



中國誠通發展集團有限公司
CHINA CHENGTONG DEVELOPMENT GROUP LIMITED

(於香港註冊成立之有限公司) (Incorporated in Hong Kong with limited liability)
股份代號 Stock Code : 217



Annual Report
年度報告

2025

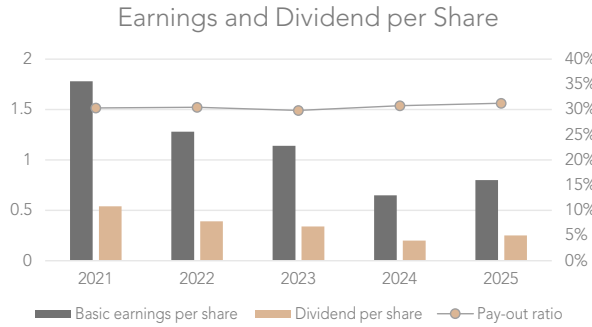
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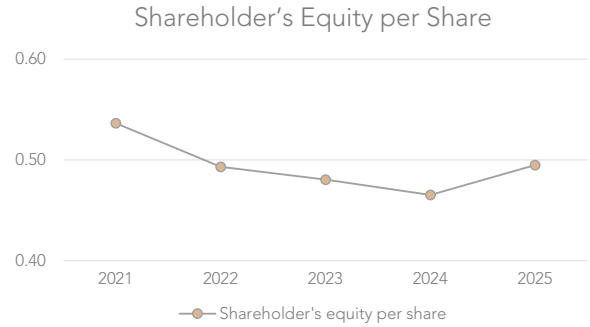


FINANCIAL HIGHLIGHTS

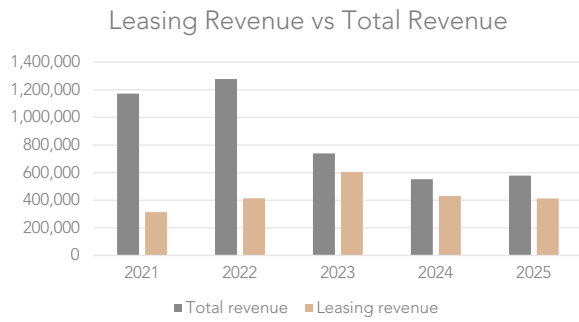
HK cents



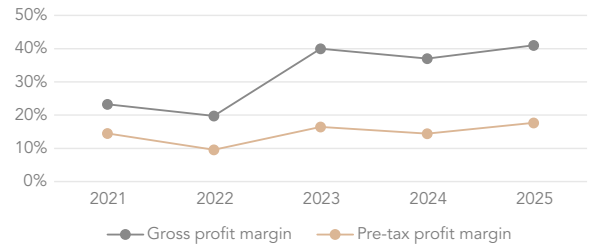
HK cents



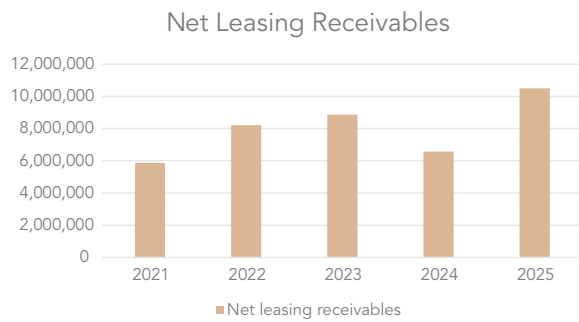
HK\$'000



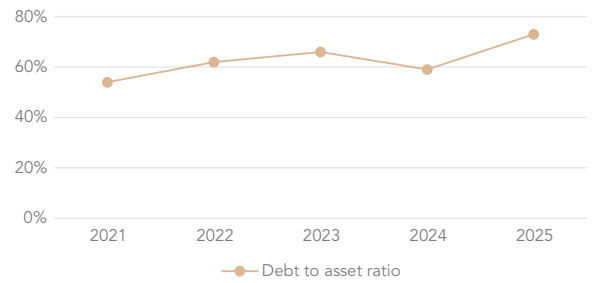
Gross Profit Margin and Pretax Profit Margin



