group are inadequate or ineffective.

Corporate Governance Report

Internal Control Deficiencies

In December 2021, G & H International Supply Chain (Shenzhen) Limited* (濠康國際供應鏈(深圳)有限公司, a wholly-owned subsidiary of the Company (the "Subsidiary") entered into a hog trade cooperation agreement with a company (the "Partner Company"), an entity established in the PRC and wholly owned by the former business partner, a PRC resident (the "Business Partner"), who is alleged to have defrauded the Subsidiary with a series of fictitious transactions procured by it and/or its controlled entity(ies), pursuant to which, the Partner Company was entrusted to source hogs from suppliers, procure downstream buyers to purchase the hogs and manage the hog transactions for the Subsidiary, and the Subsidiary would provide funds for the hog purchase and receive the purchase price from the buyers directly after the delivery of hogs (the "Hog Trade Agreement"). The Subsidiary had contributed a capital of approximately RMB4.4 million to develop and operate the business contemplated under the Hog Trade Agreement. Save for the relationships disclosed above, the Business Partner and the Partner Company were and are independent third parties of the Company.

After the commencement of the business contemplated under the Hog Trade Agreement, the Subsidiary started to experience difficulty in collecting hog purchase price from the buyers procured by the Partner Company and was not able to obtain from the Partner Company the required information or underlying documentations to support the hog transactions. As a result, the management of the Subsidiary pushed the Partner Company to coordinate with the relevant hog buyers for the collection and settlement of the outstanding receivables due from them (which amounted to approximately RMB2.3 million as at 24 March 2023) to manage the Subsidiary's financial exposure. Upon enquiry made by the Subsidiary with the parties involved in the transactions, the management of the Subsidiary also started to suspect that the Partner Company and/or the Business Partner might have had falsified the hog transaction to induce the Subsidiary to make payments while illegally retaining or remitting to third parties the hog purchase price received from the Subsidiary or the hog buyers for their own benefit (the "Incident").

To protect the Subsidiary's legitimate interest in its business, the Subsidiary collated the relevant evidence and reported the suspected criminal acts of the Business Partner and the Partner Company to Buji Police Station of Longgang Branch of Shenzhen Municipal Public Security Bureau (深圳市公安局龍崗分局布吉派出所). Following a preliminary investigation, Longgang Branch Police Station (the "Police") issued a notification of case filing (立案告知書) on 29 November 2022 which informed the Subsidiary that they had commenced investigation on the alleged case of fraud by the Partner Company and/or the Business Partner. A PRC legal adviser has also been instructed to advise the Subsidiary in relation to the Incident.

Corporate Governance Report

As at 24 March 2023, according to the Police, the Business Partner and the legal representative of the Partner Company had already been arrested for their suspected fraud and misappropriation of funds of the Subsidiary and were pending trial. The Police also arrested other two individuals (where were and are independent third party of the Company) for further investigation, who were suspected to have collaborated with the Business Partner or Partner Company to defraud the Subsidiary with a series of fictitious transactions.

As advised by the PRC legal adviser, the Company is considering to commence a civil claim against the Business Partner and/or its related parties in parallel with the criminal proceedings to be conducted against him or them.

In light of the progress of the Police's investigation, the fact that the Business Partner and the legal representative of the Partner Company had been arrested by the Police after the report of the suspected fraud and misappropriation of fund to the Police by the Subsidiary, the information gathered by the Subsidiary so far and after seeking advice from professional parties, notwithstanding that the court trial of the suspects for their suspected criminal acts mentioned above is still pending, there is a reasonable ground to believe that the hog transactions procured by the Business Partner and/or the Partner Company for the six months ended 30 June 2022 were not genuine, and were therefore, lacking commercial substance. Accordingly, on a prudent basis, it is expected that HK\$102,377,000 and HK\$101,335,000, representing the total amount of revenue and cost of revenue, respectively, previously derived from the hog transactions and recognised on an accrued basis for the six months ended 30 June 2022 have to be reversed and reclassified.

In view of the Incident, the Board has established a special committee (the "SC") comprising three independent non-executive Directors, namely Mr. Hui Pui Wai Kimber, Mr. Liu Chaodong and Mr. Tsui Matthew Mo Kan. The scope of duties of the SC includes, among other matters, (i) conducting internal review on the occurrence of the Incident and its subsequent development; (ii) making necessary recommendations to the Board on the appropriate remedial actions and corporate governance measures to be taken in respect of the Incident to enhance the Group's future transaction approval procedures; (iii) arranging training on corporate governance for the management team of the Group; (iv) making recommendations to ensure the management team of the Group will maintain appropriate and effective risk management and internal control systems and review and monitor the effectiveness of the Group's risk management and internal control policies at least annually covering financial, operational and compliance controls, and ensure that the systems in place are adequate and effective; and (v) obtaining external legal or other independent professional advice, if necessary, to facilitate the performance of duties by the SC.

Corporate Governance Report

Since the establishment of the SC, the SC has performed the following work in relation to the Incident:

- (i) conducted internal review on the occurrence of the Incident and its subsequent development. The SC convened a meeting on 24 March 2023 to discuss the main cause of the Incident and measures to prevent occurrence of similar incidents in the future and from time to time conducted conference calls to require the management team to update the SC on the latest development;
- (ii) held discussions and made necessary recommendations to the Board on the appropriate remedial actions and corporate governance measures to be taken in respect of the Incident to enhance the Group's future transaction approval procedures, including, among others, (a) business units to conduct thorough background and credit checks on any new potential business partners including but not limited to agents, suppliers and customers, conduct systemic study and analysis for better risk assessment of any new business and address any red flags identified; (b) business units and finance department to enhance control on credit policy and trade receivables collection; and (c) business units to strengthen internal reporting procedures. The SC also recommended the Board to engage an internal control consultant to conduct review in respect of the Incident and provide further recommendation to the Board for enhancing the Group's overall risk management;
- (iii) arranged a 3-hour training seminar in relation to corporate governance and internal control with an emphasis on fraudulent transaction prevention for the management team; and
- (iv) engaged and obtained external independent professional advice and services to facilitate the Company's handling of the Incident.

As at 4 December 2023, as advised by the Company's PRC legal adviser, the suspects are now on bail pending trial pursuant to the PRC laws and regulations. The case is still under investigation and no trial dates have been fixed yet.

In addition to the abovementioned work conducted, upon the recommendation of the SC, the Board has engaged an internal control consultant (the "IC Consultant") to conduct a review on risk management and internal control systems and policies to ensure appropriate and effective risk management and internal control systems in relation to financial, operational and compliance controls.

As at the date of this Annual Report, to the best knowledge and belief of the members of SC and having considered the findings of the IC Consultant, (i) there had been no material new development in relation to the Incident; (ii) none of our Directors or employees of the Group had been arrested by the Police or subject to any charge laid by the Police in relation to the Incident; and (iii) the SC was not aware of any evidence suggesting that any of our Directors or employees of the Group was found to be criminally liable in the Incident.

Corporate Governance Report

Upon the recommendation of the SC, the IC Consultant has been engaged to conduct a review on, among others, internal procedures that are found to be relevant to the Incident with a view to minimising future occurrence of similar incidents. For this purpose, the IC Consultant has conducted a review on and prepared a report (the "Report") in respect of the internal control of the Subsidiary and the Incident, review scope of which include assessment of new business; sales and collection of receivables; sourcing and payments; funds and expense management; and financial reporting and disclosure and provided recommendations to the Board for enhancing the Group's overall risk management. During the review, the IC Consultant identified the following internal control deficiencies which are ranked "high" in terms of the priority of rectification and made the following recommendations:

Key findings

Recommendations

Assessment of New Business

The Subsidiary did not appoint a person with extensive due diligence experience to conduct due diligence. The person responsible for due diligence is a member of the finance department, who does not have extensive due diligence experience and sufficient knowledge of the relevant industry and law, but only has financial knowledge.

Conducting due diligence by a person without relevant extensive experience may result in the Subsidiary failing to fully identify the potential risks involved in the cooperation with the new partner, including but not limited to financial, operational, legal and reputational risks. This may affect the Company's business decisions and lead to business relationships with dishonest or unstable partners, which in turn may cause financial losses, legal proceedings or damage to brand reputation.

1. For complex or highly-risky new business cooperation, due diligence experts with relevant industry, financial and legal knowledge shall be appointed or engaged to assist in internal assessment, so as to ensure a comprehensive and in-depth due diligence.
2. If due diligence is carried out by internal personnel of the Subsidiary, a project team shall be organized by selecting members with (or separately with) operational, financial and legal knowledge and a cross-department cooperation mechanism shall be established to ensure that professional advice and support in laws, finance and business operations can be provided for due diligence.

Corporate Governance Report

Key findings

Assessment of New Business

As no in-depth analysis was carried out in the due diligence report, the Subsidiary may fail to fully identify the potential risks associated with the particular cooperation mode agreed upon with partners or fail to adequately verify the authenticity of the business and assets. In addition, due to the absence of in-depth analysis, particularly in identifying potential fraud and other types of fraud risks, the Subsidiary may not be able to identify potential partners with fraudulent purposes or other kinds of fraudsters. Such omission could result in the Subsidiary entering into business relationships with dishonest entities, and thus being exposed to the risks of suffering significant financial loss and reputational damage.

Recommendations

3. The Subsidiary shall provide necessary training to the project team in charge of due diligence, including but not limited to due diligence methods and procedures, planning, information collection, assessment and analysis and reporting, to keep them informed of the content and process of due diligence. In addition, the Subsidiary shall provide special anti-fraud training to team members participating in due diligence.
4. The project team shall devise detailed due diligence objectives and procedures, identify responsible persons, timetable and completion standards for each step, and submit them to the SC for approval.
1. Enhance the measures adopted in the due diligence process to identify potential risks (particularly fraud risks), including financial irregularity analysis, historical background checks, and review of historical litigation and violations.
2. Verify the information provided by partners through third-party verification, analyse the data to identify unusual transaction modes and potential fraudulent conduct, and consider engaging external experts to conduct independent evaluations, if necessary, to enhance the ability to identify complex fraudulent means.

Corporate Governance Report

Key findings

Assessment of New Business

The due diligence report did not contain a risk analysis, e.g. risk assessment relating to the partner's employees with dishonesty records, or an analysis of whether the cooperation mode of business (where the partner has complete operational control while the Subsidiary solely manages finances) would pose a high-risk scenario. As a result, there were no corresponding internal control measures in place to adequately manage these risks.

The Subsidiary neither clearly set boundaries for acceptable risk nor conducted a comprehensive assessment of potential risks in the new business, making it challenging to establish effective and appropriate internal control measures to minimise risk to an acceptable level.

Recommendations

3. Define potential fraudulent conduct (e.g. recurring delinquencies) and establish an internal reporting system to ensure that the management and, if necessary, the Board will be promptly notified when potential fraud is detected.
4. Establish a follow-up process for following up on completed due diligence to ensure that all material risks have been properly identified and addressed.
1. The Subsidiary shall clearly set boundaries for acceptable risk such as specifying required due diligence, establishing thresholds for loss notification to the board of directors of the Group, and determining permissible investments in high-risk new ventures.
2. The due diligence report, or its follow-up reports, shall include an evaluation of the identification of potential risks (particularly fraud risks), along with corresponding countermeasures.
3. According to the risk assessment, the Subsidiary shall establish internal control measures to mitigate risk to an acceptable level, such as the maximum amount for simultaneous procurement investments.

Corporate Governance Report

Key findings

Assessment of New Business

Sales and Collection of Receivables

The Subsidiary failed to quantify the acceptable level of risks and therefore failed to report the non-routine high-risk transactions to the board of directors of the Group. In addition, the Subsidiary only monitored the payment collection based on the breakdown of receipt and payment, and did not set a credit limit or develop a clear procedure for dealing with bad/defaulted debts, relying only on the personal judgment of the chief financial officer. Therefore, the Subsidiary failed to prevent the further transactions in a timely manner and also failed to report the defaults to the board of directors of the Group.

Recommendations

4. Regularly monitor the effectiveness of internal controls to ensure all significant risks are properly identified and addressed.
1. Clearly quantify the level of risks: The Board shall set a level of risks acceptable to the Subsidiary and shall understand that the resumption of a discontinued business shall not be considered as a regular transaction and shall be reported to the Board, so as to allow the Board to set appropriate measures for risk management.
2. Develop a process for credit risk management: a comprehensive process for credit risk management shall be developed, including but not limited to setting credit limits, periodic credit assessments, and timely monitoring and reporting credit risks.

Corporate Governance Report

Key findings

Sales and Collection of Receivables

The Subsidiary may be exposed to significant credit risk due to the failure of quantifying the acceptable level of risks and lack of procedures for managing the credit risk. Thus, the likelihood of financial losses resulting from bad credit increased and liquidity issues may arise due to high-risk transactions. Failure to comply with the terms of fund recovery as set out in the cooperation agreement also showed the inadequate credit management and risk prevention of the Subsidiary. In addition, failure to report the non-routine transactions and defaults to the board of directors of the Group may lead to the fact that the management is not able to make timely and proper business decisions.

Funds and Expense Management

In conducting due diligence, the risks related to capital requirements were not considered, and only the amount of funds required were considered without assessing in detail the risks brought about by the cash outflow generated by the cooperation mode. The funds invested by the Group can be fully remitted in a very short period of time, and it will incur a very high risk in case of default by customers.

The Group's funds may all flow out in a very short period of time due to lack of consideration for the inflow and outflow of funds, making it falling into the dilemma of insufficient liquidity.

Recommendations

3. Develop a clear process for dealing with bad and doubtful debts/defaulted debts: clear procedures for dealing with bad and doubtful debts and defaulted debts shall be developed and implemented to reduce the financial impact on the Company. Such procedures shall include enforcing the terms as set out in the cooperation agreement in respect of defaults to ensure that appropriate measures for risk control have been taken within the specified timeframe, such as terminating further transactions and procurement.

In conducting due diligence, the Subsidiary shall prepare a cash flow forecast statement which takes into account the risks brought about by the cash outflow and the default by customers, so as to judge the risk level of the project as a major consideration in whether to accept the project, and avoid overvaluing the profit factor and neglecting the liquidity risk.

Corporate Governance Report

Having reviewed the Report, the SC and the Board are of the view that the findings of the IC Consultant are reasonable and acceptable. The Board is of the view that the Report has adequately addressed the concerns in relation to the Group's internal control weaknesses associate with the Incident and suggested practicable rectification measures to minimise future occurrence of similar incidents.

On 12 July 2024, the Board announced that the IC Consultant has completed a follow-up review on the measures adopted by the Company, and updated the Report as regards the latest implementation status of the significant internal control review findings (the "Follow-up Review"). Such significant internal control review findings and the corresponding results of the Follow-up Review are summarised as follows:

Key findings	Recommendations	Current implementation status
<i>Assessment of New Business</i>	<ol style="list-style-type: none"> For complex or highly-risky new business cooperation, due diligence experts with relevant industry, financial and legal knowledge shall be appointed or engaged to assist in internal assessment, so as to ensure a comprehensive and in-depth due diligence. If due diligence is carried out by internal personnel of the Subsidiary, a project team shall be organized by selecting members with (or separately with) operational, financial and legal knowledge and a cross-department cooperation mechanism shall be established to ensure that professional advice and support in laws, finance and business operations can be provided for due diligence. 	<p>The Company has formulated the "New Business Risk Management and Internal Control Policy" and included "System Compilation" (the "New Policy"), which includes the requirement to appoint or engage experts with relevant industry, financial and legal knowledge to assist in performing complex or high-risk due diligence.</p> <p>In case where the Company intends to perform due diligence via internal personnel, it should select staff with operational, financial and legal knowledge to form a cross-department specialised team and provide comprehensive training to the specialised team to ensure that they can perform due diligence effectively. In addition, to ensure that due diligence work is sufficiently comprehensive and in-depth, the specialised team will formulate detailed investigation objectives and processes, and such plans will be subject to approval and continuous monitoring by the Board.</p>

Corporate Governance Report

Key findings	Recommendations	Current implementation status
	<p>3. The Subsidiary shall provide necessary training to the project team in charge of due diligence, including but not limited to due diligence methods and procedures, planning, information collection, assessment and analysis and reporting, to keep them informed of the content and process of due diligence. In addition, the Subsidiary shall provide special anti-fraud training to team members participating in due diligence.</p>	<p>Relevant members of the Company's management have completed training in relation to the New Policy in June 2024.</p>
	<p>4. The project team shall devise detailed due diligence objectives and procedures, identify responsible persons, timetable and completion standards for each step, and submit them to the SC for approval.</p>	

Corporate Governance Report

Key findings	Recommendations	Current implementation status
	<p>5. Enhance the measures adopted in the due diligence process to identify potential risks (particularly fraud risks), including financial irregularity analysis, historical background checks, and review of historical litigation and violations.</p>	<p>The New Policy includes the requirement for due diligence process of new business assessment in the future, strengthening of verification and risk identification work and documenting the results of verification and risk assessment in the form of due diligence meeting minutes, designating responsible personnel for specified tasks and following up and when necessary, engaging external experts to conduct independent assessment so as to improve the Company's ability to identify sophisticated fraudulent means.</p>
	<p>6. Verify the information provided by partners through third-party verification, analyse the data to identify unusual transaction modes and potential fraudulent conduct, and consider engaging external experts to conduct independent evaluations, if necessary, to enhance the ability to identify complex fraudulent means.</p>	<p>Relevant members of the Company's management have completed training in relation to the New Policy in June 2024.</p>
	<p>7. Define potential fraudulent conduct (e.g. recurring delinquencies) and establish an internal reporting system to ensure that the management and, if necessary, the Board will be promptly notified when potential fraud is detected.</p>	
	<p>8. Establish a follow-up process for following up on completed due diligence to ensure that all material risks have been properly identified and addressed.</p>	

Corporate Governance Report

Key findings	Recommendations	Current implementation status
	<p>9. The Subsidiary shall clearly set boundaries for acceptable risk such as specifying required due diligence, establishing thresholds for loss notification to the board of directors of the Group, and determining permissible investments in high-risk new ventures.</p>	<p>The New Policy covers the requirement to include risk assessment and follow-up work for new business assessment in the future, including specifying acceptable risk levels, developing internal control measures in accordance with the risk assessment contents of the due diligence report or any follow-up report, especially in relation to the risks of fraud, in order to limit risks to acceptable levels and regularly monitor the effectiveness of the Company's internal control measures.</p>
	<p>10. The due diligence report, or its followup reports, shall include an evaluation of the identification of potential risks (particularly fraud risks), along with corresponding countermeasures.</p>	<p>Relevant members of the Company's management have completed training in relation to the New Policy in June 2024.</p>
	<p>11. According to the risk assessment, the Subsidiary shall establish internal control measures to mitigate risk to an acceptable level, such as the maximum amount for simultaneous procurement investments.</p>	
	<p>12. Regularly monitor the effectiveness of internal controls to ensure all significant risks are properly identified and addressed.</p>	

Corporate Governance Report

Key findings	Recommendations	Current implementation status
<i>Sales and Collection of Receivables</i>	<ol style="list-style-type: none">1. Clearly quantify the level of risks: The Board shall set a level of risks acceptable to the Subsidiary and shall understand that the resumption of a discontinued business shall not be considered as a regular transaction and shall be reported to the Board, so as to allow the Board to set appropriate measures for risk management.2. Develop a process for credit risk management: a comprehensive process for credit risk management shall be developed, including but not limited to setting credit limits, periodic credit assessments, and timely monitoring and reporting credit risks.	<p>The New Policy covers the requirement to set and clearly quantify acceptable risk levels for new business assessment in the future, and to ensure that the Board is notified of all significant transactions that are beyond the ordinary and usual course of business of the Company, such that the Board can develop appropriate risk management measures.</p> <p>Furthermore, the Company will establish a comprehensive credit risk management regime, which includes setting credit limits, conducting regular credit assessment, and monitoring and reporting credit risks in a timely manner.</p>

Corporate Governance Report

Key findings	Recommendations	Current implementation status
	<p>3. Develop a clear process for dealing with bad and doubtful debts/defaulted debts: clear procedures for dealing with bad and doubtful debts and defaulted debts shall be developed and implemented to reduce the financial impact on the Company. Such procedures shall include enforcing the terms as set out in the cooperation agreement in respect of defaults to ensure that appropriate measures for risk control have been taken within the specified timeframe, such as terminating further transactions and procurement.</p>	<p>In addition, the Company will develop clear procedures for dealing with bad and doubtful debts/defaulted debts to mitigate the financial impacts on the Company, which include enforcing the terms as set out in the cooperation agreement in respect of defaults to ensuring that appropriate measures for risk control, such as terminating further transactions and purchases, are in place in a timely manner.</p> <p>Through the aforementioned measures, it is expected that credit risks can be effectively reduced, and the overall financial position of the Company can be strengthened.</p> <p>Relevant members of the Company's management have completed training in relation to the New Policy in June 2024.</p>
<p>Funds and Expense Management</p>	<p>In conducting due diligence, the Subsidiary shall prepare a cash flow forecast statement which takes into account the risks brought about by the cash outflow and the default by customers, so as to judge the risk level of the project as a major consideration in whether to accept the project, and avoid overvaluing the profit factor and neglecting the liquidity risk.</p>	<p>The New Policy covers the requirement that a cash flow forecast statement shall be prepared in conducting future due diligence, taking into account the risks brought about by cash outflows and in the event of default by customers.</p> <p>Relevant members of the Company's management have completed training in relation to the New Policy in June 2024.</p>

Corporate Governance Report

Having reviewed the Report, the report of the Follow-up Review and the measures implemented by the Company, both the SC and the Board are satisfied that the rectification measures recommended by the IC Consultant have been implemented and are adequate to address the findings in the Report. Both the SC and the Board believes that the key internal controls in the Company's business operation have been strengthened and considers that the Company has in place adequate internal control measures and procedures.

Details were set out in the announcements of the Company dated 24 March 2023, 4 December 2023, 5 February 2024 and 12 July 2024.

* *For identification purposes only*

ACCOUNTABILITY AND AUDIT

Management shall provide such explanation and information to the Board as will enable the Board to make an informed assessment of the financial and other matters put before the Board for approval.

The Directors are responsible for overseeing all financial aspects of the Company and for keeping proper accounting records and preparing financial statements of each financial period, which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the financial statements for the Year, the Directors have:

- approved the adoption of all applicable Hong Kong Financial Reporting Standards which are issued by the Hong Kong Institute of Certified Public Accountants;
- selected and applied consistently appropriate accounting policies;
- made judgments and estimates that are prudent and reasonable; and
- prepared the accounts on a going concern basis. The Directors, having made appropriate enquiries, consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

We draw attention to note 2 to the consolidated financial statements which mentions that the Group incurred a loss attributable to owners of the Company of approximately HK\$82.1 million for the year ended 31 December 2025 and as at 31 December 2025 the Group had net current liabilities of HK\$478 million.

Corporate Governance Report

For the purpose of assessing going concern, the Directors have prepared a cash flow forecast of the Group covering a period of twelve months from the end of the reporting period (the “Cash Flow Forecast”) with plans and measures to mitigate the liquidity pressure and to improve its financial position, including bank loans raised or to be raised by the Group subsequent to 31 December 2025 and accelerating the pre-sales of its major property development projects during the period of the Cash Flow Forecast. Based on the Cash Flow Forecast assuming the plans and measures can be successfully implemented as scheduled, the Directors are of the opinion that the Group is able to continue as a going concern and would have sufficient financial resources to finance the Group’s operations and meet its financial obligations as and when they fall due. Accordingly, it is appropriate to prepare the consolidated financial statements on a going concern basis.

The Board is accountable to the Shareholders for a clear and balanced assessment of the Company’s financial position and prospects. In this regard, the Directors’ responsibility to present a balanced, clear and understandable assessment extends to annual and interim reports, other inside information announcements and other financial disclosures required under the Listing Rules, and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements.

All Directors acknowledge their responsibility for preparing the financial statements for the Year.

EXTERNAL AUDITOR

The consolidated financial statements of the Group for the Year were audited by ZHONGHUI ANDA CPA Limited (“ZHONGHUI”).

The auditor’s responsibility is to form an independent opinion based on their audit results on the Company’s consolidated financial statements and to report their opinion to the Company, as a body, and for no other purposes. The auditor of the Company does not assume responsibilities towards or accept liability to any other person for the contents of the report of auditor.

The auditor’s remuneration for the provision of annual audit services was HK\$788,000 for the Year (2024: HK\$800,000), and the auditor’s remuneration for the provision of non-audit service, which included review of the interim financial information, of HK\$142,000 for the Year (2024: HK\$135,000) (2024: and provision of comfort letters for a major transaction of HK\$135,000).

INVESTOR RELATIONS AND SHAREHOLDERS’ RIGHT

The Company values communication with the Shareholders and investors. The Company uses two-way communication channels to account to the Shareholders and investors for the performance of the Company. Enquiries and suggestions from the Shareholders or investors are welcomed, and enquiries from the Shareholders may be put to the Board through the following channels to the Company:

1. By mail to the Company’s principal place of business at Office A, 19/F., Kings Wing Plaza 1, 3 On Kwan Street, Shek Mun, Shatin, New Territories, Hong Kong;

Corporate Governance Report

2. By telephone at telephone number (852) 2380 1330;
3. By fax at fax number (852) 2380 1996; or
4. By email at info@gfghl.com.

The Company uses a number of formal communication channels to account to the Shareholders and investors for the performance of the Company. These include (i) the publication of interim and annual reports; (ii) the annual general meeting or special general meeting providing a forum for the Shareholders to raise comments and exchange views with the Board; (iii) updated key information of the Group available on the websites of the Stock Exchange and the Company; (iv) the Company's website offering communication channel between the Company and its Shareholders and investors; and (v) the Company's share registrar in Hong Kong serving the Shareholders in respect of all share registration matters.

The Company aims to provide its Shareholders and investors with high standards of disclosure and financial transparency. The Board is committed to providing clear, detailed and on a regular basis information of the Group to the Shareholders through the publication of interim and annual reports and/or dispatching circular, notices, and other announcements.

The Company strives to take into consideration the Shareholders' views and inputs, and address the Shareholders' concerns. The Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' notice shall be given. The Chairman as well as chairmen of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Corporate Governance Committee, or in their absence, the Directors are available to answer the Shareholders' questions on the Group's businesses at the annual general meeting.

All Shareholders have statutory rights to call for special general meetings and put forward agenda items for consideration by the Shareholders. According to Bye-Law 65 of the Bye-laws and the Companies Act 1981 of Bermuda, the Directors, notwithstanding anything in its Bye-laws shall, on the requisition of members of the Company holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company, forthwith proceed duly to convene a special general meeting of the Company. The requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited at the registered office of the Company, and may consist of several documents in like form each signed by one or more requisitionists.

Corporate Governance Report

If a Shareholder wishes to propose a person (the "Candidate") for election as a Director at a general meeting, he/she shall deposit a written notice (the "Notice") at the Company's head office in Hong Kong at Office A, 19/F., Kings Wing Plaza 1, 3 On Kwan Street, Shek Mun, Shatin, New Territories, Hong Kong. The Notice (i) must include the personal information of the Candidate as required by Rule 13.51(2) of the Listing Rules and his/her contact details; and (ii) must be signed by the Shareholder concerned including the information/documents to verify the identity of the Shareholder and signed by the Candidate indicating his/her willingness to be elected and consent of publication of his/her personal data. The period for lodgment of the Notice shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such meeting. In order to ensure the Shareholders have sufficient time to receive and consider the proposal of election of the Candidate as a Director without adjourning the general meeting, the Shareholders are urged to submit and lodge the Notice as soon as practicable, say at least 15 business days prior to the date of the general meeting appointed for such election.

SHAREHOLDERS' COMMUNICATION POLICY

The latest version of the shareholders' communication policy was adopted by the Board and became effective on 1 January 2022 (the "Shareholders' Communication Policy").

The Company aims to promoting and facilitating the effective communication with its Shareholders and to ensure the Company provides timely, clear, reliable and material information for its Shareholder in exercising their rights in an informed manner through its Shareholders' Communication Policy.

The Board shall be responsible for maintaining an on-going dialogue with the Shareholders.

A dedicated section is available on the Company's website (<http://www.irasia.com/listco/hk/grandfield/>), and the corporate communication is published on the websites of the Company and the Stock Exchange.

Shareholders Meetings (general meeting, including annual general meeting)

The Board should encourage active participation of the Shareholders at general meetings. The chairman of the Board should attend the annual general meeting. The chairman of the Board should invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend the annual general meeting. In their absence, the chairperson should invite another member of the committee or failing this their duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting. The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent Shareholders' approval.

Corporate Governance Report

Corporate Communication

A. *Notice*

The Company shall arrange for the notice to the Shareholders to be sent in the case for annual general meeting at least 21 days before the meeting and to be sent at least 14 days in the case for all other general meetings. Any notice to be given by the Company shall be in writing. The Company shall send notices to all Shareholders whether or not their registered address is in Hong Kong. The Company shall ensure that notice of the general meetings is published on the websites of the Company and the Stock Exchange.

B. *Circular*

The Company shall despatch a circular to its Shareholders at the same time as (or before) the Company gives notice of the general meeting to approve the transaction referred to in the circular. The Company shall provide its Shareholders with any material information on the subject matter to be considered at a general meeting that comes to the Directors' attention after the circular is issued. The Company must provide the information either in a supplementary circular or by way of an announcement not less than 10 business days before the date of the relevant general meeting to consider the subject matter. The meeting must be adjourned before considering the relevant resolution to ensure compliance with this 10 business day requirement by the chairman or, if that is not permitted by the Company's constitutional documents, by resolution to that effect.

C. *Annual Report and Interim Report*

The Company shall send to all Shareholders a copy of its annual report (including the annual accounts, the Group's accounts, together with the auditors' report thereon) or a summary of the financial report, not less than 21 days before the date of the annual general meeting and in any event not more than four months after the end of the financial year.

The Company shall prepare an interim report (or a summary of interim report) for the first six months of each accounting year and publish it within 3 months after the end of such six-month period. The Company may send an interim report or a summary of interim report to Shareholders.

D. *Proxy form*

Proxy form shall be sent to all persons entitled to vote at the meeting together with the notice of the meeting. This form shall provide an option to vote for or against all resolutions to be proposed at the meeting.

Corporate Governance Report

Shareholders' enquiries

Shareholders should direct any questions about their shareholdings to the Company's share registrar. Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available.

The Company's Bye-Law

The Shareholders' Communication Policy shall not override the Company's Bye-Law. The Company's Bye-Law regulating the rights of Shareholders and the proceedings of the general meetings, so far as the same are applicable and not inconsistent with the provisions of these regulations shall apply.

Procedures for Election of Directors

If any person is proposed for re-election as a Director or for election as a new Director and such election or appointment shall be approved by the Shareholders at a general meeting (including but not limited to the annual general meeting), the Company is required to disclose the relevant information of such person in the notice convening such general meeting or in the accompanying circular to the Shareholders.

Review and Improvement

The Board shall review the Shareholders' Communication Policy annually (or as necessary) and its effectiveness. During the review process, the Company shall promote and improve communication with Shareholders through various additional communication channels and update the Shareholders' Communication Policy. The Company may assess the effectiveness of relevant efforts in terms of "quantity and quality of advices from shareholders".

The Board will also consider, as appropriate, one or more methods to improve communication with Shareholders in the futures, including but not limited to:

- appointing a senior investment relations officer with appropriate qualifications and access to the Board;
- conducting regular meetings with Shareholders;
- disclosing more information about the contributions or work of the independent non-executive Directors during the year in the annual report;

Corporate Governance Report

- disclosing quantitative indicators of interactions between independent non-executive Directors and independent Shareholders, such as the number of direct meetings with independent Shareholders;
- allowing Shareholders to communicate directly with the Company, if applicable;
- conducting an evaluation of the Board and disclosing a summary of such evaluation in the annual report and/or corporate governance report; or
- appointing an independent non-executive director as the lead or senior independent non-executive director to act as an advisor in the event of a conflict of interest or failure to act on the part of the Chairman and to act as an intermediary between other directors and Shareholders where communication through normal channels is inappropriate or inadequate.

Shareholder Privacy

The Company recognises the importance of Shareholders' privacy and will not disclose Shareholders' information without their consent, except as required by law.

The Board has reviewed the Shareholders' Communication Policy and its effectiveness for the Year. The Company has provided appropriate communication channel to the Shareholders in accordance with the Shareholders' Communication Policy and therefore the existing Shareholders' Communication Policy is appropriate to the Company.

INDEPENDENT VIEWS MECHANISM

The latest version of the independent views mechanism was adopted by the Board and became effective on 1 January 2022 (the "Mechanism") and the Nomination Committee is responsible for execution.

Corporate Governance Report

The Mechanism is designed to ensure the strong independence of the Board and its access to independent views and opinions.

The Board ensures the appointment of at least three independent non-executive Directors and at least one-third of its members being independent non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time). In addition to complying with the requirements of the Listing Rules in respect of the composition of certain Board Committees, the Company also appoints independent non-executive Directors to other Board Committees as far as practicable to ensure independent views are available.

The Nomination Committee must strictly adhere to the Nomination Policy and the independence assessment criteria as set out in the Listing Rules with regard to the nomination and appointment of independent non-executive Directors. Each of the independent non-executive Directors is also required to notify the Company as soon as possible of any change in his or her personal information that may materially affect his or her independence. The Nomination Committee is authorised to assess annually the independence of all the independent non-executive Directors in accordance with the independence criteria as set out in the Listing Rules, to ensure that they can continually exercise independent judgement.

No equity-based remuneration (such as share options or share grants) with performance-related elements has been granted to independent non-executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence.

The Board should include a balanced composition of executive, non-executive and independent non-executive Directors so that there is a strong element of independence in the Board. The independent non-executive Directors shall be of sufficient caliber and stature for their views to carry weight. The Board remains committed to assessing the independence of Directors on an ongoing basis with regard to all factors concerned and not just limited to where a Director's service exceeds nine years. The Company endeavors to ensure that independent non-executive Directors have the opportunity and channel to convey and express their independent opinions and views to the Board and relevant committees. The Company has established channels through formal and informal means whereby independent non-executive Directors can express their views in an open and candid manner, and in a confidential manner, should circumstances require; these include periodic Board surveys and Board reviews, dedicated meeting sessions with the Chairman and interaction with management and other Board members including the Chairman outside the boardroom.

Corporate Governance Report

Independent non-executive Directors, same as other Directors, are entitled to seek further information and documents from the management on the matters to be discussed at Board meetings. They are also entitled to seek assistance from the company secretary of the Company and, where necessary, independent advice from professional advisors at the Company's expense.

Independent non-executive Directors (as other directors) shall not vote or be counted in the quorum on any board resolution approving any contract or arrangement in which such Director or any of his/her close associates has a material interest.

The chairman of the Board should at least annually hold one meeting with the independent non-executive Directors without the presence of other Directors to discuss significant matters and any concerns.

For independent non-executive Directors serving more than nine years ("Long Serving INEDs"):

- Re-election of independent non-executive Directors serving for years should be approved by independent Shareholders;
- A new independent non-executive Director should be appointed if all independent non-executive Directors on Board are Long Serving INEDs;
- Disclosure on the length of tenure of the Long Serving INEDs on a named basis in the circulars to Shareholders;
- Additional disclosure on the factors considered, the process and the Board's discussion in arriving at the determination in the explanation on why such independent non-executive Director is still independent and should be re-elected; and
- Equity-based remuneration with performance related elements should not be granted to Long Serving INEDs.

The Board (or a delegated committee of the Board) shall review the implementation and effectiveness of the Mechanism annually.

The Board has reviewed the Mechanism and its effectiveness for the Year.

Corporate Governance Report

DIVIDEND POLICY

The dividend policy of the Company (the “Dividend Policy”) was adopted by the Board and became effective on 1 January 2019.

The Dividend Policy is to ensure that the Board maintains an appropriate procedure on declaring and recommending the dividend payment of the Company. The Board endeavors to strike a balance between the Shareholders’ interests and prudent capital management with a sustainable dividend policy.

The declaration and recommendation of dividends is subject to the decision of the Board after considering the Company’s ability to pay dividends, which will depend upon, among other things:

- the Group’s financial results;
- the Group’s cashflow, liquidity and capital requirements;
- the Group’s debt to equity ratios and the debt level;
- the retained earnings and distributable reserves of the Group;
- the Group’s shareholders’ interests;
- the Group’s current and future business operations, conditions, cycle and strategies;
- the general market conditions;
- the Shareholders’ and the investors’ expectation and industry’s norm;
- any restrictions on payment of dividends that may be imposed by the Group’s lenders;
- statutory and regulatory restrictions;
- past dividend record; and
- any other factors the Board may deem relevant.

Corporate Governance Report

The Board has complete discretion on whether to pay a dividend and the form to pay, subject to any restrictions under the Companies Act of Bermuda and the Bye-laws. Any final dividends declared by the Company must be approved by an ordinary resolution of the Shareholders at an annual general meeting and must not exceed the amount recommended by the Board. The Board may also consider declaring special dividends from time to time, in addition to the interim and/or final dividends. There is no assurance that dividends will be paid in any particular amount for any given period.

The Company shall review and reassess the Dividend Policy and its effectiveness from time to time. Any revisions to the Dividend Policy shall be considered and approved by the Board.

COMPANY SECRETARY

The company secretary of the Company, Ms. Lam Yuen Ling Eva, is delegated by an external service provider. The external service provider's primary contact person at the Company is Ms. Chow Kwai Wa Charmaine, the executive Director.

On behalf of the Board

Ma Xuemian

Chairman

Hong Kong, 30 March 2026

Directors' Report

The Directors submit herewith this Annual Report together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries of the Company are set out in note 22 to the consolidated financial statements. There have been no significant changes in the nature of the Group's principal activities during the Year.

The analysis of the principal activities and geographical locations of the operations of the Group during the Year are set out in note 22 to the consolidated financial statements.

BUSINESS REVIEW AND PROSPECT

A review of the business of the Group during the Year and a discussion on the Group's future business development are provided in the Management Discussion and Analysis on page 6 to 7 of this Annual Report.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties of the Group and their changes are set out below:

Risk	Description	Change	Internal Controls
Market Demand	China's property market continued its deep adjustment in 2025, with nationwide commercial property sales area and value declining year-on-year. Market polarisation intensified, with particular destocking pressure in second and third-tier cities. Despite supportive government policies, end-user demand remained weak with a prevailing wait-and-see sentiment. The leasing market also faced dual pressures of strengthening tenant bargaining power and rising vacancy rates, placing continued strain on the Group's rental and sales operations.	Increasing	<ol style="list-style-type: none">1. Implement flexible leasing policies with competitive terms to improve occupancy rates.2. Provide short-term support to existing tenants to maintain long-term business relationships.3. Strengthen marketing efforts to attract new customers, including through online channels and short-video platforms.4. Continue to optimise sales strategies with differentiated positioning of core projects to accelerate the disposal of existing inventory.

Directors' Report

Risk	Description	Change	Internal Controls
Credit Risk	The credit environment in the real estate sector remained at elevated risk levels, with financing channels for private developers continuing to face constraints and the credit quality of certain institutional investors and partners deteriorating. The Group experienced increasing delays in tenant rent payments and rising accounts receivable in its leasing operations. Careful credit assessment of new business partners and clients is essential to prevent financial losses arising from credit imbalances.	Increasing	<ol style="list-style-type: none"> 1. Collect adequate deposits and advance rent from tenants as a risk buffer. 2. Issue early payment reminders and follow up on outstanding receivables in a timely manner. 3. Conduct due diligence and credit assessments on new partners and key clients. 4. Maintain tenant credit profiles and update credit ratings regularly to manage overall credit risk exposure.
Liquidity Risk	Real estate assets are inherently illiquid, and during periods of market adjustment, properties are difficult to dispose of quickly or at reasonable prices. While the overall financing environment improved slightly in 2025 compared to 2024, financing volumes for private developers remained constrained, bank loan approvals tightened, and bond financing channels continued to shrink. Slow repayment progress from certain business partners compounded the Group's short-term cash flow pressure, requiring close monitoring of funding gaps.	Increasing	<ol style="list-style-type: none"> 1. Negotiate more flexible payment arrangements with suppliers and contractors to ease short-term cash pressure. 2. Diversify financing channels and actively explore bank loans, shareholder support, and other funding alternatives. 3. Actively advance leasing and sales operations to ensure stable rental cash inflows and property sale proceeds. 4. Prepare regular cash flow forecasts and develop contingency measures to address potential funding gaps proactively.

Directors' Report

Risk	Description	Change	Internal Controls
Supply Chain and Price Risk	Global geopolitical tensions persisted, and energy and raw material price volatility remained significant, introducing uncertainty into construction costs. Labour costs in China's construction sector continued to rise in 2025, and logistics and supply chain delays persisted in certain regions. Although the Group currently has no major construction projects underway, its property maintenance and renovation activities still rely on outsourced services, making the Group's cost management susceptible to these cost fluctuations.	Increasing	<ol style="list-style-type: none"> 1. Conduct rigorous evaluations and tendering when selecting contractors and subcontractors. 2. Define responsibilities clearly in contract terms and have project managers regularly monitor contractor performance. 3. Reduce exposure to material cost volatility through long-term contract price locking or phased procurement strategies.
Natural Disaster and Extreme Weather Risk	Global climate change continued to intensify in recent years, increasing the frequency and severity of extreme weather events such as typhoons, floods, and heatwaves. The Group holds multiple commercial and residential properties, and extreme weather events may affect property safety, day-to-day operations, and tenant businesses. As the Group currently has no major construction projects, its overall exposure remains relatively limited.	No major change	<ol style="list-style-type: none"> 1. Develop emergency response plans and conduct regular disaster drills and safety inspections. 2. Maintain appropriate property and third-party liability insurance for all held properties. 3. Monitor weather forecasts closely and implement protective measures ahead of extreme weather events.

Directors' Report

Risk	Description	Change	Internal Controls
Occupational Health and Safety	Occupational health and safety regulatory requirements for property management and construction activities in China continued to strengthen in 2025, with increasingly stringent labour protection standards. The Group's property management and maintenance activities involve a degree of outsourced construction work, requiring that outsourced personnel receive adequate safety training and protective equipment to comply with regulatory requirements and avoid potential legal liabilities.	Increasing	<ol style="list-style-type: none"> 1. Establish safety work procedures and implement protective measures for hazardous tasks for both employees and outsourced workers. 2. Provide regular occupational safety training to raise safety awareness. 3. Conduct regular inspections of safety equipment to ensure proper functioning.
Relevant Policies and Regulations on Real Estate	Multiple cities continued to implement real estate policy adjustments in 2025, including relaxing purchase restrictions, revising presale conditions, and advancing "Guaranteed Delivery" policies to stabilise market confidence. However, the effectiveness of these measures varied across regions. The Group needs to continuously monitor policy developments in key operating cities such as Shenzhen and Xuzhou, and assess their potential impact on leasing operations, property sales, and financial arrangements.	No major change	<ol style="list-style-type: none"> 1. Actively monitor changes in laws and regulations relevant to the Group's operations, particularly the latest policies in key operating cities. 2. Consult with legal advisors to ensure the Group's operations comply with the latest regulatory requirements.

Directors' Report

Risk	Description	Change	Internal Controls
Business Expansion	The overall market environment in 2025 remained cautious, with private investment appetite still subdued. When evaluating new business opportunities or potential partnership projects, the Group faces heightened market risk and financial uncertainty. A misjudged investment could lead to capital misallocation or disappointing returns. The Group must pursue business expansion selectively and on the basis of rigorous assessment, ensuring alignment with its overall risk tolerance.	Increasing	<ol style="list-style-type: none"> 1. Select business opportunities with clear and straightforward models and cooperate with reputable partners. 2. Conduct thorough investigations and assessments of the financial position, management team quality, and actual site conditions of projects prior to commitment. 3. Commission professional third parties to conduct financial and legal due diligence as appropriate given the scale of the project.
Complaints, Disputes or Claims	As property owners and tenants continue to raise their expectations regarding service quality and construction standards, any shortcomings in construction quality, service delivery, or contract performance may give rise to complaints, disputes, or legal proceedings. Chinese courts strengthened protections for consumers and property owners in 2025, making it increasingly important for the Group to enhance its customer communication and dispute resolution mechanisms to reduce legal and reputational risks.	Increasing	<ol style="list-style-type: none"> 1. Establish service quality control processes and provide regular staff training, with management closely monitoring service standards. 2. Set up clear customer complaint channels to ensure complaints are addressed promptly and satisfactorily. 3. Strengthen communication with contractors and define contract terms clearly to reduce the risk of disputes.

Directors' Report

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group commits to the long term sustainability of the environment and communities in which it operates. Acting in an environmentally responsible manner, the Group endeavours to comply with laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction.

Details for the environmental policies and performance of the Group during the Year are set out in the Environmental, Social and Governance Report on pages 81 to 113.

MAJOR CUSTOMERS AND SUPPLIERS

Revenue made from the five largest customers of the Group was approximately 8% (2024: approximately 10%) of the Group's turnover, before deducting sales return of properties, for the Year.

Revenue made to the Group's largest customer accounted for approximately 3% (2024: approximately 3%) of the Group's total turnover for the Year.

Purchases made from the five largest suppliers of the Group was approximately 19% (2024: approximately 30%) of the Group's total purchases and purchases from the Group's largest supplier accounted for approximately 6% (2024: approximately 13%) of the Group's total purchases for the Year.

At no time during the Year, the Directors, their close associates or any Shareholders (which to the best knowledge of the Directors own more than 5% of the Company's total number of issued shares) had any interest in the five major suppliers and customers.

FINANCIAL STATEMENTS

The loss of the Group for the Year and the state of affairs of the Company and of the Group at that date are set out in the consolidated financial statements on pages 119 to 203.

TRANSFER TO RESERVES

The loss attributable to the Shareholders of approximately HK\$85,648,000 (2024: a loss of approximately HK\$268,365,000) has been transferred to reserves. Other movements in reserve are set out in the consolidated financial statements on page 119.

Directors' Report

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company's reserves consisted of contributed surplus of approximately HK\$140,281,000 (2024: approximately HK\$140,281,000) and accumulated losses of approximately HK\$415,822,000 (2024: approximately HK\$346,519,000).

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:

- (i) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

DIVIDENDS

The Directors do not recommend the payment of final dividend in respect of the Year (2024: Nil). No interim dividend was declared for the six months ended 30 June 2025 (2024: Nil).

INVESTMENT PROPERTIES

The Group revalued all of its investment properties at year end date. The revaluation resulted in a loss of approximately HK\$185,105,000 (2024: a loss of approximately HK\$158,808,000). The deferred tax credit arising from the revaluation is approximately HK\$46,276,000 in 2025 (2024: credit of approximately of HK\$39,702,000). Details of the revaluation and movement are set out in note 18 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Year are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the Year are set out in note 35 to the consolidated financial statements.

Directors' Report

EQUITY-LINKED AGREEMENTS

Save as disclosed in the sections headed "CAPITAL STRUCTURE" and "SHARE OPTION SCHEME" of this Annual Report, no equity-linked agreement was entered into by the Company during the Year.

REMUNERATION POLICY FOR DIRECTORS AND SENIOR MANAGEMENT

The latest version of the remuneration policy was adopted by the Board and became effective on 1 January 2022 (the "Remuneration Policy") and the Remuneration Committee is responsible for execution.

Remuneration policy is intended to maintain an appropriate remuneration package approximated with that of the private sector in general while providing the Board and the chief executive officer with sufficient remuneration to attract, retain and motivate qualified talents, so as to safeguard the profits of the Group and the interests of shareholders.

The remuneration of the Board and the chief executive officer shall be determined by the Remuneration Committee on the basis of the remuneration principles set out in the applicable remuneration policy and subject to the approval of the Board. The remuneration principles and incentive plans adopted by the Company are intended to ensure that the Company remains competitive in the industry. Remuneration programs are designed to reflect the Company's business strategy and financial performance, to encourage contributions from individuals and team leaders for the enhancement of value of the Group, and reward them in a competitive and fair manner. Remuneration policies, practices and procedures are aimed to maintain our competitiveness and retain competent employees, talent and senior management in a competitive talent market. The Company's remuneration structure includes basic salary, welfare, and short-term and long-term incentive schemes. The remuneration principles for other personnel are set out in the Company's human resources policy. The Remuneration Policy mainly describes the principles for the remuneration of the Board, the chief executive officer and other personnel defined as key positions by the Board.

The Board approves the Remuneration Policy in accordance with the composition and recommendations of the Remuneration Committee. The Board shall carefully assess the potential conflicts of interest of each member of the Board and/or the Remuneration Committee when developing and approving the Remuneration Policy. The Board shall take the necessary steps to ensure that no Director is involved in determining his/her own remuneration.

Directors' Report

The Board will review the Remuneration Policy annually for any necessary amendments. The review will be conducted in accordance with the consultative decisions of the annual general meeting and the comments and recommendations made on the decisions of the annual remuneration report. In addition, the Remuneration Committee or the Board may, in its sole discretion, propose amendments to the Remuneration Policy if such amendments are required to comply with the Corporate Governance Code or the remuneration principles in force for the time being.

Directors' Remuneration

The annual general meeting, on the recommendation of the Remuneration Committee, determines the remuneration and other financial benefits of members of the Board and its committees annually. The remuneration of the Board must be always consistent with the Remuneration Policy in force for the time being. The Remuneration Committee shall ensure that its proposal is in compliance with the Company's guidelines for assessing and managing conflicts of interest and for accepting and enforcing the proposal.

Chief Executive Officer's Remuneration

The Board determines remuneration principles on the proposals of the Remuneration Committee and supervises the implementation of the compensation package of the chief executive officer. The remuneration of the chief executive officer shall be always consistent with the Remuneration Policy in force for the time being. The Board shall also decide, only so far as authorized by the general meeting, on the allocation of shares and the terms and conditions of share remuneration or share-based remuneration schemes. The Remuneration Committee shall ensure that its proposal is in compliance with the Company's guidelines for assessing and managing conflicts of interest and for accepting and enforcing the proposal.

Incentives to Grant Shares, Options, and Other Special Rights Related to Shares

The annual general meeting may decide on the use of shares of the Company for share incentive purposes and may authorize the Board to decide on the issue of shares and special rights of shares. The Board determines terms and conditions, including the criteria and initiation of the Company's long-term incentive plan and short-term incentive plan. The Board may delegate the above-mentioned decision-making authority to its committees. The Board shall, only so far as authorized by the general meeting, determine the allocation of shares and the terms and conditions of the share remuneration or share-based remuneration schemes.

The Board (or the Remuneration Committee) shall conduct an annual review of the implementation and effectiveness of the Remuneration Policy.

Directors' Report

DIRECTORS

The Directors during the Year and up to the date of this Annual Report are:

Executive Directors:

Mr. Ma Xuemian (*Chairman*)
Mr. Kwok Siu Bun
Ms. Chow Kwai Wa Charmaine
Ms. Kwok Siu Wa Alison

Independent non-executive Directors:

Mr. Hui Pui Wai Kimber
Mr. Liu Chaodong
Mr. Tsui Matthew Mo Kan

Pursuant to Bye-law 111(A) of the Bye-laws, Mr. Ma Xuemian, Ms. Chow Kwai Wa Charmaine and Mr. Hui Pui Wai Kimber will retire at the forthcoming annual general meeting (the "AGM"). The said Directors, being eligible for re-election, will offer themselves for re-election at the AGM.