HK\$'000



Total Debts / Total Assets



Board of Directors

Non-Executive Director

Sun Jie (*Chairlady*)

Executive Directors

Chen Jianying
Zhang Chuanyi
Bai Chunrui

Independent Non-Executive Directors

Lee Man Chun, Tony
He Jia
Liu Lei

Audit Committee

Lee Man Chun, Tony (*Chairman*)
He Jia
Liu Lei

Remuneration Committee

He Jia (*Chairman*)
Lee Man Chun, Tony
Sun Jie

Nomination Committee

Liu Lei (*Chairman*)
Lee Man Chun, Tony
Sun Jie

Environmental, Social and Governance Committee

Zhang Chuanyi (*Chairman*)
He Jia
Liu Lei

Joint Company Secretary

Liu Chang
Cheng King Yip

Auditor

Baker Tilly Hong Kong Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

Principal Bankers

Bank of China (Hong Kong) Limited
Bank of Communications Company Limited
The Bank of East Asia, Limited
China Merchants Bank Company, Limited
Chong Hing Bank Limited
Fubon Bank (China) Company, Limited
Hang Seng Bank (China) Limited
Postal Savings Bank of China Company Limited
Shanghai Pudong Development Bank Company Limited

Registered Office and Principal Place of Business in Hong Kong

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Stock Code

217

CHAIRMAN'S STATEMENT

Dear Shareholders:

On behalf of the board ("**Board**") of directors ("**Directors**") of China Chengtong Development Group Limited ("**Company**") and its subsidiaries ("**Group**"), I hereby present to all shareholders the annual report for the year ended 31 December 2025 ("**FY2025**").

Looking back on 2025, the global economy continued to evolve amid complex and profound transformations. On the one hand, the transition from old to new growth drivers accelerated, with technological innovation and green transformation becoming key forces driving development; on the other hand, shifts in the geopolitical landscape, the reshaping of supply chains, and adjustments to monetary policy introduced significant uncertainties for global growth. Against this backdrop, growth trends among major economies continued to diverge, and structural adjustments emerged in global trade and investment flows, creating an overall environment where opportunities and challenges coexist.

In the face of profound changes in the external environment, the Chinese economy demonstrated remarkable resilience and vitality. Economic performance remained generally stable throughout the year, and high-quality development was steadily advanced. Domestic demand continued to recover, and the industrial structure continued to optimize. Emerging industries, represented by high-end manufacturing, the digital economy, and green energy, demonstrated strong momentum, and international competitiveness steadily improved. Meanwhile, deepening reforms and expanding openness were advanced in tandem, positive results were achieved in resolving risks in key areas, and the fundamentals of the economy's long-term positive trajectory were further consolidated, providing solid support and broad space for the sustained and healthy development of all types of market entities.

The Group continued to focus on its leasing business, adhering to the general principle of seeking progress while maintaining stability, balancing development with security, actively adapting to changes in the external environment, continuously optimizing its business and asset structures, and consistently improving corporate governance and risk management standards, thereby maintaining overall operational stability. During the year, the Group recorded consolidated revenue of approximately HK\$579 million, an increase of 5% over the previous year; pre-tax profit for the year was approximately HK\$102 million, an increase of 28% over the previous year. The growth in performance was primarily driven by a decline in overall financing rates and a significant increase in new leasing disbursements, which boosted the gross profit contribution from the leasing segment. Concurrently, accelerated delivery progress of the CCT-Champs-Elysees project within the property development and investment segment drove growth in segment revenue and gross profit contributions.

The Group's current core businesses include leasing, property development and investment, marine tourism services, and hotel services.