The Board has received annual confirmations of independence from each of the three independent non-executive Directors, and as at the date of this Annual Report still considers them independent.

Biographical details of the Directors are set out on pages 12 to 16 of this Annual Report.

DIRECTORS' APPOINTMENT LETTERS

Each of the executive Directors, namely Mr. Ma Xuemian, Mr. Kwok Siu Bun, Ms. Chow Kwai Wa Charmaine and Ms. Kwok Siu Wa Alison have entered into an appointment letter with the Company for a term of three years from 1 April 2025 to 31 March 2028. Each of the independent non-executive Directors, namely Mr. Hui Pui Wai Kimber, Mr. Liu Chaodong and Mr. Tsui Matthew Mo Kan, have entered into an appointment letter with the Company for a term from 1 April 2026 to 31 March 2027.

None of the Directors proposed for re-election at the AGM has an appointment letter with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' Report

SHARE OPTION SCHEME

Share options in the Company

The Company has conditionally adopted the Share Option Scheme on 21 June 2016 under which the eligible persons may be granted options to subscribe for the Company's shares. The purpose of the Share Option Scheme is to advance the interests of the Company and the Shareholders by enabling the Company to grant options to attract, retain and reward the eligible persons and to provide the eligible persons an incentive or reward for their contribution to the Group and by enabling such persons' contribution to further advance the interests of the Group.

Eligible persons under the Share Option Scheme include (collectively "Eligible Persons"):

- (i) any director (whether executive or non-executive and whether independent or not) and any employee (whether full time or part time) of the Group (collectively "Employees");
- (ii) any consultant or adviser (in the areas of legal, technical, financial or corporate managerial) of the Group or any invested entity (whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid); any provider of goods and/or services to the Group or any invested entity; any customer of the Group or any invested entity; or any holder of securities issued by any member of the Group or any invested entity (collectively "Business Associates"); and
- (iii) any other person, who at the sole discretion of the Board, has contributed to the Group (the assessment criteria of which are (1) such person's contribution to the development and performance of the Group; (2) the quality of work performed by such person for the Group; (3) the initiative and commitment of such person in performing his or her duties; (4) the length of service or contribution of such person to the Group; and (5) such other factors as considered to be applicable by the Board).

The principal terms of the Share Option Scheme are summarised as follows:

The Share Option Scheme was adopted for a period of 10 years commencing from 21 June 2016 and remains in force until 20 June 2026. The Company may, by resolution in general meeting or, such date as the Board determined, terminate the Share Option Scheme at any time without prejudice to the exercise of options granted prior to such termination.

Directors' Report

The subscription price for the shares under the Share Option Scheme will be a price determined by the Board in its absolute discretion but shall be not less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a business day; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the shares on the date of grant.

Upon acceptance of the options, the grantee shall pay HK\$1.00 to the Company as consideration for the grant. The acceptance of an offer of the grant of the option must be made within 10 business days from the date of grant. The exercise period of any option granted under the Share Option Scheme must not be more than 10 years commencing on the date of grant.

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not, in the absence of Shareholders' approval, in aggregate exceed 10% of the total number of issued shares of the Company as at the date of approval of the Share Option Scheme. The Board may seek approval by the Shareholders at general meeting to refresh the 10% limit. However, the total number of shares available for issue under exercise of options which may be granted under the Share Option Scheme in these circumstances must not exceed 10% of the total number of issued shares of the Company as at the date of approval of the refreshment of the 10% limit.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the total number of the issued shares of the Company from time to time and the maximum number of shares in respect of which options may be granted to each Eligible Person shall not exceed 1% of the total number of issued shares of the Company for the time being in any 12-month period up to and including the date of offer of the grant. The maximum number of shares in respect of which options may be granted to each substantial Shareholder or independent non-executive Director shall not exceed an aggregate value (based on the closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange on the date of each grant) of HK\$5 million and 0.1% of the total number of issued shares of the Company for the time being in any 12-month period up to and including the date of offer of the grant.

Directors' Report

No options had been granted or agreed to be granted under the Share Option Scheme during the Year and up to the date of this Annual Report. The Company did not have any outstanding share options during the Year and up to the date of this Annual Report.

As at the beginning and the end of the Year, the number of options available for grant under the Share Option Scheme is 1,224,777 shares.

The Share Option Scheme will remain in force for a period of 10 years commencing from the date of adoption of the Share Option Scheme from 21 June 2016.

Remarks:

1. Pursuant to Rule 17.03A of the Listing Rules, the participants of a scheme shall only comprise directors and employees of the issuer or any of its subsidiaries and the persons who provide services to the issuer group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the issuer group.
2. Pursuant to Rule 17.03F of the Listing Rules, the vesting period for options shall not be less than 12 months.
3. Pursuant to Rule 17.04(3) of the Listing Rules, where any grant of options or awards to an independent non-executive director or a substantial shareholder of the listed issuer, or any of their respective associates, would result in the shares issued and to be issued in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of the scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the relevant class of shares in issue, such further grant of options or awards must be approved by shareholders of the listed issuer in general meeting in the manner set out in Rule 17.04(4) of the Listing Rules. Pursuant to Rule 17.04(4) of the Listing Rules, the listed issuer must send a circular to the shareholders. The grantee, his/her associates and all core connected persons of the listed issuer must abstain from voting in favour at such general meeting. The listed issuer must comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules.

Directors' Report

DIRECTOR' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31 December 2025, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Directors	Capacity/Nature of interests	Number of ordinary share(s) held	Number of underlying shares held pursuant to share options	Total	Total interests as percentage of the total number of issued shares
Kwok Siu Bun	Beneficial Owner	7,500(L)	–	7,500(L)	0.04%
Chow Kwai Wa Charmaine	Beneficial Owner	9,750(L)	–	9,750(L)	0.05%
Kwok Siu Wa Alison	Beneficial Owner	15,000(L)	–	15,000(L)	0.07%

(L): Long position

Save as disclosed above, as at 31 December 2025, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 41 to the consolidated financial statements, no Director had a significant beneficial interest, either directly or indirectly, in any contracts of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party at any time during the Year.

Directors' Report

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2025, other than the interests disclosed above in respect of certain Directors, so far as is known to the Directors, the following parties (other than the Directors and chief executives of the Company) had interests of 5% or more in the total number of issued shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name of Shareholders	Capacity/ Nature of interests	Number of ordinary share(s) held	Number of underlying shares held	Total interests as percentage of the total number of issued shares
Rhenfield Development Corp. (Note 1)	Beneficial Owner	6,743,433	–	32.56%
Tsang Yee	Interest in Controlled Corporation (Note 1)	6,743,433	–	32.56%
Tsang Tsz Nok Aleen	Beneficial Owner	8,485,264	30,372,728 (Note 2)	187.64%
	Interest in Controlled Corporation (Note 1)	6,743,433	–	32.56%
Lui Kin Chung (Note 3)	Interest of spouse	6,767,159	38,834,266	220.20%

Notes:

- Rhenfield Development Corp. is owned as to 50% by Mr. Tsang Yee and 50% by Ms. Tsang Tsz Nok Aleen, who are deemed to be interested in 6,743,433 shares of the Company pursuant to the Part XV of the SFO.
- Ms. Tsang Tsz Nok Aleen personally owns 38,857,992 shares, among which 30,372,728 shares are the underlying shares of the Company of the aggregate principal amount of convertible bonds of HK\$78,969,093.34 issued by the Company at the conversion price of HK\$2.6 per share on 6 May 2024. Details were set out in the announcements of the Company dated 6 March 2024, 10 April 2024, 26 April 2024, 30 April 2024, 2 May 2024, 6 May 2024 and 15 September 2025 and the circular of the Company dated 10 April 2024.
- Mr. Lui Kin Chung is the spouse of Ms. Tsang Tsz Nok Aleen. Under the SFO, Mr. Lui Kin Chung is deemed to be interested in the same number of shares in which Ms. Tsang Tsz Nok Aleen is interested.

Directors' Report

Save as disclosed above, as at 31 December 2025, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the issued Shares carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial Shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the Year was the Company, or any of its holding companies or any of its subsidiaries a party to any arrangement to enable the Directors and the chief executives of the Company (including their spouses and children under 18 years of age) to hold any interests or short positions in the shares, or underlying shares, or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

MANAGEMENT CONTRACTS

No 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.

COMPETING INTERESTS

As at 31 December 2025, none of the Directors has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interests with the Group.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors as at the date of this Annual Report, there is sufficient public float of the Company's issued shares as required under the Listing Rules throughout the Year.

Directors' Report

CONNECTED TRANSACTION

References are made to the announcement of the Company dated 12 August 2022, 5 September 2022, 5 October 2022, 10 October 2022, 26 October 2022 and 31 October 2022 and the circular of the Company dated 10 October 2022. The Company has issued the Old Convertible Bond to Ms. Tsang Tsz Nok Aleen. Pursuant to the terms of the Old Convertible Bond, the Old Convertible Bond has been matured on 30 April 2024.

On 6 March 2024 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with Ms. Tsang Tsz Nok Aleen, pursuant to which the Company has conditionally agreed to issue, and Ms. Tsang Tsz Nok Aleen has conditionally agreed to subscribe the New Convertible Bond in the principal amount of not less than HK\$100,869,000 and not more than HK\$101,912,000.

As additional time was required for the satisfaction or waiver, as the case may be, of the conditions precedent to the completion, the Company and Ms. Tsang Tsz Nok Aleen have entered into the standstill agreement after trading hours on 30 April 2024. Pursuant to the standstill agreement, the time of repayment of all amounts outstanding under the Old Convertible Bond has been extended to 30 June 2024 with interest rate unchanged. Moreover, the conversion rights under the Old Convertible Bond were extinguished pursuant to its terms on 30 April 2024. As a result of the entering into of the standstill agreement, the Company has not defaulted and was not in a position of default in repaying the Old Convertible Bond from 1 May 2024 to 30 June 2024.

All the conditions precedent under the Subscription Agreement have been fulfilled and/or waived in accordance with the terms of the Subscription Agreement, completion of the Subscription was taken place on 6 May 2024. Based on (i) the outstanding principal amount of the Old Convertible Bond of HK\$95,896,475.43; (ii) the outstanding interests of the Old Convertible Bond of approximately HK\$4,973,130.08 as at 30 April 2024; and (iii) the additional interest accrued pursuant to the standstill agreement of approximately HK\$99,487.83, the New Convertible Bond was issued at a principal amount of HK\$100,969,093.34. Upon completion of the Subscription, the outstanding principal amount and the interests under the Old Convertible Bond was settled.

The New Convertible Bond carries the right to convert into the conversion shares at the conversion price of HK\$2.6 per conversion share (subject to adjustments). Assuming the conversion rights are exercised in full at the conversion price, 38,834,266 new ordinary shares will be allotted and issued to Ms. Tsang Tsz Nok Aleen.

Ms. Tsang Tsz Nok Aleen has been a substantial shareholder of the Company and is holding 6,767,159 shares, representing approximately 55.25% of the total number of issued shares of the Company as at the date of this Annual Report. Accordingly, Ms. Tsang Tsz Nok Aleen is a connected person of the Company under the Listing Rules. Therefore, the Subscription constitutes a connected transaction of the Company.

Directors' Report

Details were set out in the announcements of the Company dated 6 March 2024, 10 April 2024, 26 April 2024, 30 April 2024, 2 May 2024 and 6 May 2024 and the circular of the Company dated 10 April 2024.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the Year are set out in note 41 to the consolidated financial statements.

The related party transactions disclosed in notes 41(a) to 41(b) to the consolidated financial statements did not fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) in Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules.

The Directors confirm that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws, or the laws of Bermuda, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

FINANCIAL SUMMARY

A summary of the published results, and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements and restated and reclassified as appropriate, is set out in the Annual Report on page 200. This summary does not form part of the audited consolidated financial statements.

Directors' Report

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings are set out in note 30 to the consolidated financial statements.

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

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

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

In the opinion of the Directors, the Group has complied with all the relevant laws and regulations in all material respects for the business operations of the Group during the Year except the deviation stated in the Corporate Governance Report on page 16.

RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group understands the importance of maintaining a good relationship with its employees, suppliers and customers to meet its immediate and long-term goals.

During the Year, there was no material and significant dispute between the Group and its employees, suppliers and/or customers.

AUDITOR

ZHONGHUI will retire at the conclusion of the AGM and being eligible, offer itself for re-appointment at the AGM. A resolution for the re-appointment of ZHONGHUI as the auditor of the Company will be proposed at the AGM.

On behalf of the Board

Ma Xuemian

Chairman

Hong Kong, 30 March 2026

Environmental, Social and Governance Report

ABOUT GRAND FIELD GROUP

Grand Field Group Holdings Limited (“Grand Field” or the “Company”) was established in Hong Kong in 1990 and has a history of over twenty years in property development. The Company and its subsidiaries (collectively, “the Group” or “We”) operate through three major divisions: property development, property investment, and general trading. Our headquarters are in Hong Kong and Shenzhen, the People’s Republic of China. Subsidiaries and major development projects are mainly located in Hong Kong, Shenzhen, Dongguan and Xuzhou.

ABOUT THIS REPORT

We are pleased to present our tenth Environmental, Social, and Governance (“ESG”) Report (the “ESG Report”). This Report elaborates on our sustainability policies and performance during the period from 1 January 2025 to 31 December 2025 (the “Reporting Period”). Our business focuses include selling developed property projects (“Zongke Cloud Project”) and leasing investment properties. The scope of this Report covers our sustainable development performance in our Hong Kong, Shenzhen, and Xuzhou offices.

ESG REPORTING COMPLIANCE

In preparing this report, we have followed the disclosure requirements set out in the Environmental, Social and Governance Reporting Guidelines (the “ESG Reporting Guidelines”) in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

COMMUNICATING WITH STAKEHOLDERS

We have always been striving to build a harmonious and inclusive society and constantly seeking opportunities to grow together. As a responsible corporate citizen, we have always been open and honest, and actively communicating with stakeholders to formulate our sustainable development policy. We hope that the Report plays a constructive role in establishing the direction for our sustainable development and continuously assessing the effectiveness of our relevant efforts. To this end, we welcome opinions about the Report and the performance of our sustainable development. Please feel free to send your valuable opinions to info@gfghl.com.

GOVERNANCE STRUCTURE

We comprehensively manage environmental, social, and governance risks and continuously improve and optimize various environmental, social, and governance structures, policies, and performance through a robust governance structure.

Environmental, Social and Governance Report

Board of Directors

As the Group's highest authority, the Board of Directors is responsible for the overall strategic planning and decision-making of the company. The Board pays attention to sustainable development and ESG affairs to ensure that the Group fulfills its corporate social responsibility while complying with relevant laws and regulations. Board members have diverse professional backgrounds and rich industry experience, capable of effectively addressing various challenges and providing strong support for the Group's long-term stable development. The Board is responsible for formulating the Group's sustainable development vision, goals, and strategy, and addressing, identifying, and responding to potential ESG risks.

The Board regularly reviews the Group's progress in sustainable development and ESG aspects, The Board periodically reviews the Group's ESG-related risks and key performance indicator results, and provides guidance on related strategies and targets. ensuring that the Group fully considers environmental protection, employee welfare, and social responsibility while achieving economic benefits. In addition, the Board is also responsible for overseeing the preparation of the Group's ESG reporting and ensuring the accuracy, truthfulness, and completeness of the report's content. To effectively fulfill ESG responsibilities, the Board authorizes the Environmental, Social, and Governance Committee (the "ESG Committee") and the Environmental, Social, and Governance Working Group (the "ESG Working Group") to assist in carrying out related work. These teams will report their progress and results to the Board regularly, ensuring that the Board is always informed of the Group's latest developments in sustainable development.

ESG Committee

The duties and responsibilities of the ESG Committee include providing recommendations to the Board on matters such as the Group's sustainable development vision, goals, and strategic direction, as well as overseeing the formulation and effective implementation of the Group's ESG policies and code of conduct. The ESG Committee also assesses the Group's ESG (including climate change) risks annually and develops mitigation plans. During the preparation of the ESG Report, the ESG Committee reviews the Group's communication with major stakeholders and reports their views on various significant issues to the Board, ensuring the correct direction of long-term strategies. The ESG Committee is also responsible for reviewing and reporting the Group's key performance indicators and target achievements to the Board, reviewing and monitoring the Group's policies and practices in compliance with laws and regulations, and reviewing the Group's ESG Report, submitting it to the Board for final approval.

ESG Working Group

The ESG Working Group is composed of management personnel from various business entities and is actively involved in implementing the Group's sustainable development policies, work plans, and performance objectives management. The Working Group is also responsible for communicating with major stakeholders and reporting the results to the Environmental, Social, and Governance Committee, ensuring that we focus on issues relevant to stakeholders and the Group's business, as well as collecting information on various environmental, social, and governance key performance indicators.

Environmental, Social and Governance Report

APPLICATION OF REPORTING PRINCIPLES

The Group has prepared this report in accordance with the following three reporting principles.

Reporting Principles	Definitions	Applications
Materiality	The threshold at which ESG issues determined by the board are sufficiently important to investors and other stakeholders that they should be reported.	Through our engagement with stakeholders and consideration of the nature and development of the Group's business, we have identified the key sustainability issues that should be reported on. These are set out in the Stakeholder Engagement and Materiality Analysis sections of this report.
Quantitative	KPIs in respect of historical data need to be measurable. The issuer should set targets (which may be actual numerical figures or directional, forward-looking statements) to reduce a particular impact. In this way the effectiveness of ESG policies and management systems can be evaluated and validated. Quantitative information should be accompanied by a narrative, explaining its purpose, impacts, and giving comparative data where appropriate.	The Group has established a series of measurable environmental and social performance indicators based on our business objectives. We track progress through these indicators and ensure that policies and actions result in tangible improvements. In the "Sustainability Performance Summary" section, you will find our performance data and our key ESG goals in the section "Key Sustainability Goal".
Consistency	The issuer should use consistent methodologies to allow for meaningful comparisons of ESG data over time.	When selecting key performance indicators, we ensure that data collection methods and calculation methods remain consistent. In addition, we regularly review data collection processes to improve the accuracy and reliability of the data. The data in the report covers the sustainable development performance of our Hong Kong, Shenzhen, and Xuzhou offices, so that stakeholders can gain a comprehensive understanding of our efforts in ESG aspects.

Environmental, Social and Governance Report

With effect from the financial year ended 31 December 2025, the Group has included 鈞濠商業管理(深圳)有限公司 within the ESG reporting boundary. Prior to FY2025, this entity was not included in the ESG reporting scope. The inclusion of 鈞濠商業管理(深圳)有限公司 gives rise to two related changes in the FY2025 reported figures: (i) the total reported employee headcount has increased from 59 to 74; and (ii) the leasable floor area base used for calculating environmental intensity indicators has been expanded accordingly to encompass the properties managed by 鈞濠商業管理(深圳)有限公司. Both changes arise solely from the expansion of the reporting scope and do not reflect any change in the Group's business operations. Comparative figures for prior reporting periods have not been restated; accordingly, year-on-year comparisons of employee-related KPIs and environmental intensity indicators should be read in light of this scope change. However, the intensity figures for prior periods have been restated using the updated base to ensure comparability. In addition, the Group has conducted its triennial emission factor review, taking into account the updated 2022 Southern China Regional Grid emission factor published by China's Ministry of Ecology and Environment, as well as updated utility-specific emission factors for Hong Kong. The reported decrease in Scope 2 and total GHG emissions primarily reflects the reduction in grid carbon intensity captured by the updated emission factors, rather than a change in the Group's actual energy consumption levels. The Board considers that the prior-year figures remain a reasonable estimate of emissions and accordingly no restatement has been made. Further details are set out in the relevant sections of this Report.

Environmental, Social and Governance Report

KEY SUSTAINABILITY GOAL

We have adjusted and updated our sustainable development goals based on the 2025 ESG risk assessment and categorized them according to our main ESG issues. Reducing carbon emissions remains our top priority, and we actively implement these goals through the efforts of various business departments and communication and collaboration with our partners. We continuously improve our performance in all aspects of ESG by introducing measures that benefit both the environment and society and by exploring various innovative technologies and solutions.

Environment

Key issues	Sustainable development goals	Annual progress
Greenhouse gas emissions	Maintain or reduce carbon emission intensity (Scope 1 and 2) compared to the 2021 baseline.	Carbon emission intensity (Scope 1 and 2) has decreased by about 38% compared to the baseline.
Climate change	Conduct climate risk assessment and develop corresponding strategies to address climate change.	We analyzed physical, chronic, and transitional risks to better plan for response preparation.
Energy efficiency	Maintain or reduce electricity intensity compared to the 2021 baseline.	Electricity intensity has decreased by about 33% compared to the baseline.
Waste management	<ul style="list-style-type: none"> Maintain or reduce waste generation intensity compared to the 2021 baseline. Implement recycling/circular economy programs. 	<ul style="list-style-type: none"> Waste generation intensity increased by 10% as compared with the baseline but lower than last year due to paper reduction effort. Implemented recycling/circular economy programs in Hong Kong office.
Water management	Maintain or reduce water intensity compared to the 2022 baseline.	Water intensity has decreased by 1% compared to the baseline. This is due to increased office activities.

Social

Key issues	Sustainable development goals	Annual progress
Talent management	<ul style="list-style-type: none"> Build a diverse team (considering skill sets, industry expertise and experience, backgrounds, ethnicity, age, and gender) Comply with occupational safety and health regulations, prioritize safety training. Achieve zero fatalities and zero employee injuries All new employees receive onboarding training 	<ul style="list-style-type: none"> Recruited talents from different backgrounds. No occupational safety and health violations, zero fatalities and zero employee injuries this year. Total training hours: 160 hours, all new employees received onboarding training.

Environmental, Social and Governance Report

STAKEHOLDER ENGAGEMENT

The success of our ESG strategy depends on communication with our stakeholders and we, therefore, encourage our frontline staff to engage with them on an ongoing basis through our day-to-day business processes to gather a broad range of stakeholder views on all aspects of our ESG. Our key stakeholders include shareholders and investors, employees, customers, business partners (e.g. various contractors, material suppliers, etc.), government regulators and the community in the vicinity of our projects. In developing the scope of this report, we have taken into account the views of stakeholders at different levels. Their views on the sustainability aspects of the Group were identified and understood through a variety of channels as follows.

Stakeholders	Concerns	Communication Platform
Shareholders and Investors	<ul style="list-style-type: none"> • Business prospects • Resource utilization and strategy execution • Risk management • Corporate governance 	Annual general meetings and results announcements Annual and interim reports Company websites Roadshows and investor meetings
Employees	<ul style="list-style-type: none"> • Compensation and benefits • Learning and promotion opportunities • Work-life balance • Occupational health 	Staff meetings and daily meetings Internal communication groups Training and talent development programmes Staff competitions and team-building activities Whistle-blowing system
Customers	<ul style="list-style-type: none"> • Expenses and rent increases • Maintenance and customer service • Emergency support • Business environment, customer flow • Image of the Group 	Customer service hotlines Customer enquiries Meetings and visits Social media and company websites
Business Partners	<ul style="list-style-type: none"> • Timely payments • Fair business practices • Collaboration and expansion opportunities 	Audit and performance review Visits and meetings Tendering and procurement processes
Government Regulators	<ul style="list-style-type: none"> • Compliance with regulations • Economic growth • Environmental impact • Corporate governance 	Meetings and communication Consultations
The community in the vicinity of the project site	<ul style="list-style-type: none"> • Community issues • Environmental impact • Social responsibility 	Complaints and enquiries Meetings Public/community events

We hope to use the ESG Report as a platform for continuous and close communication with our stakeholders to develop a sustainable development strategy together.

Environmental, Social and Governance Report

MATERIALITY ASSESSMENT

Our materiality assessment process identifies a range of factors that underpin the sustainability of our business, as well as environmental, social and governance-related issues, which are relevant as follows:

No.	Related Issues	No.	Related Issues
1	Air pollution emissions	11	Staff Development
2	Greenhouse Gas Emissions	12	Prohibition of Child Labour and Forced Labour
3	Waste treatment and recycling	13	Supplier selection and evaluation process
4	Energy consumption	14	Supply Chain Environmental and Social Risk Management
5	Water consumption	15	Service Quality and Safety
6	Paper consumption	16	Customer Service and Satisfaction
7	Environmental Risk Management	17	Protecting Intellectual Property
8	Equal Opportunities	18	Customer Data Privacy and Security
9	Staff Benefits	19	Anti-corruption and anti-money laundering
10	Occupational Health and Safety	20	Community Involvement

In the assessment process, we balanced the importance attached to each issue by stakeholders and the Group and worked hard to implement the management of each relevant issue. We have integrated the key concerns of stakeholders into the “Stakeholder Engagement” section. Based on the assessment results, the Group has identified a number of highly material issues, including greenhouse gas emissions, energy management, employee health and safety, and anti-corruption, which have been prioritised in the Group’s management and disclosure framework.

Environmental, Social and Governance Report

OUR ESG VISION

Sustainable Communities

Under the overarching direction of sustainable development, we firmly believe that the construction and development of communities should not be merely short-term objectives but should be integrated into long-term development strategies. We are fully committed to creating a better and more harmonious living environment for the public and deeply recognize the urgency and importance of protecting the environment. With “sustainable community” as our core value orientation, we continuously integrate the concepts of social responsibility and environmental protection into our corporate policies and business planning, striving to constantly improve and enhance the community value and quality of life of our projects.

In this process, we uphold excellent corporate citizenship ethics, and establish proactive partnerships with our employees, local community groups, and non-governmental organizations, jointly working towards enhancing community welfare. We support and participate in various activities beneficial to community development, such as education, environmental protection, public health, and social welfare programs, aiming to bring long-term and lasting positive impacts to the community.

We are also committed to promoting the concepts of green building and sustainable urban planning. In new development projects, we actively adopt energy-saving and emission-reducing designs and building materials, while respecting local cultures and ecosystems to ensure the harmony of the community and the balance of the natural environment. Additionally, we encourage a green lifestyle within the community, enhancing public awareness and participation in sustainable living practices through education and advocacy activities.

We firmly believe that through these continuous efforts and collaborations, we can gradually establish a vibrant and sustainable community environment. We look forward to growing together with all stakeholders on sustainable development and joining hands to build more livable, environmentally friendly, and inclusive communities. Our ultimate goal is to achieve comprehensive prosperity for the community, creating a better living environment for the present and future generations.

Environmental, Social and Governance Report

SUSTAINABILITY PERFORMANCE SUMMARY

The Group's performance against the environmental performance indicators for the reporting period is summarised below:

Types of Emissions	Key Performance Indicators				
	2025	2024	2023	Base Year	Unit
Air Emission					
Nitrogen oxides (NO _x)	5.05	4.58	5.69	6.89	kg
Sulphur oxides (SO _x)	0.14	0.08	0.13	0.14	kg
Particulate matter (PM)	0.37	0.34	0.42	0.51	kg
Greenhouse gas emissions					
Scope I	36.47	15.14	23.14	25.13	tonnes of carbon dioxide equivalent
Scope II	72.56	124.60	123.03	149.36	tonnes of carbon dioxide equivalent
Total Emissions (Scope I and II)	109.03	139.74	146.17	174.49	tonnes of carbon dioxide equivalent
Intensity (per square meter) (note)	2.25	2.88	3.02	3.60	kg of carbon dioxide equivalent
Non-hazardous waste					
Paper (disposed)	0.37	0.49	0.47	0.43	tonnes
Domestic and other waste (Recycled)	0.36	0.36	0.36	0.12	tonnes
Domestic and other waste (disposed)	0.39	0.39	0.39	0.48	tonnes
Total volume	1.12	1.23	1.22	1.03	tonnes
Intensity (per square meter) (note)	0.023	0.025	0.025	0.021	kg
Hazardous waste					
Did not produce hazardous waste					

Environmental, Social and Governance Report

Resource Types	Key Performance Indicators				
	2025	2024	2023	Base Year	Unit
Energy					
Purchased electricity	125,242.36	156,743.37	155,585.00	187,673.50	kWh
Non-renewable fuels	128,538.34	52,036.32	79,538.68	86,023.97	kWh
Total energy consumption	253,780.70	208,779.69	235,123.68	273,697.47	kWh
Intensity (per square meter) (note)	5.24	4.31	4.85	5.65	kWh
Use of water					
Total water consumption	597	800.00	705.00	604.00	m ³
Intensity (per square meter) (note)	0.012	0.017	0.015	0.012	m ³

Note: With effect from FY2025, the ESG reporting scope has been expanded to include 鈞濠商業管理(深圳)有限公司, which manages leasing operations at the 棕科雲端. Accordingly, the leasable floor area base used for intensity calculations has been updated to reflect the combined leasable properties under the Group's management, comprising properties at Shenzhen 棕科雲端 and Xuzhou Guojin Centre, including units that are currently vacant and available for leasing. This basis is applied consistently across all reporting years to ensure comparability.

Environmental, Social and Governance Report

The Group's performance against the social performance indicators for the reporting period is summarised below.

Staff Distribution	Key Performance Indicators				Unit
	2025	2024	2023	2022	
By gender					
Male	38	33	34	36	People
Female	36	30	30	33	People
By Rank					
Management	17	16	15	16	People
Mid-level staff	9	8	7	8	People
General staff	48	39	42	45	People
By Age					
Aged 30 or under	10	8	10	13	People
31-40 years old	24	19	21	21	People
41-50 years old	21	17	14	17	People
Age 51 or above	19	19	19	18	People
By Region					
Hong Kong	8	8	9	9	People
Shenzhen	63	52	52	56	People
Xuzhou	3	3	3	4	People
Total Staff	74	63	64	69	People

Environmental, Social and Governance Report

Staff Turnover Rate	Key Performance Indicators				Unit
	2025	2024	2023	2022	
By gender					
Male	3%	6%	24%	25%	Percentage
Female	11%	13%	33%	27%	Percentage
By Age					
Aged 30 or under	30%	38%	50%	31%	Percentage
31-40 years old	4%	16%	19%	38%	Percentage
41-50 years old	5%	0%	21%	29%	Percentage
Age 51 or above	0%	0%	32%	6%	Percentage
By Region					
Hong Kong	0%	0%	0%	0%	Percentage
Shenzhen	8%	11%	35%	30%	Percentage
Xuzhou	0%	0%	33%	25%	Percentage
Total staff turnover rate	7%	10%	28%	26%	Percentage

Injuries and fatalities at work	Key Performance Indicators					Unit
	2025	2024	2023	2022	2021	
Number of work-related fatalities	0	0	0	0	0	People
Lost days due to work injury	0	0	0	0	0	Working day

Training ratio	Key Performance Indicators				Unit
	2025	2024	2023	2022	
By gender					
Male	61%	45%	21%	42%	Percentage
Female	59%	70%	10%	39%	Percentage
By Rank					
Management	59%	44%	40%	56%	Percentage
Mid-level staff	44%	38%	0%	25%	Percentage
General staff	63%	67%	10%	38%	Percentage
Overall training ratio	59%	57%	16%	41%	Percentage

Environmental, Social and Governance Report

Average training hours	Key Performance Indicators				Unit
	2025	2024	2023	2022	
By gender					
Male	3.04	3.40	2.14	0.58	Hours
Female	4.29	3.43	2.33	0.67	Hours
By Rank					
Management	1.20	1.00	3.00	0.25	Hours
Mid-level staff	3.88	1.67	–	0.63	Hours
General staff	4.42	4.27	1.00	0.76	Hours
Average training hours	3.64	3.40	2.20	0.62	Hours

EMISSIONS

We firmly believe that community construction is a long-term and continuous process, requiring not only the accumulation of time but also sustained efforts and development to achieve. We are wholeheartedly committed to creating a better and more livable environment for all sectors of society, deeply understanding the critical nature of environmental protection. We pledge to make “building sustainable communities” our core value, closely integrating this concept with our comprehensive policies and business planning, continuously advancing community construction projects to achieve a harmonious unity of environmental protection and social responsibility. Upholding the responsibilities of a good corporate citizen, we establish close collaborations with employees, local community groups, and organizations, fully supporting and participating in various activities beneficial to community development, actively contributing to the prosperity and progress of society.

In our daily operations, we strive to minimize the impact on the surrounding environment and community, making “building sustainable communities” one of our top priorities. To achieve this ambitious goal, we strictly enforce various environmental laws and regulations such as the “Environmental Protection Law of the People’s Republic of China,” the “Law on the Prevention and Control of Environmental Pollution by Solid Waste,” the “Air Pollution Prevention and Control Law,” and the “Thirteenth Five-Year Plan for Greenhouse Gas Emission Control,” ensuring legality and compliance in all business activities. During the reporting period, we have not found any actions that contravene these regulations. To enhance the efficiency of energy use, we continuously seek and adopt more energy-efficient and environmentally friendly equipment, while also strengthening our employees’ awareness of environmental protection, encouraging them to prioritize environmental concerns in their work. Additionally, we actively establish open and effective communication channels with all stakeholders, collectively facing and solving environmental issues, and continuously exploring and implementing greener and more environmentally friendly solutions to achieve the goals of reducing pollution and saving resources, working together to create a cleaner, greener Earth for future generations.

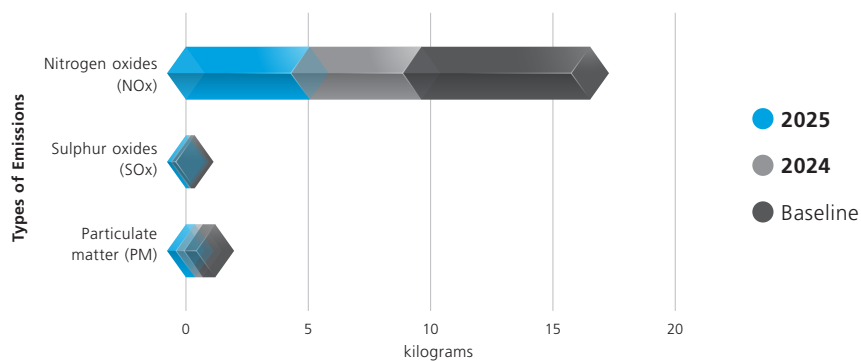
Environmental, Social and Governance Report

Air Emission

Our environmental emissions primarily stem from two main sources: one is the indirect greenhouse gas emissions generated through the purchase of external electricity; the other is the direct emissions of exhaust gases from the use of gasoline in business vehicles. To effectively reduce these emissions, we actively implement green office strategies, by enhancing the environmental awareness of all employees and encouraging them to use office equipment judiciously, while choosing devices that are more energy-efficient and have less environmental impact, in order to achieve our goal of reducing environmental emissions. We have set specific emission reduction targets and indicators for the company and each business unit based on the emission data from 2021, and require them to gradually implement reduction measures according to the plan, to ensure that we can achieve the long-term goals of green office operations. Additionally, we have established a systematic monitoring mechanism to regularly track and assess our emissions status, ensuring that all emission reduction measures are effectively implemented and achieve the desired effects.

On this basis, we further explore and experiment with innovative technologies and methods for energy saving and emission reduction, integrating these new ideas and solutions into our daily operational management. For example, we actively advocate for employees to choose public transportation as a means of travel, thereby reducing carbon emissions caused by the use of private vehicles; we have also installed energy-efficient lighting and air conditioning systems in office spaces to reduce energy consumption and improve energy efficiency. Furthermore, we continuously strengthen environmental education and training for our employees, not only to enhance their understanding of the importance of energy saving and emission reduction but also to encourage them to practice environmentally friendly behaviors in both work and daily life. We closely monitor changes in emission data and adjust our energy-saving and emission reduction strategies and measures according to the actual situation, ensuring that we can continuously reduce emissions. At the same time, we are committed to sharing experiences with industry partners, participating in relevant industry exchange activities, and collectively exploring and promoting solutions for environmental protection and energy saving, striving to make a positive contribution to the sustainable development of society and the environment.

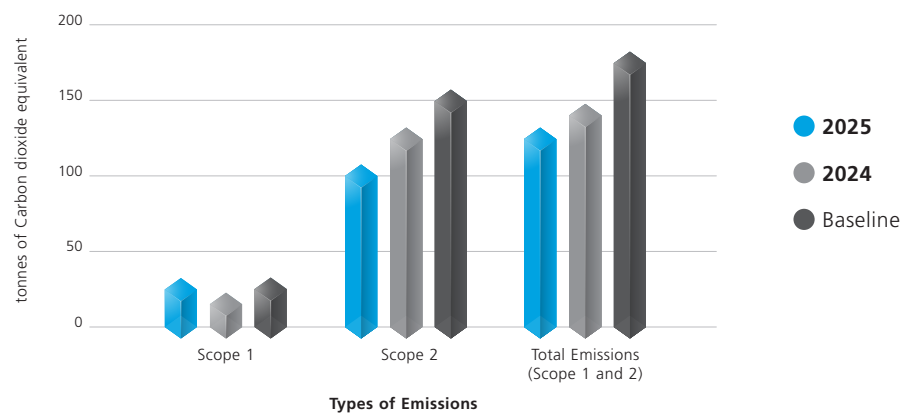
Figure 1 – Air Emissions



Environmental, Social and Governance Report

In the fiscal year 2025, compared to the baseline year, our company has made significant progress in environmental protection, mainly reflected in the reduction of various environmental emissions. Specifically, the emissions of nitrogen oxides (NOx) decreased from 6.89 kilograms in the baseline year to 5.05 kilograms (2024: 4.58 kilograms), the emissions of sulfur oxides (SOx) remained the same as 0.14 kilograms (2024: 0.08 kilograms), and the emissions of particulate matter (PM) also decreased from 0.51 kilograms in the baseline year to 0.37 kilograms (2024: 0.34 kilograms). Such reductions not only demonstrate the effectiveness of our energy-saving and emission-reduction measures but also represent a proactive response to climate change responsibilities. This reflects our efforts and achievements in dust control and cleaning technologies at the workplace.

Figure 2 – Greenhouse Gas Emissions



The Group's greenhouse gas ("GHG") emissions are classified in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. Scope 1 (direct emissions) covers fuel combustion from the Group's own vehicles used for business purposes. Scope 2 (indirect emissions from purchased energy) covers electricity purchased from external power suppliers for the Group's offices and managed properties. Emission factors are sourced from the Environment Bureau of the Government of the Hong Kong SAR and the regional grid emission factors issued by the National Development and Reform Commission of the PRC. Intensity indicators are calculated based on the Group's leasable floor area as at 31 December 2025, comprising leasable properties (including vacant units) at the Group's Shenzhen and Xuzhou holdings, applied consistently across all reporting years to ensure comparability. Scope 3 emissions from the supply chain have not yet been comprehensively quantified; the Group plans to establish a data collection mechanism progressively over the next two years.

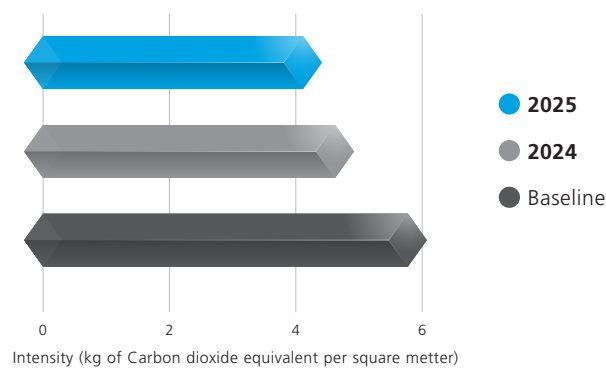
In FY2025, the Group conducted its triennial emission factor review and adopted updated electricity grid emission factors, including the latest emission factors for power utilities in China and Hong Kong. The reported decrease in Scope 2 and total GHG emissions in FY2025 reflects, in part, a reduction in the Group's actual electricity consumption, as well as the lower grid carbon intensity captured by the updated emission factors. As the emission factors previously applied remain a reasonable reflection of emissions for those respective years, prior-year figures have not been restated.

Environmental, Social and Governance Report

In the fiscal year 2025, compared to the baseline year, our company has achieved significant improvements in greenhouse gas emissions, mainly evident in the reductions in various emissions categories. Specifically, Scope 1 emissions have been increased from 25.13 tonnes of CO₂ equivalent in the baseline year to 36.47 tonnes (2024: 15.14 tonnes) mainly due to increased in mobile vehicle usage, and Scope 2 emissions (indirect emissions from purchased electricity, heat, or steam) have significantly dropped from 149.36 tonnes in the baseline year to 72.56 tonnes (2024: 124.60 tonnes, in addition to the impact of the emission factor update, the decrease was primarily attributable to optimisation of office energy use and reduction of non-essential electricity consumption. The Group will continue to monitor energy usage going forward with a view to further improving energy efficiency). These figures demonstrate our achievements in energy use efficiency.

Our total emissions have also seen a significant reduction, from 174.49 tonnes of CO₂ equivalent in the baseline year to 109.03 tonnes of CO₂ equivalent (2024: 139.74 tonnes of CO₂ equivalent). This reduction is not only due to a series of effective emission reduction measures, such as improving energy efficiency, promoting green transportation, and enhancing waste gas treatment but also due to an increased awareness of climate change across the group and the implementation of carbon reduction commitments. We are committed to further reducing our carbon footprint and contributing to a greener and more sustainable future.

Figure 3 – Greenhouse Gas Emission Intensity



The emission density has correspondingly decreased, from 3.60 kilograms of CO₂ equivalent per square meter in the baseline year to 2.25 kilograms per square meter (2024: 2.88 kilograms per square meter).

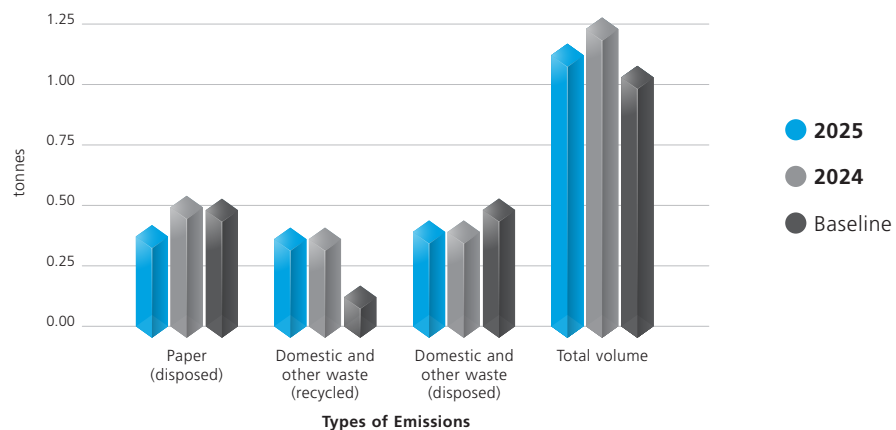
Environmental, Social and Governance Report

Solid Waste

Our solid waste management strategy primarily targets paper waste and general waste generated in office settings. In this regard, we actively implement recycling and reuse measures to ensure proper waste disposal, thereby reducing environmental impact. We have set targets based on the waste emission levels of 2021, committing to reducing waste emissions year by year and requiring all business units to take specific actions based on this benchmark to reduce waste generation.

We promote paperless operations and the circulation of electronic documents in our offices to reduce the use of and waste from paper, and we encourage employees to participate in environmental activities such as proper waste sorting and recycling programs. We regularly evaluate our waste management processes to identify opportunities for improvement. Through these measures, we aim to establish a culture of responsible waste management within the company, raise environmental awareness among employees, and even positively impact their personal lives. With these comprehensive and sustained efforts, we are committed to achieving more significant waste reduction results in the coming years and advancing towards a greener, more sustainable office environment.

Figure 4 – Solid Waste



In the fiscal year 2025, the amount of paper disposed of was 0.37 tonnes (2024: 0.49 tonnes), slightly lower than the 0.43 tonnes in the baseline year. General and other waste recycled was 0.36 tonnes (2024: 0.36 tonnes), higher than the baseline year's 0.12 tonnes due to expanded recycling activities. General and other waste disposed of was 0.39 tonnes (2024: 0.39 tonnes), lower than the baseline year's 0.48 tonnes. Due to the lack of direct measurement data for some office-generated waste, estimates by management are necessary. The group is actively working to improve the estimation methods to better reflect the actual data situation.

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We implement various emission reduction and waste management measures to more effectively manage waste generated by our business, keeping waste generation at a reasonable level.

Types of waste	Emission Reduction/Treatment Measures
Office Waste	Arrange for waste sorting and find a suitable waste collector for recycling. Go paperless and electronic. Promote double-sided printing or photocopying. Additional office equipment and supplies must be appropriate to the actual needs or usage.
Domestic and other wastes	Those that cannot be recycled will be collected at a centralised collection point and then collected by the sanitation department and put into the urban waste disposal system.

Environmental, Social and Governance Report

USE OF RESOURCES

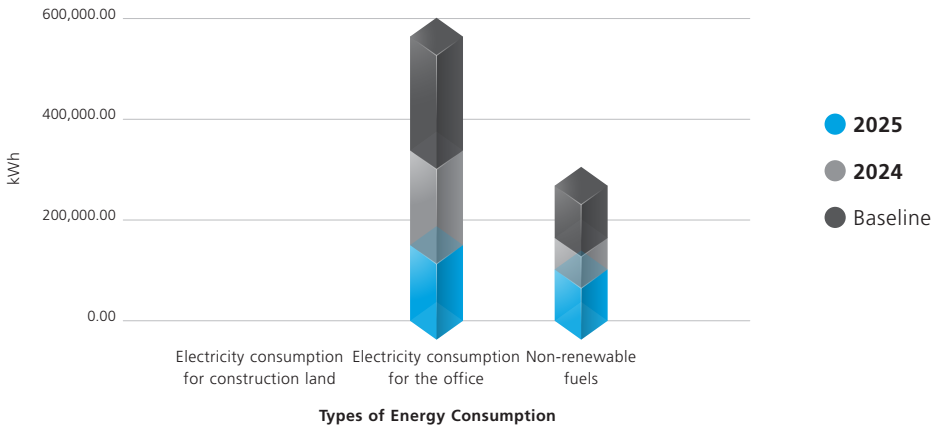
Energy Saving

This largely stems from the necessities of our office’s daily operations. To ensure that the company uses energy efficiently and responsibly during operations, while also reducing indirect greenhouse gas emissions from electricity consumption, we have developed and implemented a detailed and comprehensive set of energy-saving strategies and measures. These measures include maximizing the use of daylight, upgrading to more energy-efficient office equipment, and improving overall energy usage efficiency.

For managing energy consumption, we have set targets based on the energy consumption levels of 2021, and required each department and business unit to develop specific plans and measures to gradually reduce energy usage. Our goal is not only to achieve short-term energy savings but also to progress towards long-term sustainable development. To more effectively drive this process, we also enhance energy-saving awareness training for our employees, encouraging them to adopt energy-saving measures in their daily work, such as turning off unused appliances and utilizing natural light.

By implementing these energy-saving measures, we achieve higher energy efficiency and lower emissions in our daily operations. We hope these measures will help us reduce energy consumption and alleviate environmental pressures, thus making a positive contribution to achieving the company’s goals for sustainable development and social responsibility.

Figure 5 – Energy Consumption



Environmental, Social and Governance Report

In the fiscal year 2025, our office electricity usage was 125,242.36 kilowatt-hours (2024: 156,743.37 kilowatt-hours), a decrease of about 33% from the baseline year's 187,673.50 kilowatt-hours. Additionally, the consumption of non-renewable fuels in 2025 was 128,538.34 kilowatt-hours (2024: 52,036.32 kilowatt-hours), up 49% from the baseline year's 86,023.97 kilowatt-hours. The total energy consumption for 2025 was 253,780.70 kilowatt-hours (2024: 208,779.69 kilowatt-hours), compared to 273,697.47 kilowatt-hours in the baseline year, a decrease of 7%. Furthermore, the energy density per square meter in 2025 was 5.24 kilowatt-hours (2024: 4.31 kilowatt-hours), down 7% from the baseline year's 5.65 kilowatt-hours.

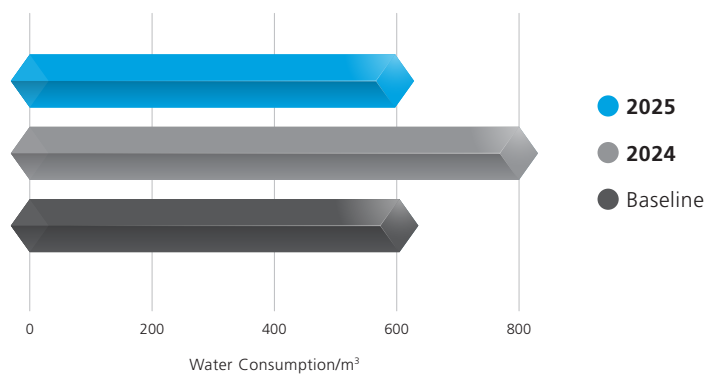
Objectives	Energy-saving measures
<ul style="list-style-type: none"> ➤ Reminding staff of environmental awareness ➤ Improving the effectiveness of resource use 	<ul style="list-style-type: none"> ➤ Development of an office environmental policy ➤ Post the "Save Electricity" sign near the power switch ➤ Purchase of energy-saving equipment to enhance the efficiency of electricity consumption ➤ Telephone and mail as an alternative to business trips

By implementing the above energy-saving measures, we effectively manage energy usage, keeping energy consumption within a reasonable range.

Water Saving

Our water consumption mainly involves water used for office life, and water saving plays an important role in our resource management. We aim to steadily reduce consumption year by year, taking the emission levels of the baseline year as indicators, and require all business entities to gradually reduce emissions to achieve the goal of green office operations. We have developed office water management schemes to eliminate unnecessary waste.

Figure 6 – Water Consumption



Environmental, Social and Governance Report

In the fiscal year 2025, our office water usage was 597 cubic meters (2024: 800 cubic meters), remained the same as the baseline (2022) year's 604 cubic meters. Additionally, the water consumption density per square meter in 2025 was 0.012 cubic meters (2024: 0.017 cubic meters), remained the same as the baseline (2022) year's 0.012 cubic meters.

Due to the response to the COVID-19 pandemic in 2021, the company increased the intensity of office cleaning, leading to increased water usage. However, in the fiscal year 2022, as the pandemic gradually came under control, the demand for cleaning water relatively decreased, thus water consumption also decreased accordingly. To better reflect the company's achievements in water saving, we will use the 2022 data as the baseline for the report to more accurately assess the effectiveness of water-saving measures.

Objectives	Water-saving measures
Reminding staff of environmental awareness	➤ Development of an office environmental policy
Ensure that there are no water leaks in the equipment	➤ Posting of "Water Conservation" signs in pantries and toilets
	➤ Regular inspection of the water supply network to ensure there are no water leaks and to reduce wastage of water resources

Through the above water-saving measures, we are effectively managing our water consumption and keeping it within reasonable limits.

ENVIRONMENTAL AND NATURAL RESOURCE IMPACTS

To realise our vision of a sustainable community, we strive to minimise environmental impacts at all stages of the project, from design and planning to construction. We have commissioned professional consultants to carry out environmental impact analyses during the construction and operational phases of our projects, covering air pollutants, effluent discharge, solid waste, noise and soil erosion. Based on the results of the assessment, we have taken a series of targeted measures to reduce the impact of our operations. Our projects continue to be environmentally friendly in their operations and we are committed to greening, replacing equipment maintenance and promoting environmental awareness.

Green Building

We have enhanced the greenery at the bus terminus within the estate to reduce the noise impact of the bus stop on the neighbourhood. Our projects have adopted different approaches to make the buildings more environmentally friendly, for example, we have designed the buildings with exhaust ducts to divert the grease and smoke from the residents' kitchens to the sky, and the buildings are designed with natural light as far as possible to reduce energy consumption, etc.

Environmental, Social and Governance Report

CLIMATE CHANGE RESPONSE STRATEGIES

To effectively address climate change risks, we have incorporated environmental, social and governance risks, as well as climate change risks, into our risk assessment process regarding the SEHK's Climate Disclosure Guidelines and the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), and the associated risk management framework is structured around four key areas which represent core elements of the Group's operations.

- Governance – the Group's governance of climate-related risks and opportunities
- Strategy – the actual and potential impact of climate-related risks and opportunities on the Group's business, strategy and financial planning (where material)
- Risk management – how the Group identifies, assesses and manages climate-related risks
- Metric and Targets – Indicators and targets for assessing and managing climate-related risks and opportunities (where material)

Governance

To implement more effective sustainability governance, we have further upgraded the existing Corporate Governance Committee to an Environmental, Social and Governance Committee and established an Environmental, Social and Governance Working Group during the year, in addition to emphasising the Board's oversight role in environmental, social and governance matters. Further details can be found in the section of this report titled "Governance Framework".

Strategies

We have implemented a strategic green operations programme, including digitisation of our offices, going paperless and upgrading our internal processes to implement better environmental, social and governance practices, such as recycling, caring for the community, supporting local businesses, etc.

Environmental, Social and Governance Report

Risk Management

We have incorporated environmental, social and governance risks, as well as climate change risks, into our risk assessment process, taking into account the physical and transitional risks that climate change poses to businesses and the opportunities we try to seize to increase our competitiveness. The climate change risks we have identified are as follows:

Risks

Acute physical risk	Extreme weather events such as earthquakes, floods, super typhoons or other natural disasters cause damage to buildings and facilities, resulting in damage or impairment to assets and increased maintenance costs.
Chronic physical risk	Long-term climate change, such as recurrent flooding due to changes in rainfall patterns, affects business operations and accelerates the need for equipment replacement.
Transition risk	Environmental policies and legal requirements have increased our operating costs or our environmental, social and governance efforts have been inadequate to the detriment of our reputation.

Opportunities

Sustainable Communities	The increased demand for environmentally friendly communities has boosted our business and if we can successfully implement our environmental efforts to create sustainable communities, people will be more willing to buy or rent the properties we develop or rent out.
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The Group made reference to two global warming scenarios of 1.5°C and 3°C, combined with existing operating models and geographical risk analysis, and has not identified scenarios that will have a significant impact on business or finance in the short to medium term. The Group will continue to monitor changes in the situation and update scenario analysis in a timely manner.

The climate-related risks identified by the Group primarily include rising energy costs and regulatory policy changes. As the Group's business is principally centred on office operations and rental property management, no climate risks that would have a material financial impact have been identified at this stage. The Group will continue to monitor developments in this area and, where warranted, will undertake further quantitative analysis.

The Group has conducted preliminary identification of the financial impact of climate risks and has not found any significant impact. In the future, we will continue to pay attention to risks such as energy costs and policy changes, and further deepen the financial impact analysis when circumstances require.

Environmental, Social and Governance Report

Metric and Targets

As the Group's operations are primarily centred on office management and rental property operations – without high-energy or industrial activities – the Group's energy consumption and carbon emissions remain at a relatively stable and low level. Accordingly, the Group has adopted an intensity-based and stability-focused approach as its primary environmental management direction.

The Group has established the following environmental targets:

- Maintain greenhouse gas emission intensity (Scope 1 and 2 combined) within $\pm 5\%$ of the 2021 baseline level (3.60 kg CO₂e/m²), on a per leasable square metre basis;
- Maintain total energy consumption intensity within $\pm 5\%$ of the 2021 level (5.65 kWh/m²);
- Continue to monitor per-employee energy use efficiency;
- Maintain water consumption at a stable level, targeting no increase from the 2022 level (0.012 m³/m²).

To achieve these targets, the Group has implemented measures including the use of energy-efficient equipment, the promotion of an energy-saving office policy, and regular reviews of energy usage. Progress against these targets will be reported annually in the Group's ESG Report.

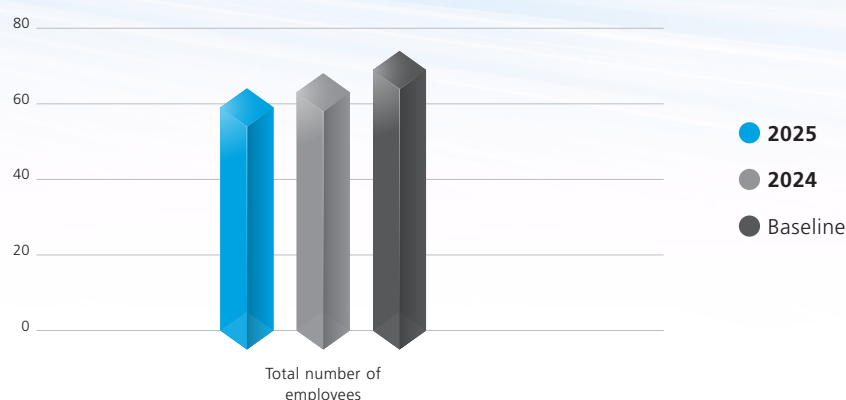
ATTRACTING AND TRAINING TALENT

Employment Policy

As part of the Group's long-term development strategy, we have established an ideal working environment and listened to feedback from our employees to attract enthusiastic and suitably skilled people. We have established internal employment policies and rules in accordance with the Hong Kong Employment Ordinance, the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China, as well as other relevant laws and regulations, and have outlined employee benefits in our employee handbook, including compensation and termination, recruitment, working hours, leave management, prevention of sexual harassment and our expectations of employee behaviour and service. To provide employees with market competitive remuneration, benefits, leave, training and promotion opportunities to enable them to achieve their full potential. Comply with and comply with the Employment Ordinance, Chapter 57, the Employment Compensation Ordinance, Chapter 282, and the Minimum Wage Ordinance, Chapter 608, and comply with the PRC Labour Law and the PRC Labour Contract Law (collectively, the "PRC Labour Law") in the PRC.

Environmental, Social and Governance Report

Figure 7 – Total Number of Employees



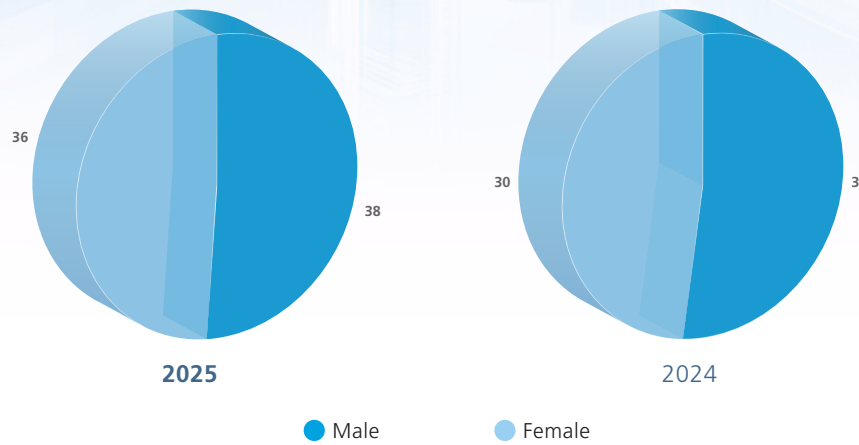
As of December 31, 2025, we had 74 employees¹, with an overall turnover rate of 7% for the year.

Employee turnover rate	2025	2024	2023	2022	Change with last year
By Gender					
Male	3%	6%	24%	25%	-3%
Female	11%	13%	33%	27%	-2%
By Age					
Aged 30 or under	30%	38%	50%	31%	-8%
31-40 years old	4%	16%	19%	38%	-12%
41-50 years old	5%	0%	21%	29%	5%
Age 51 or above	0%	0%	32%	6%	0%
By Region					
Hong Kong	0%	0%	0%	0%	0%
Shenzhen	8%	11%	35%	30%	-3%
Xuzhou	0%	0%	33%	25%	0%

¹ The figure only represents number of employees of the selected entities included in the scope of the ESG report.

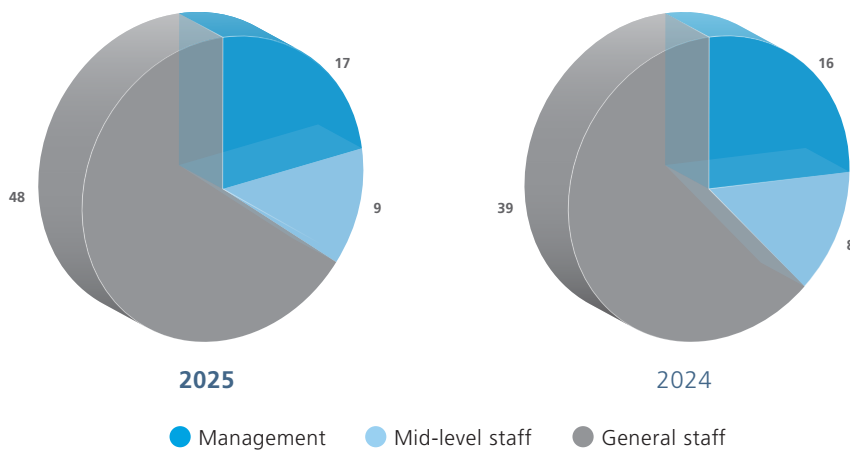
Environmental, Social and Governance Report

Figure 8 – Employee distribution by gender



In 2025, the composition of our workforce remained relatively balanced. Data shows that the proportion of male employees slightly decreased from 52.4% to 51.4%, while the proportion of female employees slightly increased from 47.6% to 48.6%. These changes demonstrate that the company has maintained a balance in gender composition over these two years, which helps create a diverse working environment and ensures equal development opportunities for all.

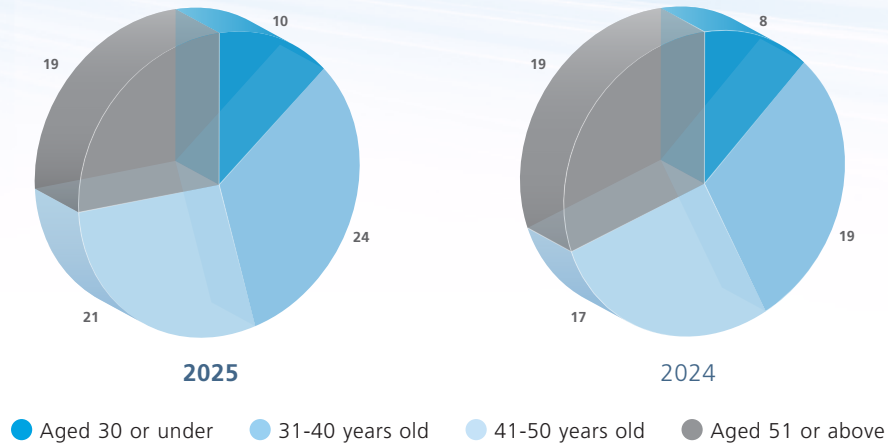
Figure 9 – Employee distribution by rank



The number of management-level employees slightly increased in 2025, increased from 16 to 17. The number of mid-level employees increased from 8 to 9, while the number of General staff slightly increased from 39 to 48.

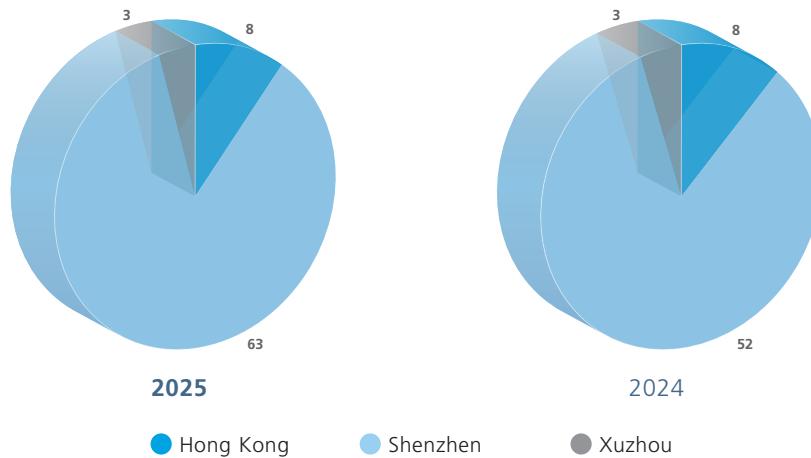
Environmental, Social and Governance Report

Figure 10 – Employee distribution by age



In 2025, the age structure of our company also changed. The number of employees aged 30 or below increased from 8 to 10. The number of employees aged 31 to 40 increased from 19 to 24, and those aged 41 to 50 increased from 17 to 21. Additionally, the number of employees aged 51 and above remained as 19.

Figure 11 – Employee distribution by region



The regional distribution of our employees has also changed. The number of employees in Hong Kong remained as 8, in Shenzhen increased from 52 to 63, and in Xuzhou remained as 3. The proportions between regions remain relatively stable. The company will continue to monitor changes in employee regional distribution to ensure smooth operation and development of business across all regions.

Environmental, Social and Governance Report

Labour Standards

We strictly adhere to relevant labor laws and regulations, prohibiting child labor and forced labor in our operations. In addition to setting clear requirements within our group's personnel management policies to protect employees' legal rights, we also ensure that contractors comply with relevant standards. Before signing labor contracts, we verify the identity documents of employees to confirm their age and arrange for engineers to supervise on-site to ensure no child labor or forced labor is employed. During the reporting period, there were no cases of child labor or forced labor within the group.

Equal Opportunity

We are committed to advocating for equal opportunities and anti-discrimination in our employment practices and comply with the Sex Discrimination Ordinance Chapter 480, the Disability Discrimination Ordinance Chapter 487, the Family Status Discrimination Ordinance Chapter 527, and the Race Discrimination Ordinance Chapter 602. During the recruitment process, we emphasize fairness, equality, and meritocracy, unaffected by race, skin color, gender, or other factors unrelated to job capability. We also clearly state that no discrimination or exclusion based on gender, race, religion, affiliation, sexual orientation, job level, nationality, or age is permitted within the group, providing an equal working environment for all employees.

Health and Safety

Occupational health and safety are our top priorities. We also require our contractors, such as sales teams, to manage their personnel's safety properly, overseen by our on-site employees or engineers, who are responsible for identifying safety issues and ensuring measures are taken to address and prevent workplace safety problems. As a responsible property developer, we ensure that all maintenance engineering contractors comply with standards and regulations related to safe production and civilized construction in engineering, explicitly requiring contractors to provide safety equipment for employees and to check that construction personnel are always equipped. To reduce the incidence of accidents and casualties, we designate a site safety officer, provide safety training for new employees, and regularly enhance workers' awareness of emergency response and related procedures. We also set up safety signs to remind employees of the importance of safe construction practices to improve their safety awareness.

Environmental, Social and Governance Report

During the reporting period, there were no violations of the Occupational Safety and Health Ordinance Chapter 509 in our Hong Kong operations or related laws and regulations in Mainland China.

In this year and the past two reporting periods, there have been no work-related deaths in the group, and there have been no lost workdays due to work-related injuries.

Training, development and promotion opportunities

We value the personal development of our employees and provide them with ample internal and on-the-job training. We also encourage employees to actively participate in training courses organized by external institutions to continuously improve and thus promote the group's sustainable business development. We place significant emphasis on safety training for our construction teams; we supervise and ensure that maintenance engineering contractors provide sufficient safety equipment and training to on-site construction personnel and regularly check to ensure all safety measures are implemented.

We establish a clear reward and penalty system, annually evaluating employees' performance and adjusting salaries or promotions based on performance after reviewing compensation, recognising employees' efforts. In addition to continuously improving the performance assessment and compensation and benefits systems, we also emphasize mutual support among employees, regularly organizing various gatherings and team-building activities to increase employees' sense of belonging to the company.

Environmental, Social and Governance Report

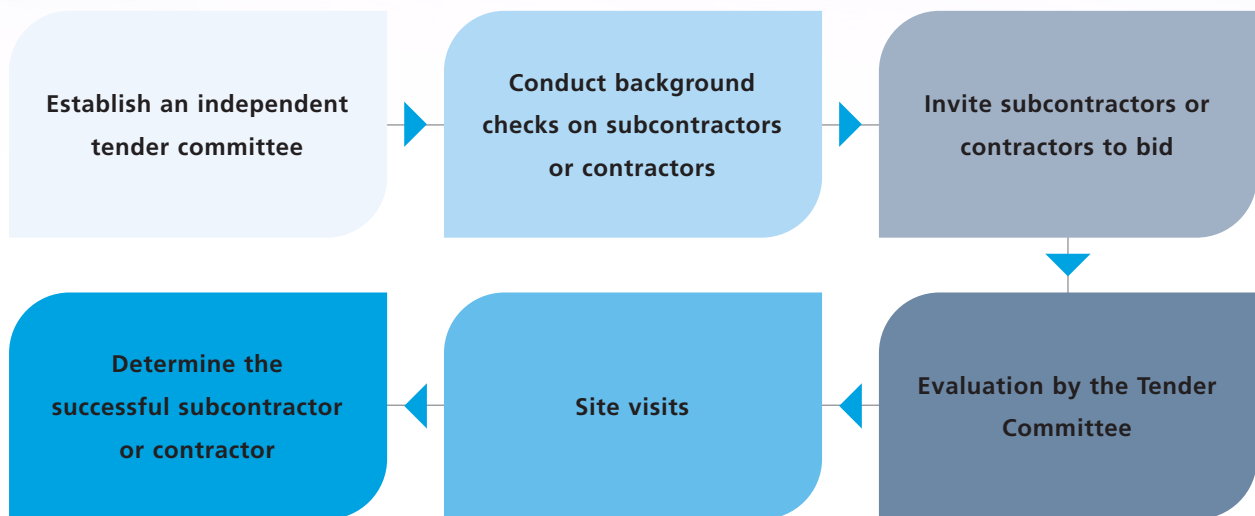
This year's training ratio and hours are still less than normal; we have developed strategies to enhance future training, including strengthening internal and remote training. Our training ratio and average training hours during the reporting period are as follows:

Training ratio	2025	2024	2023	2022	Change with last year
By gender (%)					
Male	61%	45%	21%	42%	16%
Female	59%	70%	10%	39%	-11%
By Rank (%)					
Management	59%	44%	40%	56%	15%
Mid-level staff	44%	38%	0%	25%	6%
General staff	63%	67%	10%	38%	-4%
Overall training ratio	59%	57%	16%	41%	2%
Average training hours					
By gender					
Male	3.04	3.40	2.14	0.58	-11%
Female	4.29	3.43	2.33	0.67	26%
By Rank					
Management	1.20	1.0	3.00	0.25	20%
Mid-level staff	3.88	1.67	–	0.63	128%
General staff	4.42	4.27	1.00	0.76	3%
Average training hours	3.64	3.40	2.20	0.62	7%

Environmental, Social and Governance Report

SUPPLY CHAIN MANAGEMENT

Effective management of the supply chain helps us to ensure the quality and progress of our outsourcing and maintenance work, which in turn creates value for the business. We have therefore put in place a stringent tendering system.



Outsourced contractors and maintenance contractors are not only important to our business but also play an important role in enhancing our sustainability performance. Therefore, we make our principles and expectations clear to our business partners and put in place effective mechanisms to ensure that our outsourcers and maintenance contractors share our vision of sustainable operations. We specify in our contracts with contractors that they should comply with labour-related laws and regulations, provide appropriate instructions and regular training to ensure that only qualified, trained and experienced staff are allowed to work on-site. We will also assign engineers to oversee the implementation of site safety, emission reduction measures and energy conservation to ensure that our sustainability performance meets expectations. Our suppliers are required to comply with our requirements on environmental protection, health and safety, ethical conduct and compliance with laws and regulations as set out in the Supplier Code of Conduct.

As the Group does not yet have statistics on the number of suppliers by region and the number of supplier reviews conducted during the year, we are unable to disclose such information. We will enhance the statistics as soon as possible and plan to upgrade such disclosures in the coming year.

Environmental, Social and Governance Report

PRODUCT RESPONSIBILITY

Data Protection and Privacy

We take our customers' privacy rights seriously and are committed to protecting them. We provide customers with a Personal Information Collection Statement before collecting personal information to ensure that they understand the purposes for which the information is collected and that access to the information held is restricted to business needs or authorized by management and is not available to general employees.

Marketing Materials

We comply with the relevant laws and regulations of the PRC Urban Real Estate Management Law regarding the property sales process. We obtain an official sales permit from the real estate management department and display it on the sales site. The property sales process and marketing materials must be reviewed by various departments, including finance, project management, sales and marketing, and are required to reflect the actual project plan and nearby facilities, without exaggerated and misleading marketing materials to avoid the possibility of misrepresentation. During the reporting period, there was no record of our property sales process and marketing materials being in breach of the relevant laws and regulations in Mainland China.

Subcontractors/Quality of maintenance work

In addition to the rigorous selection of qualified subcontractors or contractors, we actively supervise the subcontractors or contractors to ensure the quality of their services/works during the course of the work/projects. Our in-house staff/engineers carry out daily inspections and review and improve safety and quality aspects on a weekly basis. Furthermore, it is clearly stated in the contract that the subcontractor or contractor shall work in accordance with the relevant standards, specifications and design drawings as well as the instructions of the supervising engineer and shall be subject to inspection and checking by the supervising engineer at all times. We will also monitor and ensure that there are adequate handover arrangements between different construction teams (e.g. subcontractors). We will regularly monitor the progress and completion of the various stages of the works to ensure that the construction team has the knowledge and skills to complete the work in accordance with the specifications, materials and workmanship as set out in the works contract and drawings, and to comply with the relevant establishment regulations.

Environmental, Social and Governance Report

ANTI-CORRUPTION

We have zero-tolerance for corruption, bribery, extortion, fraud and money laundering. The Group's Employee Handbook clearly states that employees must not demand, contract, deliver or accept any form of gift, hospitality, kickback, bribe or other improper advantages for themselves or a third party in the performance of their duties. To ensure that staff are aware of these requirements, we will explain and provide guidelines to staff on how to identify improper conduct. We have also put in place a "Monitoring and Reporting System" which allows employees to report to their supervisors, by telephone, letter, email or in person, any violations of laws and regulations and the Group's relevant rules and regulations, as well as any disciplinary offences in the course of the Company's management.

In addition to the Group's culture of integrity, our robust corporate governance framework plays an important role in driving the Group's sustainable development, details of which can be found in our Corporate Governance Report.

The Group conducted an anti-corruption training session by circulation during the reporting period.

COMMUNITY INVESTMENT

As we work to build the community, we are also very concerned about the needs of the community in the vicinity of the project and support the local community groups to continue to serve the needy, especially the elderly and children. We also hope that this will promote the habit of exercise and improve the health of our staff and the community as a whole. We will also encourage our staff to participate in various charity sports activities to benefit more different groups.

We support community sports activities and sponsor employees to participate in charity soccer matches. However, there was no quantifiable amount or time of community investment this year.

Independent Auditor's Report



To the Shareholders of Grand Field Group Holdings Limited

鈞濠集團有限公司

(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Grand Field Group Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 119 to 203, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and 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 (the “HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), 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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2 to the consolidated financial statements which mentions that the Group incurred a loss attributable to owners of the Company of approximately HK\$82.1 million for the year ended 31 December 2025 and as at 31 December 2025 the Group had net current liabilities of HK\$478.0 million. These conditions indicate a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, 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. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

(I) Investment properties

Refer to note 18 to the consolidated financial statements

The Group measured its investment properties at fair value with the changes in fair value recognised in the consolidated profit or loss. This fair value measurement is significant to our audit because the balance of investment properties of approximately HK\$1,306,265,000 as at 31 December 2025 and the fair value loss of approximately HK\$185,105,000 for the year then ended are material to the consolidated financial statements. In addition, the Group's fair value measurement involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

- Assessing the competence, independence and integrity of the external valuer engaged by the Group;
- Obtaining the external valuation reports and meeting with the external valuer, to discuss and challenge the valuation process, methodologies used and market evidence to support significant judgments and assumptions applied in the valuation model;

Independent Auditor's Report

- Checking key assumptions and input data in the valuation model to supporting evidence;
- Checking arithmetical accuracy of the valuation model; and
- Assessing the disclosure of the fair value measurement in the consolidated financial statements.

We consider that the Group's fair value measurement of the investment properties is supported by the available evidence.

(II) Properties for sale

Refer to note 25 to the consolidated financial statements

The Group tested the amounts of properties for sale for impairment. This impairment test is significant to our audit because the balance of properties for sale of approximately HK\$191,479,000 as at 31 December 2025 and the impairment loss of properties for sale of approximately HK\$9,706,000 for the year then ended are material to the consolidated financial statements. In addition, the Group's impairment tests involve application of judgements and are based on estimates.

Our audit procedures included, among others:

- Evaluating the Group's impairment assessments;
- Assessing the marketability of the properties for sale;
- Assessing the net realisable values of the properties for sale;
- Checking subsequent sales and usage of the properties for sale;
- Assessing the competence, independence and integrity of the external valuer engaged by the Group;

Independent Auditor's Report

- Obtaining the external valuation reports and meeting with the external valuer to discuss and challenge the valuation process, methodologies used and market evidence to support significant judgments and assumptions applied in the valuation model;
- Checking key assumptions and input data in the valuation model to supporting evidence; and
- Checking arithmetical accuracy of the valuation model.

We consider that the Group's impairment test for properties for sale is supported by the available evidence.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors 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.

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. We report our opinion solely to you, as a body, 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 HKSAs 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.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:

<https://www.hkicpa.org.hk/en/Standards-setting/Standards/Our-views/auditre>

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Fong Tak Ching

Audit Engagement Director

Practising Certificate Number P06353

Hong Kong, 30 March 2026

Consolidated Statement of Profit or Loss

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Revenue	8	242,609	236,371
Cost of revenue		(222,447)	(219,978)
Gross profit		20,162	16,393
Interest revenue		65	789
Other losses, net	9	(149,420)	(288,040)
Selling and distribution costs		(22,950)	(23,286)
Administrative expenses		(36,818)	(47,034)
Loss from operations		(188,961)	(341,178)
Finance costs	10	(33,712)	(42,198)
Share of loss of associates		(186)	(1,283)
Fair value gain/(loss) on convertible bonds through profit or loss	34	5,802	(15,966)
Loss before tax		(217,057)	(400,625)
Income tax credit	11	27,105	14,020
Loss for the year	12	(189,952)	(386,605)
Attributable to:			
Owners of the Company		(82,067)	(251,341)
Non-controlling interests		(107,885)	(135,264)
		(189,952)	(386,605)
Loss per share	14		
Basic (HK dollars per share)		(5.57)	(20.52)
Diluted (HK dollars per share)		(5.57)	(20.52)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Loss for the year	12	<u>(189,952)</u>	<u>(386,605)</u>
Other comprehensive loss			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value (loss)/gain on financial liabilities designated at fair value through profit or loss attributable to change in credit risk		<u>(342)</u>	<u>415</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Release of exchange reserve upon disposal of a subsidiary		<u>(25,957)</u>	<u>–</u>
Exchange differences on translation of foreign operations		<u>42,663</u>	<u>(36,431)</u>
Total comprehensive loss for the year		<u>(173,588)</u>	<u>(422,621)</u>
Attributable to:			
Owners of the Company		<u>(85,648)</u>	<u>(268,365)</u>
Non-controlling interests		<u>(87,940)</u>	<u>(154,256)</u>
		<u>(173,588)</u>	<u>(422,621)</u>

Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment	17	140,586	159,807
Investment properties	18	1,306,265	1,435,229
Intangible asset	19	8,409	8,727
Right-of-use assets	20	3,009	7,411
Investment in associates	21	281	881
		1,458,550	1,612,055
Current assets			
Trade receivables	23	2,733	5,638
Properties for sale under development	24	446	424
Properties for sale	25	191,479	426,311
Other receivables, deposits and prepayments	26	20,567	50,809
Amount due from a director	27	53	1,592
Amount due from an associate	21	557	530
Tax recoverable		98	209
Cash and cash equivalents	28	25,090	43,969
		241,023	529,482
Current liabilities			
Trade and other payables	29	161,659	307,999
Interest-bearing borrowings	30	281,309	291,235
Lease liabilities	31	192	546
Amounts due to directors	32	13	12
Amount due to an associate	21	–	886
Convertible bonds	34	78,188	113,566
Tax payable		197,683	170,479
		719,044	884,723

Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Net current liabilities		(478,021)	(355,241)
Total assets less current liabilities		980,529	1,256,814
Non-current liabilities			
Deferred tax liabilities	33	202,502	240,854
Interest-bearing borrowings	30	199,579	286,093
Lease liabilities	31	–	192
		402,081	527,139
NET ASSETS		578,448	729,675
Capital and reserves			
Share capital	35	4,141	2,449
Reserves		170,917	235,896
Equity attributable to owners of the Company		175,058	238,345
Non-controlling interests		403,390	491,330
TOTAL EQUITY		578,448	729,675

Approved by:

Chow Kwai Wa, Charmaine
Director

Kwok Siu Wa, Alison
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company						Total	Non-controlling interests	Total equity
	Share capital	Share premium account	Special reserve	Capital reserve	Exchange reserve	Retained profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000			
At 1 January 2024	2,449	435,694	(2,215)	2,602	6,487	61,693	506,710	645,586	1,152,296
Loss for the year	-	-	-	-	-	(251,341)	(251,341)	(135,264)	(386,605)
Other comprehensive income/(loss) for the year	-	-	-	415	(17,439)	-	(17,024)	(18,992)	(36,016)
Total comprehensive income/(loss) for the year	-	-	-	415	(17,439)	(251,341)	(268,365)	(154,256)	(422,621)
Transfer to retained profits	-	-	-	(2,602)	-	2,602	-	-	-
At 31 December 2024	2,449	435,694	(2,215)	415	(10,952)	(187,046)	238,345	491,330	729,675
At 1 January 2025	2,449	435,694	(2,215)	415	(10,952)	(187,046)	238,345	491,330	729,675
Loss for the year	-	-	-	-	-	(82,067)	(82,067)	(107,885)	(189,952)
Release of exchange reserve upon disposal of a subsidiary	-	-	-	-	(25,957)	-	(25,957)	-	(25,957)
Other comprehensive (loss)/income for the year	-	-	-	(342)	22,718	-	22,376	19,945	42,321
Total comprehensive loss for the year	-	-	-	(342)	(3,239)	(82,067)	(85,648)	(87,940)	(173,588)
Conversion of convertible bonds (note 34)	1,692	20,669	-	-	-	-	22,361	-	22,361
At 31 December 2025	4,141	456,363	(2,215)	73	(14,191)	(269,113)	175,058	403,390	578,448

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
Cash flows from operating activities		
Loss before tax	(217,057)	(400,625)
Adjustments for:		
Amortisation of intangible assets	746	743
Depreciation – right-of-use assets	524	613
Depreciation – property, plant and equipment	11,969	12,241
Fair value loss on investment properties	185,105	158,808
Impairment loss of properties for sale	9,706	90,840
Impairment loss of property, plant and equipment	15,550	–
Provision of impairment for trade receivables	97	2,495
Provision of impairment for other receivables	8,249	–
Provision for the compensation of litigations	1,458	34,272
Interest income	(65)	(789)
Finance costs	33,712	42,198
(Gain)/loss on disposal of property, plant and equipment	(178)	16
Loss/(gain) on disposal/deemed disposal of an associate	461	(230)
Gain on disposal of a subsidiary	(60,637)	–
Fair value (gain)/loss on convertible bonds through profit or loss	(5,802)	15,966
Loss on settlement of convertible bonds	–	3,499
Share of loss of associates	186	1,283
Operating cash flows before working capital changes	(15,976)	(38,670)
Change in completed properties held for sale and properties for sale under development	211,246	128,180
Change in trade receivables	2,808	(2,262)
Change in other receivables, deposits and prepayments	20,420	(4,253)
Change in amount due from a director	1,539	(578)
Change in trade and other payables	(98,890)	(11,491)
Change in amounts due to directors	1	(167)
Cash generated from operations	121,148	70,759
Interest received	65	789
Income tax paid	(9,881)	(9,984)
Net cash flows generated from operating activities	111,332	61,564

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(850)	(82)
Proceeds from disposal of property, plant and equipment	205	20
Proceeds from disposal of investment properties	20,507	25,129
Net cash inflow from disposal of a subsidiary	53	–
Repayment to an associate	(913)	(532)
Net cash flows generated from investing activities	19,002	24,535
Cash flows from financing activities		
Interests paid	(30,672)	(36,163)
New interest-bearing borrowings raised	–	84,123
Repayment of interest-bearing borrowings	(122,634)	(126,559)
Repayment of lease interests and liabilities	(574)	(550)
Net cash flows used in financing activities	(153,880)	(79,149)
Net (decrease)/increase in cash and cash equivalents	(23,546)	6,950
Effect of foreign exchange rate changes	4,667	(3,906)
Cash and cash equivalents at beginning of year	43,969	40,925
Cash and cash equivalents at end of year	25,090	43,969
Analysis of cash and cash equivalents		
Bank and cash balances	25,090	43,969

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. GENERAL INFORMATION

Grand Field Group Holdings Limited (the “Company”) is a company incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company in Hong Kong is located at Office A, 19/F., Kings Wing Plaza 1, 3 On Kwan Street, Shek Mun, Shatin, New Territories, Hong Kong.

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are investment holding, property development, property investment, hotel operation and general trading.

In the opinion of the directors of the Company, as at 31 December 2025, Rhenfield Development Corp., a company incorporated in the British Virgin Islands, is the ultimate parent of the Company.

2. GOING CONCERN BASIS

The Group incurred a loss attributable to owners of the Company of approximately HK\$82.1 million for the year ended 31 December 2025 and as at 31 December 2025 the Group had net current liabilities of HK\$478.0 million. These conditions indicate a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

For the purpose of assessing going concern, the directors have prepared a cash flow forecast of the Group covering a period of twelve months from the end of the reporting period (the “Cash Flow Forecast”) with plans and measures to mitigate the liquidity pressure and to improve its financial position, including bank loans raised or to be raised by the Group subsequent to 31 December 2025 and accelerating the pre-sales of its major property development projects during the period of the Cash Flow Forecast. Based on the Cash Flow Forecast assuming the plans and measures can be successfully implemented as scheduled, the directors are of the opinion that the Group is able to continue as a going concern and would have sufficient financial resources to finance the Group’s operations and meet its financial obligations as and when they fall due. Accordingly, it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. GOING CONCERN BASIS *(Continued)*

Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

In the current year, the Group has adopted all the new and revised HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 January 2025. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRS Accounting Standards did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRS Accounting Standards that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRS Accounting Standards but is not yet in a position to state whether these new and revised HKFRS Accounting Standards would have a material impact on its results of operations and financial position.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and convertible bonds which are carried at their fair values. The consolidated financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of the consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of key assumptions and estimates. It also requires the management of the Group to exercise their judgments in the process of applying the accounting policies. The areas involving critical judgments and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 5 to the consolidated financial statements.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

Consolidation *(Continued)*

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated exchange reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling interests and owners of the Company.

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

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy "Impairment of assets" below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

Associates (Continued)

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's share of the net assets of that associate plus any remaining goodwill relating to that associate and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

Foreign currency translation *(Continued)*

(b) Transactions and balances in financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(c) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) Income and expenses are translated at average exchange rates (unless this average 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 exchange rates on the transaction dates); and
- (iii) All resulting exchange differences are recognised in the exchange reserve.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

Foreign currency translation *(Continued)*

(c) Translation on consolidation (Continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the exchange reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

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

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised 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. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rate is as follows:

Land and buildings	2.5% or over the lease term whichever is shorter
Furniture, fixtures and equipment	20%
Leasehold improvement	20% – 33.3%
Motor vehicles	20%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. An investment property (including property that is being constructed or developed for future use as investment property) is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at its fair value based on valuation by an external independent valuer. Gains or losses arising from changes in fair value of the investment property are recognised in profit or loss for the period in which they arise.

If an investment property becomes owner-occupied or a property held for sale, it is reclassified as property, plant and equipment or properties held for sale as appropriate, 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 difference between the carrying amount and the fair value of this item at the date of transfer is recognised as a revaluation of property, plant and equipment.

If a property held for sale becomes an investment property, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in profit or loss.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

Leases

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rates are as follows:

Land use rights	2%
Land and buildings	10%

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

Leases (Continued)

The Group as lessee (Continued)

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US\$5,000.

The Group as lessor – Operating leases

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Properties for sale under development

Properties for sale under development are stated at the lower of cost and net realisable value. Costs include acquisition costs, prepaid land lease payments, construction costs, borrowing costs capitalised and other direct costs attributable to such properties. Net realisable value is determined by reference to sale proceeds received after the reporting period less selling expenses, or by estimates based on prevailing market condition. On completion, the properties are reclassified to properties held for sale at the then carrying amount.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Car park contracts are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 20 years.

Properties for sale

Properties held for sale are stated at the lower of cost and net realisable value. Costs of properties include acquisition costs, prepaid land lease payments, construction costs, borrowing costs capitalised and other direct costs attributable to such properties. Net realisable value is determined by reference to sale proceeds received after the reporting period less selling expenses, or by estimates based on prevailing market condition.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified as financial assets at amortised cost.

Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

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

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument (“lifetime expected credit losses”) for trade receivables or if the credit risk on that financial instrument has increased significantly since initial recognition.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

Loss allowances for expected credit losses *(Continued)*

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand and demand deposits with banks and other financial institutions. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRS Accounting Standards. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

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

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

Convertible bonds

Convertible bonds which entitle the holder to convert the bonds into equity instruments, other than into a fixed number of equity instruments at a fixed conversion price, are regarded as combined instruments. At the date of issue, the fair value of the convertible bonds is determined using an option pricing model and is measured at fair value with gains and losses recognised in profit or loss.

The amount of change in the fair value of the financial liability that was attributable to changes in the credit risk of that liability is recognised in other comprehensive income.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

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

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

Other revenue

(a) Rental income from operating leases

Rental income, including rentals invoices in advance from properties under operating leases, is recognised on a straight-line basis over the term of the lease.

(b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme ("MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on 5% of the employees' relevant income, subject to a ceiling of monthly relevant income of HK\$30,000 and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

Employee benefits *(Continued)*

(b) Pension obligations (Continued)

The Group also participates in a defined contribution retirement scheme organised by the government in the People's Republic of China (the "PRC"). The Group is required to contribute a specific percentage of the payroll of its employees to the retirement scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the retirement scheme. No forfeited contributions may be used by the employers to reduce the existing level of contributions.

(c) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially 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 capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

Share-based payment transactions

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

Taxation

Income tax represents the sum of the current tax and deferred tax.

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and an associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured based on the expected manner as to how the properties will be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

PRC land appreciation tax ("LAT")

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including land costs, borrowing costs, business taxes and all property development expenditures. LAT is recognised as an income tax expense. LAT paid is a deductible expense for PRC enterprise income tax purposes.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

Related parties

A related party is a person or entity that is related to the Group.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

Segment reporting

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

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

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except investment properties, properties for sale and properties for sale under development, deferred tax assets and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

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

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statement.

(a) Deferred taxation on investment properties

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred tax for investment properties, the directors have rebutted the presumption that investment properties measured using the fair value model are recovered through sale.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(Continued)*

Critical judgements in applying accounting policies *(Continued)*

(b) Consolidation of Shenzhen Zongke Real Estate Co., Limited ("Shenzhen Zongke")

The Group have 50% shareholding of Shenzhen Zongke, in accordance with the Memorandum and Association of Shenzhen Zongke, the Group shall appoint two of three of the board of directors of Shenzhen Zongke. Therefore, the Directors determined that the Group have the control effectively by controlling the majority of the board of Shenzhen Zongke and holds 50% of the shareholding of Shenzhen Zongke.

(c) Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the success of the plans and measures to be undertaken by the Group to mitigate the liquidity pressure and improve its financial position. Details are explained in note 2 to the consolidated financial statements.

Key sources of estimation uncertainty

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

(a) Fair value of investment properties

Investment properties are carried in the consolidated statement of financial position at 31 December 2025 at their fair value of approximately HK\$1,306,265,000 (2024: HK\$1,435,229,000). The fair value was based on a valuation on these properties conducted by an independent firm of professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(b) Determination of net realisable value of properties for sale under development and completed properties for sale

The Company assesses the carrying amounts of properties for sale under development and completed properties for sale according to their net realisable value based on the realisability of these properties. Net realisable value for properties for sale under development is determined by reference to management's estimates of the selling prices based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion (including land costs). Net realisable value for completed properties for sale is determined by reference to management's estimates of the selling price on prevailing market conditions, less applicable variable selling expenses.

(c) LAT

The Group is subject to LAT in the PRC. However, the implementation and settlement of these taxes varies among the various tax jurisdictions in cities and regions of the PRC, and the Group has not finalised its LAT calculation and payments with any local tax authorities in the PRC. Accordingly, significant judgment is required in determining the amount of the land appreciation and its related taxes. The Group recognised these LAT based on management's best estimates according to their understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the costs of sales and deferred income tax provision in the periods in which such taxes have been finalised with local tax authorities.

(d) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(e) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

6. FINANCIAL RISK MANAGEMENT

The Group's major financial instruments include trade receivables, other receivables, deposits and prepayments, amount due from a director, cash and cash equivalents, trade and other payables, interest-bearing borrowings, and amounts due to directors. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments including market risk (currency risk and interest rate risk), credit risk and liquidity risk. According to the Group's risk management policies and guidelines, the financial risk shall be assessed continuously by the management taken into account of the prevailing conditions of the financial market and other relevant variables to avoid excessive concentrations of risk. The Group has not used any derivatives or other instruments for hedging purpose. The most significant financial risks to which the Group is exposed to are described below.

(a) Credit risk

The carrying amounts of bank balances, trade receivables, loan and other receivables, amount due from an associate and amount due from a director included in the statement of financial position represent the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit-ratings agencies.

A quantitative disclosures in respect of the Group's exposure to credit risk arising trade receivables are set out in notes 23 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

The Group is subject to the credit risk from the recoverability of loan and other receivables. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual receivable at each reporting period to ensure that adequate impairment losses are recognised for irrecoverable amounts. In this regard, the directors consider that the Group's credit risk in relation to loan and other receivables is significantly reduced.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statements of financial position. The Group does not provide any guarantees which would expose the Group to credit risk.

The Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

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

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group normally categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 360 days past due. Where loans or receivables have been written off, the Group, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

(b) Liquidity risk

In the management of liquidity risk, the Directors monitor and maintain a level of bank balances deemed adequate to finance the Group's operations, investment opportunities and expected expansion. The Group finances its working capital requirements mainly by the funds generated from operations and from funds raising activities such as obtaining of new borrowings.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of reporting period) and the earliest date the Group can be required to pay:

At 31 December 2025

	On demand or less than 1 year HK\$'000	1-2 years HK\$'000	2-5 years HK\$'000	Total contractual undiscounted cash flow HK\$'000	Carrying amounts HK\$'000
Trade and other payables	118,748	-	-	118,748	118,748
Interest-bearing borrowings	319,391	37,850	167,687	524,928	480,888
Convertible bonds	4,738	80,592	-	85,330	78,188
Amounts due to directors	13	-	-	13	13
Lease liabilities	194	-	-	194	192
	<u>443,084</u>	<u>118,442</u>	<u>167,687</u>	<u>729,213</u>	<u>678,029</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

At 31 December 2024

	On demand or less than 1 year HK\$'000	1-2 years HK\$'000	2-5 years HK\$'000	Total contractual undiscounted cash flow HK\$'000	Carrying amounts HK\$'000
Trade and other payables	241,778	–	–	241,778	241,778
Interest-bearing borrowings	335,950	68,421	241,197	645,568	577,328
Convertible bonds	6,058	6,058	107,027	119,143	113,566
Amounts due to directors	12	–	–	12	12
Amount due to an associate	886	–	–	886	886
Lease liabilities	574	194	–	768	738
	<u>585,258</u>	<u>74,673</u>	<u>348,224</u>	<u>1,008,155</u>	<u>934,308</u>

(c) Interest rate risk

The Group's interest-bearing bank deposits, interest-bearing borrowings and convertible bonds bear interest at fixed interest rate and therefore are subject to fair value interest rate risks. The interest rate and repayment terms of the interest-bearing borrowings and convertible bonds outstanding at the year end are disclosed in note 30 and note 34 to the consolidated financial statements respectively.

The Group is exposed to cash flow interest rate risk mainly in relation to variable-rate bank balances. Sensitivity of the Group's profit for the year to a reasonable change in the interest rate is assessed to be immaterial.

(d) Currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL RISK MANAGEMENT (Continued)

(e) Categories of financial instruments at 31 December

	2025 HK\$'000	2024 HK\$'000
Financial assets:		
Financial assets at amortised cost (including cash and cash equivalents)		
– Trade receivables	2,733	5,638
– Financial assets included in other receivables and deposits	27,754	49,435
– Amount due from a director	53	1,592
– Amount due from an associate	557	530
– Cash and cash equivalents	<u>25,090</u>	<u>43,969</u>
	<u>56,187</u>	<u>101,164</u>
Financial liabilities:		
Financial liabilities measured at amortised cost		
– Financial liabilities included in trade and other payables	118,748	241,778
– Interest-bearing borrowings	480,888	577,328
– Amounts due to directors	13	12
– Amount due to an associate	–	886
Financial liabilities at fair value through profit or loss		
– Convertible bonds	<u>78,188</u>	<u>113,566</u>
	<u>677,837</u>	<u>933,570</u>

(f) Fair values

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

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

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy:

As at 31 December 2025

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	2025 HK\$'000
Recurring fair value measurements:				
Assets				
Investment properties (completed – the PRC)	–	1,306,265	–	1,306,265
Liabilities				
Financial liabilities at fair value through profit or loss				
– Convertible bonds	–	78,188	–	78,188

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosures of level in fair value hierarchy: (Continued)

As at 31 December 2024

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	2024 HK\$'000
Recurring fair value measurements:				
Assets				
Investment properties (completed – the PRC)	–	1,435,229	–	1,435,229
Liabilities				
Financial liabilities at fair value through profit or loss				
– Convertible bonds	–	113,566	–	113,566

(b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2025 and 2024:

One of the Group's executive director is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The executive director reports directly to the board of directors for these fair value measurements. Discussions of valuation processes and results are held between the executive director and the board of directors at least twice a year.

Level 2 fair value measurements

Description	Valuation technique	Inputs	Fair value 2025 HK\$'000	Fair value 2024 HK\$'000
Assets				
Completed investment properties (the PRC)	Market comparable approach	Price per square meter	1,306,265	1,435,229
Liabilities				
Convertible bonds	Binomial model	Share price; discount rate; volatility; and conversion price	78,188	113,566

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

8. REVENUE

	2025 HK\$'000	2024 HK\$'000
Sales of properties	209,565	201,405
General trading	–	2,285
Properties management services	5,748	5,505
Hotel operation	7,204	7,180
Others	12	243
Revenue from contracts with customers	222,529	216,618
Rental income	20,080	19,753
Total revenue	242,609	236,371
Timing of revenue recognition		
– At a point in time	209,577	203,933
– Over time	12,952	12,685
Revenue from contracts with customers	222,529	216,618

The Group primarily operates in the PRC. All of the Group's revenue was generated in the PRC.

Sales of properties

The Group develops and sells properties. Sales are recognised when control of the property has transferred, being when the customer obtains the physical possession or the legal title of the property and the Group has present right to payment and the collection of the consideration is probable.

The Group generally did not grant any credit terms to its customers. For all customers, deposits are required. Deposits received are recognised as a contract liability.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

8. REVENUE *(Continued)*

General trading

The Group sells goods and commodities to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Sales to customers are normally made with credit terms ranged from 0 to 30 days.

Properties management services

For properties management services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis.

Hotel operation

Revenue from hotel operation is recognised over time during the period of stay for the hotel guests.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

9. OTHER LOSSES, NET

	2025 HK\$'000	2024 HK\$'000
Fair value loss on investment properties	(185,105)	(158,808)
Provision for the compensation of litigations (note 39(ii)&(iv))	(1,458)	(34,272)
Impairment loss on property, plant and equipment	(15,550)	–
Impairment loss of properties for sale	(9,706)	(90,840)
Provision of impairment for other receivables	(8,249)	–
Provision of impairment for trade receivables	(97)	(2,495)
Loss on conversion/settlement of convertible bonds	–	(3,499)
Sundry income	10,388	1,651
Net foreign exchange gain	3	9
(Loss)/gain on disposal of an associate	(461)	230
(Gain)/loss on disposal of property, plant and equipment	178	(16)
Gain on disposal of a subsidiary	60,637	–
	<u>(149,420)</u>	<u>(288,040)</u>

10. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest expenses on lease liabilities	28	57
Interest expenses on borrowings		
– Interest expenses on loans from third parties	7,008	6,764
– Interest expenses on bank loans	26,676	35,377
Finance costs expensed	<u>33,712</u>	<u>42,198</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

11. INCOME TAX CREDIT

	2025 HK\$'000	2024 HK\$'000
Current tax		
– Enterprise Income Tax in the PRC	–	–
– LAT in the PRC	22,352	26,405
Deferred tax (note 33)	(49,457)	(40,425)
	(27,105)	(14,020)

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries of the Company in the PRC is 25% during the year ended 31 December 2025 (2024: 25%).

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including land costs, borrowing costs, business taxes and all property development expenditures. LAT is recognised as an income tax expense. LAT paid is a deductible expense for PRC enterprise income tax purposes.

No provision for Hong Kong Profits Tax is required since the Group’s taxable income neither arises, nor is derived, from Hong Kong in both years. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

11. INCOME TAX CREDIT (Continued)

The reconciliation between the income tax credit and loss before tax multiplied by the tax rate applicable to loss in the countries concerned is as follows:

	2025 HK\$'000	2024 HK\$'000
Loss before tax	<u>(217,057)</u>	<u>(400,625)</u>
Notional tax credit on loss before income tax, calculated at the rates applicable to profits in the countries concerned	(57,488)	(97,348)
Tax effect on share of loss of an associate	47	321
Tax effect on non-deductible expenses	7,895	14,837
Tax effect on non-taxable income	(10,640)	(618)
Tax effect on temporary difference not recognised	2,427	24,983
Tax effect on tax losses not recognised	13,890	24,482
Tax effect on utilization of tax losses previously recognised	–	(481)
LAT deductible for calculation of income tax	(5,588)	(6,601)
LAT	<u>22,352</u>	<u>26,405</u>
Income tax (credit)/charge	<u><u>(27,105)</u></u>	<u><u>(14,020)</u></u>

12. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging the following:

	2025 HK\$'000	2024 HK\$'000
Amortisation of intangible assets	746	743
Auditor's remuneration	788	800
Depreciation	12,493	12,854
Staff costs (including directors' remuneration):		
– salaries, bonuses and allowances	11,759	12,180
– retirement benefits scheme contributions	821	744
	<u><u>12,580</u></u>	<u><u>12,924</u></u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

13. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS

(a) Directors' and chief executives' emoluments

	2025			Total HK\$'000
	Fees HK\$'000	Basic salaries and other benefits HK\$'000	Contributions to defined contribution retirement plans HK\$'000	
Executive directors				
Mr. Ma Xuemian (Chairman)	719	–	–	719
Ms. Chow Kwai Wa, Charmaine	501	–	18	519
Ms. Kwok Siu Wa, Alison	501	–	18	519
Mr. Kwok Siu Bun	501	–	18	519
Independent non-executive directors				
Mr. Hui Pui Wai Kimber	120	–	–	120
Mr. Liu Chaodong	120	–	–	120
Mr. Tsui Matthew Mo Kan	120	–	–	120
	<u>2,582</u>	<u>–</u>	<u>54</u>	<u>2,636</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

13. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS (Continued)

(a) Directors' and chief executives' emoluments (Continued)

	2024			
	Fees HK\$'000	Basic salaries and other benefits HK\$'000	Contributions to defined contribution retirement plans HK\$'000	Total HK\$'000
Executive directors				
Mr. Ma Xuemian (Chairman)	718	–	–	718
Ms. Chow Kwai Wa, Charmaine	500	–	18	518
Ms. Kwok Siu Wa, Alison	500	–	18	518
Mr. Kwok Siu Bun	500	–	18	518
Independent non-executive directors				
Mr. Hui Pui Wai Kimber	120	–	–	120
Mr. Liu Chaodong	120	–	–	120
Mr. Tsui Matthew Mo Kan	120	–	–	120
	<u>2,578</u>	<u>–</u>	<u>54</u>	<u>2,632</u>

There was no chief executive appointed in the Group for the years ended 31 December 2025 and 2024.

There was no arrangement under which a director and chief executive waived or agreed to waive any remuneration in respect of the years ended 31 December 2025 and 2024.

During the years ended 31 December 2025 and 2024, no emolument was paid by the Group to the directors and chief executives as an inducement to join or upon joining the Group, or as compensation for loss of office.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

13. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS *(Continued)*

(b) Five highest paid individuals

The five highest paid individuals of the Group included three (2024: three) directors whose emoluments are included in the disclosures in note 13(a) to the consolidated financial statements above.

The emoluments of the two (2024: two) individuals other than director of the Company was as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries and allowances	1,259	1,257
Retirement scheme contributions	36	36
	<u>1,295</u>	<u>1,293</u>

The emoluments of the two (2024: two) individuals with the highest emoluments are within the following band:

	2025 Number of individuals	2024 Number of individuals
Nil – HK\$1,000,000	<u>2</u>	<u>2</u>

None of the directors and these highest paid employees waived any emoluments or received any inducement to join or compensation for loss of office during the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

14. LOSS PER SHARE

Basic loss per share

Basic loss per share is calculated based on the loss for the year attributable to the owners of the Company of approximately HK\$82,067,000 (2024: HK\$251,341,000) and on the weighted average number of approximately 14,728,000 ordinary shares (2024: 12,248,000) ordinary shares).

Diluted loss per share

The diluted loss per share is the same as basic loss per share for the years ended 31 December 2025 and 2024, as the effect of convertible bond is anti-dilutive.

15. SEGMENT REPORTING

Information reported to the executive directors and senior management, being the chief operating decision maker, the purposes of resource allocation and assessment of segment performance focus on types of goods or services delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reporting segments of the Group. Specifically, the Group's reportable operating segments under HKFRS 8 are property development, property investment, hotel operation and general trading.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

15. SEGMENT REPORTING (Continued)

(a) Segment revenue and results

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

	Property development HK\$'000	Property investment HK\$'000	Hotel operation HK\$'000	General trading HK\$'000	Others HK\$'000	Total HK\$'000
Year ended 31 December 2025						
Revenue						
External sales	<u>209,565</u>	<u>25,828</u>	<u>7,204</u>	<u>–</u>	<u>12</u>	<u>242,609</u>
Segment result	<u>(23,383)</u>	<u>(168,755)</u>	<u>(1,968)</u>	<u>–</u>	<u>7</u>	<u>(194,099)</u>
Year ended 31 December 2024						
Revenue						
External sales	<u>201,405</u>	<u>25,258</u>	<u>7,180</u>	<u>2,285</u>	<u>243</u>	<u>236,371</u>
Segment result	<u>(88,494)</u>	<u>(163,194)</u>	<u>(1,058)</u>	<u>554</u>	<u>(417)</u>	<u>(252,609)</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

15. SEGMENT REPORTING *(Continued)*

(a) Segment revenue and results *(Continued)*

	2025 HK\$'000	2024 HK\$'000
Segment result	(194,099)	(252,609)
Interest revenue	65	789
Unallocated income, gains and losses	45,488	(36,111)
Unallocated expenses	(40,415)	(53,247)
Loss from operations	(188,961)	(341,178)
Finance costs	(33,712)	(42,198)
Share of loss of associates	(186)	(1,283)
Fair value gain/(loss) on convertible bonds through profit or loss	5,802	(15,966)
Loss before tax	(217,057)	(400,625)
Income tax credit	27,105	14,020
Loss for the year	(189,952)	(386,605)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment result represents the profit earned/(loss incurred) from each segment without allocation of certain items, mainly comprising interest revenue, depreciation, central administration costs, directors' and chief executives' salaries, finance costs, share of loss of an associate and fair value gain/(loss) on convertible bonds through profit or loss. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

15. SEGMENT REPORTING (Continued)

(b) Segment assets and liabilities

	Property development HK\$'000	Property investment HK\$'000	Hotel operation HK\$'000	General trading HK\$'000	Others HK\$'000	Total HK\$'000
As at 31 December 2025						
Segment assets	168,827	1,297,249	74,798	–	27	1,540,901
Unallocated assets						158,672
						<u>1,699,573</u>
Segment liabilities	(222,659)	(202,808)	–	–	–	(425,467)
Unallocated liabilities						(695,658)
						<u>(1,121,125)</u>
As at 31 December 2024						
Segment assets	421,208	1,420,502	76,884	14	26	1,918,634
Unallocated assets						222,903
						<u>2,141,537</u>
Segment liabilities	(216,707)	(240,854)	–	–	–	(457,561)
Unallocated liabilities						(954,301)
						<u>(1,411,862)</u>

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than unallocated assets (mainly comprising certain property, plant and equipment, other receivables, deposits and prepayments, amount due from a director and cash and cash equivalents); and
- all liabilities are allocated to operating segments other than unallocated liabilities (mainly comprising certain other payables, interest-bearing borrowings, lease liabilities, convertible bonds and amounts due to directors).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

15. SEGMENT REPORTING (Continued)

(c) Other segment information

	Property development HK\$'000	Property investment HK\$'000	Hotel operation HK\$'000	General trading HK\$'000	Others HK\$'000	Total HK\$'000
Year ended 31 December 2025						
Amounts included in the measure of segment profit or loss or segment assets:						
Provision of impairment for trade receivables	(47)	(48)	-	-	(2)	(97)
Fair value loss on investment properties	-	(185,105)	-	-	-	(185,105)
Impairment loss of properties for sale	(9,706)	-	-	-	-	(9,706)
Capital expenditure	-	-	578	-	272	850
Year ended 31 December 2024						
Amounts included in the measure of segment profit or loss or segment assets:						
Provision of impairment for other receivables	-	(2,442)	-	-	-	(2,442)
Fair value gain on investment properties	-	(158,808)	-	-	-	(158,808)
Reversal of impairment loss of properties for sale under development	(90,840)	-	-	-	-	(90,840)
Capital expenditure	-	35	27	-	20	82

(d) Geographic information

Since the Group principally operates in the PRC with revenue and results derived mainly from its operations in the PRC and assets are located in the PRC, no geographical information is used by the chief operating decision maker for further assessment.

(e) Information about major customer

No single customer contributes 10% or more of total revenue of the Group during the year ended 31 December 2025 (2024: Nil).

16. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2025 (2024: Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

17. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK\$'000	Furniture, fixtures and office equipment HK\$'000	Leasehold improvement HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost:					
At 1 January 2024	203,966	2,315	1,001	6,264	213,546
Additions	–	82	–	–	82
Disposals	–	(14)	–	(214)	(228)
Exchange differences	(6,717)	(100)	–	(149)	(6,966)
At 31 December 2024 and 1 January 2025	197,249	2,283	1,001	5,901	206,434
Additions	–	590	–	260	850
Disposals	–	(6)	–	(299)	(305)
Disposals of a subsidiary	(283)	(309)	–	–	(592)
Exchange differences	10,089	101	–	184	10,374
At 31 December 2025	207,055	2,659	1,001	6,046	216,761
Accumulated depreciation and impairment:					
At 1 January 2024	29,249	1,911	320	4,465	35,945
Charge for the year	11,147	154	159	781	12,241
Disposals	–	(1)	–	(191)	(192)
Exchange differences	(1,170)	(77)	–	(120)	(1,367)
At 31 December 2024 and 1 January 2025	39,226	1,987	479	4,935	46,627
Charge for the year	11,117	229	159	464	11,969
Disposals	–	–	–	(299)	(299)
Disposal of a subsidiary	(274)	(297)	–	–	(571)
Impairment (note)	15,550	–	–	–	15,550
Exchange differences	2,659	78	–	162	2,899
At 31 December 2025	68,278	1,997	638	5,262	76,175
Carrying amount:					
At 31 December 2025	138,777	662	363	784	140,586
At 31 December 2024	158,023	296	522	966	159,807

Note:

The recoverable amounts of the self-owned office have been determined based on their fair value less costs of disposal. The Group uses direct comparison to estimate the fair value less costs of disposal of the assets which is based on the recent transaction prices for similar properties adjusted for similar properties adjusted for nature, location and conditions of the property. The fair value measurement is categorized into Level 2 fair value hierarchy. The relevant assets were impaired to their recoverable amount of HK\$49,000,000 (2024:HK\$66,000,000), which is their carrying values at year end and the impairment of HK\$15,550,000 (2024: nil) has been recognised in profit or loss within the relevant functions to which these assets relate during the year.

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For the year ended 31 December 2025

18. INVESTMENT PROPERTIES

	Completed HK\$'000
Fair value	
At 1 January 2024	1,718,898
Disposals	(25,129)
Transfer to properties for sale under development	(46,843)
Fair value gain on investment properties	(158,808)
Exchange differences	(52,889)
At 31 December 2024 and 1 January 2025	1,435,229
Disposals	(20,507)
Fair value loss on investment properties	(185,105)
Exchange differences	76,648
At 31 December 2025	<u>1,306,265</u>

The fair value of the Group's investment properties at 31 December 2025 has been arrived at on the basis of a valuation carried out on that date by Ravia Global Appraisal Advisory Limited (2024: Ravia Global Appraisal Advisory Limited), an independent qualified professional valuers not connected with the Group. Ravia Global Appraisal Advisory Limited has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The Group's investment properties have been valued by using market comparison and residual value approach, which conforms to Hong Kong Institute of Surveyors Valuation Standards on Properties.

At 31 December 2025, certain investment properties with the fair value of approximately HK\$1,018,288,000 (2024: HK\$1,172,407,000) were pledged to secure for the interest-bearing borrowings (note 30).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

19. INTANGIBLE ASSET

	Car park contract HK\$'000
Cost	
At 1 January 2024	15,040
Exchange differences	<u>(495)</u>
At 31 December 2024 and 1 January 2025	14,545
Exchange differences	<u>744</u>
At 31 December 2025	15,289
Accumulated amortisation	
At 1 January 2024	5,264
Amortisation for the year	743
Exchange differences	<u>(189)</u>
At 31 December 2024 and 1 January 2025	5,818
Amortisation for the year	746
Exchange differences	<u>316</u>
At 31 December 2025	6,880
Carrying amount	
At 31 December 2025	8,409
At 31 December 2024	<u>8,727</u>

The intangible asset represents a car park contract acquired in a business combination.

Car park contract is stated at cost less impairment losses and are amortised on the straight-line basis over its estimated useful life of 20 years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

20. RIGHT-OF-USE ASSETS

	2025 HK\$'000	2024 HK\$'000
At 31 December:		
Right-of-use assets		
– Land use rights	2,853	6,789
– Land and buildings	156	622
	<u>3,009</u>	<u>7,411</u>
The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:		
– Less than 1 year	194	574
– Between 1 and 2 years	–	194
– Between 2 and 5 years	–	–
	<u>194</u>	<u>768</u>
Year ended 31 December:		
Depreciation charge of right-of-use assets		
– Land use rights	57	146
– Land and buildings	467	467
	<u>524</u>	<u>613</u>
Lease interests	<u>28</u>	<u>57</u>
Expenses related to short-term leases	<u>306</u>	<u>306</u>
Total cash outflow for leases	<u>880</u>	<u>856</u>
Additions to right-of-use assets	<u>–</u>	<u>–</u>

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21. INVESTMENT IN ASSOCIATES

	2025 HK\$'000	2024 HK\$'000
Unlisted investments:		
Share of net assets	<u>281</u>	<u>881</u>
Amount due from an associate (Note)	<u>557</u>	<u>530</u>
Amount due to an associate (Note)	<u>–</u>	<u>886</u>

Note: The advance is unsecured, interest-free and repayable on demand.

The following table shows information of the associate that are material to the Group. This associate is accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the HKFRS financial statements of the associate.

Name	幸福家(深圳)控股集團有限公司*		深圳市濠鑫影視有限公司	
Principal place of business/country of incorporation	the PRC		the PRC	
Principal activity	Information Technology		Cinema operation	
% of ownership interests/voting rights held by the Group	0%/0%	57%/30%	35%/35%	35%/35%
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
At 31 December:				
Non-current assets	–	32	1,189	1,894
Current assets	–	911	491	164
Current liabilities	–	(91)	(876)	(940)
Net assets	<u>–</u>	<u>852</u>	<u>804</u>	<u>1,118</u>
Group's share of net assets and carrying amount of interests	<u>–</u>	<u>490</u>	<u>281</u>	<u>391</u>
Year ended 31 December				
Revenue	–	171	2,596	2,511
Loss	(103)	(1,288)	(363)	(1,060)
Other comprehensive (loss)/income	52	(20)	49	(51)
Total comprehensive loss	<u>(51)</u>	<u>(1,308)</u>	<u>(314)</u>	<u>(1,111)</u>

* This associate was disposed during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

22. SUBSIDIARIES

Details of the Group's subsidiaries as at 31 December 2025 and 2024 are as follows:

Name of subsidiary	Place/country of incorporation (or establishment)/ operations	Particulars of issued and paid-up capital/ registered capital	Proportion of ownership interest 2025	Proportion of ownership interest 2024	Principal activities
Directly held by the Company:					
Grand Field Holdings (BVI) Limited	The British Virgin Islands/ Hong Kong	US\$1	100%	100%	Investment holding
Grand Field Group Investments (BVI) Limited	The British Virgin Islands/ Hong Kong	US\$1	100%	100%	Investment holding
Surplus Full Development Limited	The British Virgin Islands/ Hong Kong	US\$1	100%	100%	Investment holding
Indirectly held through subsidiaries:					
Grand Field Group Limited	Hong Kong/Hong Kong	Ordinary shares of HK\$200 and non-voting deferred shares of HK\$200	100%	100%	Investment holding
鈞濠房地產開發(深圳)有限公司 (Note (i))	The PRC/The PRC	HK\$18,000,000	100%	100%	Property development and property investment
Shing Fat Hong Limited	Hong Kong/The PRC	Ordinary shares of HK\$4 and non-voting deferred shares of HK\$2	100%	100%	Property development and property investment

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

22. SUBSIDIARIES (Continued)

Name of subsidiary	Place/country of incorporation (or establishment)/ operations	Particulars of issued and paid-up capital/ registered capital	Proportion of ownership interest 2025	Proportion of ownership interest 2024	Principal activities
Shenzhen Zongke (Note (ii))	The PRC/The PRC	RMB353,873,094	50%	50%	Property development and property investment
G & H International Supply Chain (Shenzhen) Limited (Note (i))	The PRC/The PRC	RMB6,000,000	100%	100%	Food trading
G & H International Holding Limited	Hong Kong/Hong Kong	HK\$2,000,000	100%	100%	Investment holding
幸福假日酒店管理(深圳)有限公司 (Note (i))	The PRC/The PRC	HK\$5,000,000	100%	100%	Investment holding
Intra Asia Limited	The British Virgin Islands/ Hong Kong	US\$1	100%	100%	Investment holding
Golden State (HK) Limited	Hong Kong/Hong Kong	HK\$10,000	100%	100%	Investment holding
徐州國金房地產開發有限公司 (Note (i))	The PRC/The PRC	HK\$70,000,000	100%	100%	Property development and property investment
深圳市合生壹聯貿易有限公司 (Note (i))	The PRC/The PRC	RMB20,000,000	100%	100%	Financial arrangement
徐州市幸福假日酒店有限公司 (Note (i))	The PRC/The PRC	RMB5,000,000	100%	100%	Dormant

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22. SUBSIDIARIES (Continued)

Name of subsidiary	Place/country of incorporation (or establishment)/ operations	Particulars of issued and paid-up capital/ registered capital	Proportion of ownership interest 2025	Proportion of ownership interest 2024	Principal activities
深圳市鈞濠商業管理有限公司 (Note (ii))	The PRC/The PRC	RMB3,000,000	50%	50%	Property investment
H & F Trading Corporation Limited	Hong Kong/Hong Kong	HK\$100,000	100%	100%	Trading
鈞濠科技(深圳)有限公司 (Note (ii))	The PRC/The PRC	RMB2,500,000	27.5%	27.5%	Provision of service
大爆影視(深圳)有限公司 (Note (ii))	The PRC/The PRC	RMB1,000,000	72.5%	72.5%	Investment holding
紅騰建設(深圳)有限公司 (Note (ii))	The PRC/The PRC	RMB1,000,000	50.0%	50.0%	Tourism

Notes:

- (i) The subsidiary is a wholly foreign-owned enterprise incorporated in the PRC
- (ii) The subsidiary is a sino-foreign equity joint venture incorporated in the PRC

The following table shows information of a subsidiary that has non-controlling interests ("NCI") and is considered material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name of subsidiary	Shenzhen Zongke	
	2025	2024
Principal place of business/country of incorporation	The PRC/The PRC	The PRC/The PRC
% of ownership interests/voting rights held by NCI	50%/50%	50%/50%

Notes to the Consolidated Financial Statements

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22. SUBSIDIARIES (Continued)

	HK\$'000	HK\$'000
At 31 December:		
Non-current assets	1,288,618	1,432,678
Current assets	246,113	490,144
Current liabilities	(633,666)	(809,243)
Non-current liabilities	(190,443)	(229,200)
Net assets	710,622	884,379
Accumulated NCI	411,234	498,112
Year ended 31 December:		
Revenue	212,085	202,912
Loss	(214,127)	(259,036)
Total comprehensive loss	(173,756)	(293,091)
Loss allocated to NCI	(107,064)	(129,518)
Net cash generated from/(used in) operating activities	21,472	(25,721)
Net cash generated from investing activities	12,457	5,950
Net cash (used in)/generated from financing activities	(14,135)	6,496
Net increase/(decrease) in cash and cash equivalents	19,794	(13,275)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

23. TRADE RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables	5,399	8,080
Provision for loss allowance	<u>(2,666)</u>	<u>(2,442)</u>
Carrying amount	<u><u>2,733</u></u>	<u><u>5,638</u></u>

The movements of the loss allowance for impairment of trade receivables during the year are as follows:

	2025 HK\$'000	2024 HK\$'000
At 1 January	2,442	–
Impairment losses recognised during the year	97	2,495
Exchange realignment	<u>127</u>	<u>(53)</u>
At 31 December	<u><u>2,666</u></u>	<u><u>2,442</u></u>

Trade receivables are mainly arisen from sales of properties and general trading. Proceeds in respect of properties sold is to be received in accordance with the terms of the related sales and purchase agreements. For general trading, the credit terms generally range from 1 to 30 days. Each customer has a maximum credit limit. For new customers, payment in advance or cash on delivery is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

Notes to the Consolidated Financial Statements

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23. TRADE RECEIVABLES (Continued)

The ageing analysis of trade receivables based on invoice date is as follows:

	2025 HK\$'000	2024 HK\$'000
0 to 90 days	546	3,572
91 to 180 days	78	51
181 to 365 days	92	14
Over 365 days	<u>2,017</u>	<u>2,001</u>
	<u><u>2,733</u></u>	<u><u>5,638</u></u>

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the ageing. The expected credit losses also incorporate forward looking information.

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to property development and investment operation. The following table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis within lifetime ECL (not credit impaired). Debtors with significant outstanding balances with gross carrying amounts of HK\$5,399,000 as at 31 December 2025 (2024: HK\$8,080,000) were assessed individually.

Gross carrying amount

	2025		2024	
	Average loss rate	Trade receivables HK\$'000	Average loss rate	Trade receivables HK\$'000
Internal credit rating				
Category A: Low risk	2.36%	2,741	0%	5,638
Category B: Watch list	3.86%	59	0%	–
Category C: Doubtful	100.00%	<u>2,599</u>	100.00%	<u>2,442</u>
		<u><u>5,399</u></u>		<u><u>8,080</u></u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

23. TRADE RECEIVABLES (Continued)

The estimated loss rates are estimated and adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

24. PROPERTIES FOR SALE UNDER DEVELOPMENT

	2025 HK\$'000	2024 HK\$'000
Properties development project	<u>446</u>	<u>424</u>

The properties for sale under development are located in the PRC.

During the year ended 31 December 2024, properties for sale under development of approximately HK\$216,041,000 was transferred to properties for sale.

25. PROPERTIES FOR SALE

All of the properties for sale are situated in the PRC, are carried at lower of cost and net realisable value.

At 31 December 2025, certain properties for sale with the carrying amount of approximately HK\$92,352,000 (2024: HK\$135,092,000) were pledged to secure for the interest-bearing borrowings (note 30).

At 31 December 2025, certain properties for sale with the carrying amounts of approximately HK\$14,688,000 (2024: HK\$27,373,000) which are not expected to be realised within the next twelve months.

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26. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2025 HK\$'000	2024 HK\$'000
Consideration receivable from disposal of an associate (Note (i))	8,050	10,603
Other receivables	16,155	35,446
Amount due from a shareholder (Note (ii))	3,357	3,194
Deposit	192	192
Prepayments	1,266	1,374
Others (Note (iii))	2,564	2,439
	31,584	53,248
Provision of impairment for the consideration receivable from disposal of an associate (Note (i))	(8,050)	–
Provision of impairment for other receivables	(2,967)	(2,439)
	20,567	50,809

Movements in the provision of impairment for other receivables, deposits and prepayments were as follows:

	2025 HK\$'000	2024 HK\$'000
At 1 January	2,439	2,522
Change in provision of impairment for consideration receivable of an associate	7,854	–
Change in provision of impairment for other receivables	395	–
Exchange difference	329	(83)
At 31 December	11,017	2,439

Notes to the Consolidated Financial Statements

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26. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Notes

- (i) References are made to the Company's announcements dated 2 December 2020, 4 December 2020 and 11 December 2020. On 10 December 2020, the Group disposed of all the 34% equity interest in Zhejiang Beishen Cultural And Travel Development Company Limited ("Zhejiang Beishen"). The consideration receivable is secured by 34% equity interest of the associate and corporate guarantee provided by the purchaser. During the year, the Group has instituted legal action in the PRC against Zhejiang Beishen and other six companies as guarantors for recovery of the amount of RMB30,000,000. The directors upon receipt of legal opinion from the Group's PRC legal advisers opine that the claim for the amount will likely be upheld by the court. However, since Zhejiang Beishen is under liquidation proceedings in the PRC and the other defendants therein are facing difficult financial conditions, in the opinion of the directors, an impairment loss of approximately HK\$22,903,000 was made in previous year based on the best estimate of the directors. Refer to note 39(iii) for more details.

During the year ended 31 December 2025, the Company received a sum being the distribution of insolvent assets for approximately RMB2,777,000. After assessing the value of the assets and outstanding liabilities of Zhejiang Beishen based on the information provided by the manager of liquidation of Zhejiang Beishen, the management of Company is of the view that the consideration receivable from disposal of an associate is fully impaired as at 31 December 2025.

- (ii) The amount due from a shareholder is unsecured, interest-free and has no fixed repayment terms.
- (iii) Reference is made to the Company's announcement dated 24 March 2023, G & H International Supply Chain (Shenzhen) Limited (the "Subsidiary"), a wholly-owned subsidiary of the Company, entered into a hog trade cooperation agreement in December 2022 with a company (the "Partner Company") which is wholly owned by a business partner independent to the Group (the "Business Partner"), pursuant to which the Partner Company and its team will collaborate with the Subsidiary for the running the hog trading business.

However, after the commencement of such business, the Subsidiary started to experience difficulty in collecting receivables from the customers procured by the Partner Company and was not able to obtain from the Partner Company the required information or underlying documentation to support the hog transactions. Upon enquiry made by the Subsidiary with the parties involved in the transactions, the management of the Subsidiary also started to suspect that the Partner Company and/or the Business Partner might have had falsified the hog transaction documents to induce the Subsidiary to make payments while illegally retaining or remitting to third parties the hog purchase price received from the Subsidiary or the hog buyers for their own benefit.

To protect the Subsidiary's legitimate interest in its trading business, the Subsidiary collated the relevant evidence and reported the suspected criminal acts of the Business Partner and the Partner Company to Buji Police Station of Longgang Branch of Shenzhen Municipal Public Security Bureau (深圳市公安局龍崗分局布吉派出所). Following a preliminary investigation, Longgang Branch Police Station (the "Police") issued a notification of case filing (立案告知書) on 29 November 2022 which informed the Subsidiary that they had commenced investigations on the alleged case of fraud by the Partner Company and/or the Business Partner. The Company's PRC legal adviser has also been instructed to advise the Subsidiary in relation to the Incident.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

26. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

Notes *(Continued)*

(iii) *(Continued)*

According to the Police, the Business Partner and the legal representative of the Partner Company had already been arrested for their suspected fraud and misappropriation of funds of the Subsidiary and were pending trial. The Police also detained two independent third parties for further investigation, who were suspected to have collaborated with the Business Partner or Partner Company to defraud the Subsidiary with a series of fictitious transactions.

After seeking advice from professional parties, notwithstanding that the court trial of the suspects for their suspected criminal acts mentioned above is still pending, the directors of the Company believe that the hog transactions procured by the Business Partner and/or the Partner Company for the year ended 31 December 2022 were not genuine transactions and lacking commercial substance. Accordingly, the Group had made a reversal of the revenue of approximately HK\$102,377,000 and the corresponding cost of revenue of approximately HK\$101,335,000, previously derived from the hog transactions and recognised on an accrued basis for the year ended 31 December 2022.

At 31 December 2025, other receivables amounted to approximately HK\$2,564,000 (2024: HK\$2,439,000) were the accumulated net amounts paid to the third parties for the aforesaid hog transactions. The subject other receivables had been fully impaired.

As advised by the Company's PRC legal adviser, the Company is considering to commence a civil claim against the Business Partner and/or its related parties for the recovery of the above receivables and other losses in parallel with the criminal proceedings to be conducted against him or them.

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27. AMOUNT DUE FROM A DIRECTOR

Amount due from a director disclosed pursuant to the Hong Kong Companies Ordinance is as follows:

The Group

Name	2025 HK\$'000	2024 HK\$'000	Maximum amount outstanding during the year HK\$'000
Mr. Ma Xuemian (Chairman)	<u>53</u>	<u>1,592</u>	<u>1,592</u>

At 31 December 2025 and 2024, the amount due from a director is unsecured, interest-free and repayable on demand.

28. CASH AND CASH EQUIVALENTS

	2025 HK\$'000	2024 HK\$'000
Cash and cash equivalents	<u>25,090</u>	<u>43,969</u>

- (a) Cash at bank earns interest at floating rates based on daily bank deposit rates.
- (b) Included in bank balances of the Group is approximately HK\$18,270,000 (2024: HK\$34,767,000) of bank balances denominated in RMB placed with banks in PRC. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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29. TRADE AND OTHER PAYABLES

	2025 HK\$'000	2024 HK\$'000
Trade payables to building contractors	9,781	67,687
Accruals of cost for contract works	4,144	3,942
Deferred income	15,294	15,872
Accrued salaries and other operating expenses	12,305	12,281
Accrued interest expense	18,985	17,357
Contract liabilities	26,437	47,916
Rental deposits received from tenants	4,266	3,870
Amounts payable on return of properties	1,420	5,859
Other tax payables	1,180	2,433
Provision for litigations (note 39(ii)&(iv))	35,798	79,174
Other payables	32,049	51,608
	161,659	307,999

An ageing analysis of trade payables presented based on the invoice date at the end of reporting period is set out as follows:

	2025 HK\$'000	2024 HK\$'000
Within 90 days	8,852	66,758
Over 360 days	929	929
	9,781	67,687

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

29. TRADE AND OTHER PAYABLES (Continued)

Disclosures of contract liabilities are set out as follows:

	As at 31 December 2025 HK\$'000	As at 31 December 2024 HK\$'000	As at 1 January 2024 HK\$'000
Contract liabilities	<u>26,437</u>	<u>47,916</u>	<u>43,959</u>
Transaction prices allocated to performance obligations unsatisfied at end of year and expected to be recognised as revenue:			
Within one year	<u>26,437</u>	<u>47,916</u>	

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Revenue recognised in the year that was included in contract liabilities at beginning of year	<u>47,916</u>	<u>39,098</u>
Significant changes in contract liabilities during the year:		
– Increase due to operations in the year	180,117	160,693
– Transfer of contract liabilities to revenue	<u>201,596</u>	<u>156,736</u>

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

30. INTEREST-BEARING BORROWINGS

	2025 HK\$'000	2024 HK\$'000
Loans from independent third parties payable within one year		
– secured (Note (i))	–	30,769
– unsecured (Note (ii))	58,206	60,956
	58,206	91,725
Loans from a non-controlling shareholder payable within one year		
– unsecured (Note (iii))	2,452	13,992
Secured bank loans (Note (iv))		
– on demand or within one year	220,651	185,518
– in the second to fifth years inclusive	199,579	286,093
	480,888	577,328
– Non-current	199,579	286,093
– Current	281,309	291,235
	480,888	577,328

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

30. INTEREST-BEARING BORROWINGS *(Continued)*

Notes:

- (i) At 31 December 2025, loans with principal amount of RMBNil (2024: RMB28,600,000), equivalent to approximately HK\$Nil (2024: HK\$30,769,000) from independent third parties are guaranteed by a wholly owned subsidiary of the Group or secured by certain properties of the Group. Interests are charged at 5 to 12% (2024: 6.5 to 12%) per annum. The loans were repaid in 2025 (2024: repayable in 2025).
- (ii) The unsecured borrowings bear interest at 10% to 12% (2024: 10% to 12%) per annum.
- (iii) The unsecured borrowings bear interest at 9% to 12% (2024: 9% to 12%) per annum.
- (iv) At 31 December 2025 and 2024, loans from banks which are bearing interest at 4.35% to 7% (2024: 4.35% to 7%) per annum with fixed repayment terms. The interest expenses are calculated using the effective interest method by applying the weighted average effective rate at 7.0% (2024: 7.0%) per annum. The loans were secured by:
 - a) certain buildings, investment properties, properties for sale under development and properties for sale owned by the Group as disclosed in notes 17, 18 and 25;
 - b) 50% (2024: 50%) of the share capital of Shenzhen Zongke owned by the Group;
 - c) 50% (2024: 50%) of the share capital of Shenzhen Zongke owned by a non-controlling shareholder;
 - d) corporate guarantee from a non-controlling shareholder; and/or
 - e) personal guarantees from Mr. Tsang Yee (a substantial shareholder of the Company), Mr. Tsang Wai Lun Wayland who is the father of Mr. Tsang Yee and Ms. Kwok Wai Man Nancy who is a close family member of Mr. Tsang Yee (2024: personal guarantees from Mr. Tsang Yee, Mr. Tsang Wai Lun Wayland and Ms. Kwok Wai Man Nancy)

As at 31 December 2025 and 2024, all interest-bearing borrowings are denominated in RMB.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

31. LEASE LIABILITIES

	Lease payments		Present value of lease payments	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Within one year	194	574	192	546
In the second to fifth years, inclusive	–	194	–	192
	<u>194</u>	<u>768</u>	<u>192</u>	<u>738</u>
Less: future finance charges	<u>(2)</u>	<u>(30)</u>	<u>N/A</u>	<u>N/A</u>
Present value of lease obligation	<u>192</u>	<u>738</u>	<u>192</u>	<u>738</u>
Less: amount due for settlement within 12 months (shown under current liabilities)			<u>(192)</u>	<u>(546)</u>
Amount due for settlement after 12 months			<u>–</u>	<u>192</u>

At 31 December 2025, the average effective borrowing rate was 7% (2024:7%). Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

The lease liabilities were arisen from a tenancy agreement entered into between Grand Field Group Ltd, a wholly owned subsidiary of the Company, and a Hong Kong incorporated company controlled by Ms. Tsang Tsz Nok, Aleen, a substantial shareholder of the Company during the year ended 31 December 2023.

32. AMOUNTS DUE TO DIRECTORS

At 31 December 2025 and 2024, the amounts due to directors are unsecured, interest-free and repayable on demand.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

33. DEFERRED TAX

The components of deferred tax recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Intangible asset HK\$'000	Revaluation of investment properties HK\$'000	Total HK\$'000
At 1 January 2024	2,444	287,542	289,986
(Credit)/charge to profit or loss for the year	(186)	(40,239)	(40,425)
Exchange differences	(76)	(8,631)	(8,707)
At 31 December 2024 and 1 January 2025	2,182	238,672	240,854
Credit to profit or loss for the year	(186)	(49,271)	(49,457)
Exchange differences	107	10,998	11,105
At 31 December 2025	2,103	200,399	202,502

At the end of the reporting period, the Group has unused tax losses of approximately HK\$415,185,000 (2024: HK\$376,846,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The unrecognised tax losses will expire during 2026 to 2030 (2024: 2025 to 2029). The tax losses arisen from temporary difference during the year is approximately HK\$109,638,000 (2024: HK\$99,931,000).

34. CONVERTIBLE BONDS

References are made to the Company's circular (the "Circular") dated 10 April 2024 and the Company's announcements dated 30 April 2024 and 6 May 2024. Capitalised terms used herein shall have the same meanings as those defined in the Circular. On 6 May 2024, New Convertible Bond with the principal amount of approximately HK\$100,969,000 were issued to settle the Existing Convertible Bond based on (i) the outstanding principal amount of Existing Bond of approximately HK\$95,896,000 as at 30 April 2024; (ii) the additional interest accrued pursuant to the Standstill Agreement of approximately HK\$4,974,000; and (iii) the additional interest accrued pursuant to the Standstill Agreement of approximately HK\$99,000. The New Convertible Bond are denominated in HK\$, carry interest rate of 6% per annum and will be matured in 36 months from date of issue. The conversion price of the New Convertible Bond is HK\$2.6 per New Share of the Company and approximately 38,834,000 new Shares will be issued upon full conversion of the New Convertible Bond.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

34. CONVERTIBLE BONDS (Continued)

On 16 September 2025, a principal of HK\$22,000,000 of the New Convertible Bond was converted into 8,461,538 new Shares by exercising the conversion rights by the New Convertible Bond holder (note 35 for more detail).

The Convertible Bond are measured as financial liabilities at fair value through profit or loss and are subsequently measured at fair value. Gains or losses arising from changes in fair value of these financial liabilities are recognised in profit or loss.

The movements of the Convertible Bond are as follows:

Fair value at inception	100,969
Fair value loss on the Convertible Bond through profit or loss	15,966
Coupon interest payable	(2,954)
Fair value gain on financial liabilities designated at fair value through profit or loss attributable to change in credit risk	<u>(415)</u>
Fair value as at 31 December 2024	<u>113,566</u>
Settlement of interest payables	(7,556)
Conversion of the Convertible Bond	(22,362)
Fair value gain on the Convertible Bond through profit or loss	(5,802)
Fair value loss on financial liabilities designated at fair value through profit or loss attributable to change in credit risk	<u>342</u>
Fair value as at 31 December 2025	<u>78,188</u>

The amount of change in the fair value of the financial liability that was attributable to changes in the credit risk of that liability is recognised in other comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

35. SHARE CAPITAL

	Number of Shares (in thousand)	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.20 (at 31 December 2024: HK\$0.2) each At 31 December 2024 & 2025	2,500,000	500,000
Ordinary shares of HK\$0.20 (at 31 December 2024: HK\$0.2) each At 1 January and 31 December 2024	12,248	2,449
Conversion of convertible bonds	8,462	1,692
At 31 December 2025	20,710	4,141

Reference is made to the Company's announcement (the "Announcement") dated 15 September 2025. Capitalised terms used herein shall have the same meanings as those defined in the Announcement. On 15 September 2025, the Company received a conversion notice from Ms. Tsang in respect of the exercise of the Conversion Rights to convert a principal amount of HK\$22,000,000 of the outstanding Convertible Bond at the Conversion Price of HK\$2.6 each. The Company allotted and issued 8,461,538 Conversion Shares to Ms. Tsang on 16 September 2025.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Change in liabilities arising from financing activities

The following table shows the Group changes in liabilities arising from financing activities during the year:

	Convertible bonds HK\$'000	Interest- bearing borrowings HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 January 2024	92,397	641,305	1,231	734,933
Changes in cash flows	–	(78,599)	(550)	(79,149)
Non-cash changes				
– settlement of Convertible Bond	(95,896)	–	–	(95,896)
– coupon interest payable	(2,954)	–	–	(2,954)
– loss on settlement of convertible bonds	3,499	–	–	3,499
– additions	100,969	–	–	100,969
– exchange differences	–	(27,519)	–	(27,519)
– interest charged	–	42,141	57	42,198
– fair value loss on convertible bonds through profit or loss	15,966	–	–	15,966
– fair value gain on convertible bonds through other comprehensive income	(415)	–	–	(415)
At 31 December 2024 and 1 January 2025	113,566	577,328	738	691,632
Changes in cash flows	–	(153,306)	(574)	(153,880)
Non-cash changes				
– conversion of Convertible Bond	(22,362)	–	–	(22,362)
– settlement of interest payables	(7,556)	–	–	(7,556)
– exchange differences	–	23,182	–	23,182
– interest charged	–	33,684	28	33,712
– fair value gain on convertible bonds through profit or loss	(5,802)	–	–	(5,802)
– fair value loss on convertible bonds through other comprehensive income	342	–	–	342
At 31 December 2025	78,188	480,888	192	559,268

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

- (b) During the year ended 31 December 2025, Grand Field Group Holdings (BVI) Limited, a wholly-owned subsidiary of the Group signed an agreement with an independent third party to dispose 100% of the equity interest of Ka Fong Industrial Company Limited, a subsidiary of the Group, with a consideration of RMB48,224.

Net assets at the date of disposal were as follows:

	HK\$'000
Property, plant and equipment	21
Right-of-use assets	4,158
Properties for sale	13,918
Prepayments, deposits and other receivables	1,967
Accruals and other payables	<u>(54,691)</u>
Net liabilities disposed of	(34,627)
Release of foreign currency translation reserve	(25,957)
Gain on disposal of a subsidiary	<u>60,637</u>
Total consideration	<u><u>53</u></u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

37. FINANCIAL INFORMATION OF THE COMPANY

Statement of financial position

	Note	2025 HK\$'000	2024 HK\$'000
Non-current asset			
Investments in subsidiaries		31,056	31,056
Current assets			
Other receivables, deposits and prepayments		695	838
Amounts due from subsidiaries	(1)	331,584	405,035
Cash and cash equivalents		961	1,028
		333,240	406,901
Current liabilities			
Other payables		4,067	3,979
Interest-bearing borrowings		6,386	-
Convertible bonds		78,188	113,566
Amounts due to subsidiaries	(1)	100,986	88,092
		189,627	205,637
Net current assets		143,613	201,264
Total assets less current liabilities		174,669	232,320
NET ASSETS		174,669	232,320
Capital and reserves			
Share capital		4,141	2,449
Reserves		170,528	229,871
TOTAL EQUITY		174,669	232,320

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

37. FINANCIAL INFORMATION OF THE COMPANY *(Continued)*

Statement of financial position *(Continued)*

Note:

- (1) The amounts due are unsecured, interest-free and repayable on demand.

Movement of reserves of the Company

	Share premium HK\$'000	Capital reserve HK\$'000	Contributed surplus HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2024	435,694	2,602	140,281	(188,208)	390,369
Total comprehensive loss for the year	–	415	–	(160,913)	(160,498)
Transfer to accumulated losses	–	(2,602)	–	2,602	–
At 31 December 2024 and 1 January 2025	435,694	415	140,281	(346,519)	229,871
Total comprehensive loss for the year	–	(342)	–	(79,670)	(80,012)
Conversion of convertible bonds	20,669	–	–	–	20,669
At 31 December 2025	456,363	73	140,281	(426,189)	170,528

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

37. FINANCIAL INFORMATION OF THE COMPANY *(Continued)*

Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by Section 40 of the Bermuda Companies Act 1981.

(ii) Contributed surplus

The contributed surplus of the Company arose as a result of the same Group reorganisation and represents the excess of the then combined net assets of the subsidiaries acquired, over the nominal value of the Company's shares issued in exchange therefor.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (a) it is, or would be after the payments, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

(iii) Special reserve

Special reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries and the nominal value of the Company's shares issued as part of the Group reorganisation in 1999 for the listing of the Company's shares on the Stock Exchange.

(iv) Distributability of reserves

At the end of the reporting period, the Company did not have any reserves available for cash/in specie dividend distribution to owners of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

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 judgement to the capital structure in light of changes in economic conditions.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total liabilities less cash and cash equivalents. Adjusted capital comprises all components of equity.

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

	2025 HK\$'000	2024 HK\$'000
Total liabilities	1,121,125	1,411,862
Less: Cash and cash equivalents	(25,090)	(43,969)
Net debt	<u>1,096,035</u>	<u>1,367,893</u>
Total equity and adjusted capital	<u>175,058</u>	<u>238,345</u>
Gearing ratio	<u>626%</u>	<u>574%</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39. LITIGATIONS AND CONTINGENT LIABILITIES

Save as disclosed below, as at the date of this report, neither the Company nor any of its subsidiaries was engaged in any material litigation or claims and, so far as the Directors were aware, no material litigation or claims were pending or threatened by or against any companies of the Group which would likely have adverse effect to the Group:

- i) An Originating Summons was issued and filed with the High Court of Hong Kong on 11th August, 2017 pursuant to Section 732 and 733 of the Companies Ordinance, Cap.622 by the plaintiff, Fourseasons Hong Kong Trading Limited, a shareholder of the Company claiming against the Company as the defendant for leave to bring legal proceedings on behalf of the Company against Tsang Wai Lun Wayland and Kwok Wai Man Nancy, the former executive directors of the Company, Kwok Siu Bun, Kwok Siu Wa Alison, Ma Xuemian, Chow Kwai Wa Anne now known as Chow Kwai Wa Charmaine, Hui Pui Wai Kimber, Liu Chaodong, the Directors of the Company, Tsang Tsz Tung Debbie and Chui Wai Hung, the former non-executive director and Independent non-executive Director of the Company respectively, Surplus Full Development Limited (a BVI company) and Intra Asia Limited, both now are the subsidiaries of the Company and the interested parties in the Xuzhou property project ("Xuzhou Project") and for costs of the proceedings.

The Company upon legal advice opposes the plaintiff's application and has filed its affirmation in opposition and the Plaintiff has paid into Court security for costs of the Defendants. The trial date of these proceedings has not been fixed yet.

In the opinion of the Directors, the said proceedings have no material impact on the operations of the Group. However, the Directors cannot reasonably measure the financial impact of the Group before the conclusion of the said proceedings.

- ii) Under the case no.(2023) Yue Min Xin 3255 regarding the application on the part of Ka Fong Company Limited for re-trial of the case in which Chen Huan Chi claimed, inter alia, against Grand Field Group Limited and Ka Fong and Company Limited ("Ka Fong"), the subsidiaries of the Company and other Defendants over the construction agreements. The Higher People's Court of Guangdong Province had on 24 December 2024 dismissed Ka Fong's application. The Group had made provision of HK\$651,000 and HK\$296,000 to the consolidated statement of profit or loss for the year ended to 31 December 2024 and 2025 for the Judgment debt's accrued interest thereon.

By the agreement dated 30 June 2025 between the Company and other shareholders of Ka Fong and an independent third party, all the shareholdings (including all liabilities of Ka Fong) in Ka Fong have been sold to the said independent third party.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39. LITIGATIONS AND CONTINGENT LIABILITIES *(Continued)*

ii) *(Continued)*

Since all the shareholding previously held by the Company in Ka Fong including its existing liabilities have been transferred to the third party, in the opinion of the Directors, the said proceedings have no longer had any operational and financial impacts on the Group.

iii) Under the winding up procedure of Zhejiang Beishen Wen Lu Development Company Limited ("Zhejiang Beishen"), Xingfu Jiari Hotel Management (Shenzhen) Company Limited ("Xingfu Jiari"), a subsidiary of the Company as one of the creditors had on 27 January 2025 received a sum being the first distribution of insolvent assets for approximately RMB2,777,000.

In the opinion of the Directors, the said proceedings have no material impact on the operations of the Group. However, the Directors cannot reasonably measure the financial impact of the Group before the conclusion of the said proceedings.

iv) The administrators of Zhejiang Beishen mentioned in paragraph iii) hereinbefore sued against Grand Field Property Development (Shenzhen) Limited ("GF Property Shenzhen"), a subsidiary of the Company and others for collateral liabilities of the unpaid share capital by Ningbo Heshan being registered capital plus the interest incurred thereon, the People's court of Fu Yang District, Hang Zhou City, Zhe Jiang Province on 9th April 2024 had made a decision for execution, mandatorily executed the assets under GF Property Shenzhen for RMB30,194,804. There has been no assets of GF Property Shenzhen being executed. The Company had made a provision of RMB31,053,867 (equivalent to HK\$33,620,987) to the consolidated statement of profit or loss for the year ended 31 December 2024 for the judgment debt and interest thereon. The Company made further provision of approximately RMB1,069,000 (equivalent to approximately HK\$1,162,000) to the consolidated statement of profit or loss for the year ended 31 December 2025.

In the opinion of the Directors, the said proceedings have no material impact on the operations of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39. LITIGATIONS AND CONTINGENT LIABILITIES *(Continued)*

- v) G & H International Supply Chain (Shenzhen) Limited, a wholly subsidiary of the Company (the “Subsidiary”) was alleged to have been defrauded by the Business Partner through a series of fictitious transactions. Report has been made to the PRC Police who has accepted for criminal investigation but no further information and/or legal documents in respect thereof has been received by the Company. The Company may also seek damages against the Business Partner and/or the relevant persons by civil action in due course.

In the opinion of the Directors, the said proceedings have no material impact on the operations of the Group. However, the Directors cannot reasonably measure the financial impact of the Group before the conclusion of the said proceedings.

40. COMMITMENTS

- (a) The Group had the following material commitments at the end of the reporting period:

	2025 HK\$'000	2024 HK\$'000
Contracted but not provided for investment properties and properties for sale under development	<u>750</u>	<u>34,983</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

40. COMMITMENTS (Continued)

(b) As lessor

Property rental income earned during the year was approximately HK\$20,080,000 (2024: HK\$19,753,000).

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

	2025 HK\$'000	2024 HK\$'000
Within one year	13,764	22,947
In the second to fifth years inclusive	32,291	34,305
Over fifth years	23,028	24,910
	<u>69,083</u>	<u>82,162</u>

The Group leases its investment properties (note 18) under operating lease arrangements which run for an initial period of one to twelve years (2024: one to twelve years), with an option to renew the lease terms at the expiry date or at dates as mutually agreed between the Group and the respective tenants.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

41. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year.

- (a) During the year ended 31 December 2025, salaries and allowance of HK\$659,000 (2024: HK\$676,000) and HK\$600,000 (2024: HK\$616,000) were paid to two substantial shareholders, Mr. Tsang Yee and Ms. Tsang Tsz Nok Aleen, respectively.
- (b) The remuneration of the Group's key management personnel is disclosed in note 13 to the consolidated financial statements.

42. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in the consolidated financial statements, the Group does not have material subsequent events after the year ended 31 December 2025 and up to the date of this annual report.

43. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 30 March 2026.

Five-Year Financial Summary

The following is a summary of the consolidated results and of the consolidated assets and liabilities of the Group for the last five financial years.

CONSOLIDATED RESULTS

	For the years ended 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	<u>242,609</u>	<u>236,371</u>	<u>264,515</u>	<u>139,285</u>	<u>543,280</u>
(Loss)/profit before tax	<u>(217,057)</u>	(400,625)	(14,640)	(683,939)	(416,381)
Income tax credit/(expense)	<u>27,105</u>	14,020	(58,580)	90,225	38,434
(Loss)/profit for the year	<u>(189,952)</u>	<u>(386,605)</u>	<u>(73,220)</u>	<u>(593,714)</u>	<u>(377,947)</u>

CONSOLIDATED ASSETS AND LIABILITIES

	As at 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Total assets	<u>1,699,573</u>	2,141,537	2,632,348	2,821,259	3,750,128
Total liabilities	<u>(1,121,125)</u>	<u>(1,411,862)</u>	<u>(1,480,052)</u>	<u>(1,562,103)</u>	<u>(1,754,083)</u>
Net assets	<u>578,448</u>	<u>729,675</u>	<u>1,152,296</u>	<u>1,259,156</u>	<u>1,996,045</u>

Major Developing Properties

SHENZHEN CITY ZONGKE MIX PARK PROJECT

Location	Site Area/ Floor Area	Interest of the Group	Current use	Status of the Project	Estimated completion date
Shenzhen City Longgong District Buji Street Xi Huan Road Zongke Mix Park Project	Site area: 23,629.03 Sq. Metres Capacity area: 98,000 Sq. Metres Total Building area: 180,944.79 Sq. Metres	50%	Commercial use, Category 2 residential use	The Project has been completed and inspected. The Commercial part and part of the offices are being put in offer. Most of the residential units has been sold out and the serviced apartments thereof have been put for sale in the beginning of 2021. The Offices have been put for sale in the beginning of 2022.	Completed

Major Completed Property for Investment

Location	Building Area	The interest of the Group	Status of the Project(s)	Rental Terms
Residential, Offices, Shops and Car Parking Spaces of Jin Gong Bay Plaza Project, Gu Liu District, Xuzhou City, Jiangsu Province, PRC	Total Building Area: 11,478.96 Sq. Metres (Sold Residential Units not included)	100%	The Property can be rented or sold subject to adjustment due to the reaction of the Market	Residential: 70 years; Non-Residential: 40 years
All Shops and Car Parking Spaces of Yi Le Gardens, Yung Ling Street, Zhangmutou Town, Donggong City, PRC.	Total building area of the Property: 6,680.82 Sq. Metres	100%	This Property is in operation and can be rented	70 years
All Shops and Car Parking Spaces of Hua Do Gardens, Yung Lung Street, Zhangmutou Town, Donggong City, PRC.	Total building area of the Property: 6,970.55 sq. Metres	100%	This Property is in operation and can be rented	70 years