Regarding the leasing business, in light of the industry's accelerated return to its core functions and the new emphasis on compliant operations and high-quality development, the Company's wholly-owned subsidiary, Chengtong Financial Leasing Company Limited ("**Chengtong Financial Leasing**"), remains committed to serving the real economy. It continues to deepen the synergy between industry and finance, focusing on the needs of state-owned enterprises and key industrial sectors, and steadily advancing its business layout and professional transformation in areas such as major transportation, major energy, new equipment, and new infrastructure. During the year, the Company's business disbursements achieved rapid growth, with 70 new projects funded and new disbursements totaling approximately HK\$7.906 billion, representing a 267% increase compared to the previous year's total disbursements. Driven by this growth in business disbursements, as at 31 December 2025, net lease receivables increased by 60% to approximately HK\$10.491 billion, with segment assets reaching approximately HK\$11.907 billion. During the year, Chengtong Financial Leasing continued to focus on the "Dual Carbon" strategy and energy transition, achieving positive progress in its new energy business and successfully launching the first new energy project in the Xinjiang region. At the same time, the Company made steady progress in specialized sectors such as aircraft and vessels, completing its first operating lease for a vessel-related asset by the end of 2025. The business structure continued to optimize, further enhancing the Company's ability to serve national strategies and the real economy.

CHAIRMAN'S STATEMENT

Concurrently, Chengtong Financial Leasing continued to enhance its capabilities in financing and capital market operations, actively utilizing diverse financing instruments to further broaden its funding channels. In 2025, the Company maintained its AA+ issuer credit rating from Lianhe Credit Rating. During the year, Chengtong Financial Leasing successfully issued two tranches of asset-backed securities, further reducing financing costs. Meanwhile, the Company conducted its first private placement of corporate bonds to professional investors, with the interest rate on the first tranche ranking among the most competitive for leasing bonds of the same rating and maturity. The Group also continued to deepen cooperation with banking institutions, further expanding credit facilities from banks, and reduced the cost of existing and new financing through measures such as refinancing, thereby providing strong support for the steady development of its business. At the same time, the Group continued to advance digitalization and intelligent transformation, actively exploring the application of technologies such as artificial intelligence in scenarios such as business approval, risk identification, and operational management, continuously improving management efficiency and professional standards, and injecting new momentum into the Company's high-quality development.

Regarding property development and investment operations, the Group has continued to advance the sales and operations of the CCT Champs-Élysées project, flexibly adjusting sales strategies in response to market changes to accelerate inventory turnover. During the year, the delivery progress of the Champs-Élysées project accelerated, driving significant growth in the performance of the property development and investment segment.

Regarding marine recreation services and hotel business, the Group actively capitalized on market opportunities arising from the sustained recovery of tourism consumption. By responding to shifts in market demand, the Company continuously optimized product offerings and operational arrangements, while strengthening channel expansion and cost control to improve operational performance.

Looking forward to 2026, China's economy will move steadily forward through structural optimization, transformation of growth drivers, and enhancement of quality. The Group will continue to actively pursue value creation and seize development opportunities, further strengthening and optimizing its leasing business, continuously enhancing professional operational standards, steadily optimizing asset structure and business layout, and orderly advancing the exit from other businesses. At the same time, the Group will strictly adhere to risk management principles, continuously strengthen compliance, actively embrace technological innovation, and continuously improve refined management and digital operational capabilities, resolutely pursuing a path of high-quality development and striving to create greater value for shareholders.

At last, on behalf of the Board, I would like to express my sincere gratitude to all shareholders, business partners, and communities for their continuous concern and support for the Group. I would also like to thank the management and all employees of the Group for their hard work. Looking ahead, we will move forward with firm confidence and determination, unite our efforts, and forge ahead with innovation to strive for a new chapter of high-quality development for the Group.

Sun Jie
Chairman

Hong Kong, 13 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

I. RESULTS OVERVIEW

The principal business of the Group includes leasing, property development and investment, and marine recreation services and hotel operation. For the year ended 31 December 2025 ("FY2025"), the Group's total revenue amounted to approximately HK\$579 million, representing an increase of about 5% compared to the year ended 31 December 2024 ("FY2024"). Consolidated gross profit and net interest income reached approximately HK\$239.54 million, marking an increase of about 17% compared to the previous year. Net profit attributable to shareholders reached HK\$47.85 million, representing a year-on-year increase of approximately 24%. The following table sets forth segment revenue and profit for the period indicated:

	2025	2024	Changes
	HK\$'000	HK\$'000	
Revenue	578,995	552,637	5%
Leasing	412,582	430,401	(4%)
Property development and investment	137,577	89,570	54%
Marine recreation services and hotel	28,836	32,666	(12%)
Gross profit and net interest income	239,536	204,952	17%
Profit before tax	102,383	79,876	28%
Net profit attributable to the shareholders	47,851	38,633	24%

During the year, the Group's revenue increased by 5%, primarily driven by accelerated delivery progress of the CCT-Champs-Elysees project under the property development and investment segment, which led to a significant growth of 54% in the revenue of this segment to HK\$137.58 million. Such growth mainly reflects increased revenue recognition from the concentrated delivery of properties sold during the year. In 2025, China's financial leasing industry entered a period of profound adjustment characterized by stringent regulation, rigorous compliance, and a return to fundamentals. Overall, the industry exhibited a development trajectory marked by slowing growth, structural optimization, and quality enhancement, gradually transitioning from scale expansion to high-quality development. The industry faced challenges including rising compliance costs and narrowing interest margins. The revenue of the leasing business for the year decreased by 4% compared to 2024, primarily due to the settlement of several projects from previous years during the current year. Although the investment amount of new projects increased substantially during the year, they were mainly concentrated in the second half, and the related projects have not yet entered a full annual interest calculation period.

Consolidated cost of sales decreased by 2% from approximately HK\$347.69 million in FY2024 to approximately HK\$339.46 million.

Hence, the Group reported a consolidated gross profit and net interest income of approximately HK\$239.54 million and a consolidated profit before tax of approximately HK\$102.38 million in FY2025, marking an increase of approximately HK\$22.50 million. The changes were primarily attributed to the following factors:

- (i) an increase in consolidated revenue and a decrease in consolidated cost of sales which led to an increase in consolidated gross profit and net interest income of approximately HK\$34.58 million or 17%;
- (ii) an increase in total selling and administrative expenses of approximately HK\$13.48 million or 12% in FY2025;
- (iii) a decrease in finance costs of approximately HK\$13.94 million or 54%, which was mainly driven by the lower interest rate in Hong Kong and a decrease in bank loan balances during the year;
- (iv) other income and gains, net, decreased by approximately HK\$5.83 million or 27%, primarily due to reduced interest income from deposits and other financial assets, as well as loans granted to related parties; and
- (v) an increase in net impairment losses determined under the expected credit loss (“ECL”) model of about HK\$5.24 million, which was mainly influenced by a significant increase of finance lease receivables and loan receivables (collectively “Leasing Receivables”) from leasing business in 2025.

II. BUSINESS REVIEW

A. Segment Performance

During the period under review, the Group derives its revenue from leasing operation, property development and investment, as well as marine recreation services and hotel. The breakdown of revenue and results from each segment are detailed as follows:

(1) Leasing

Business Segments	2025 HK\$'000	2024 HK\$'000	Changes
Segment revenue	412,582	430,401	(4%)
Interest income	269,454	321,014	(16%)
Rental income	90,471	109,387	(17%)
Consultancy service fee	52,657	–	N/A
Cost of sales	(243,795)	(283,023)	(14%)
Gross profit	168,787	147,378	15%
Gross profit margin	41%	34%	7%
Segment results	118,655	105,936	12%

MANAGEMENT DISCUSSION AND ANALYSIS

During the year, the Group continued to advance the development of its finance leasing business, intensifying efforts to deploy capital into high-quality projects, resulting in a significant increase in new deployments for the full year. As new projects were primarily concentrated on year-end deployments, the interest income contribution from related leased assets in FY2025 was limited while certain previously deployed finance leasing projects were settled during the current year. As a result, revenue from the leasing operation segment decreased by 4% to HK\$412.58 million.

Revenue

During FY2025, the interest income from leasing segment was approximately HK\$269.45 million, reflecting a decrease of 16% compared to the previous year. The interest income from various sectors is outlined below:

	2025 HK\$'000	2024 HK\$'000	Changes
Infrastructure	87,420	118,572	(26%)
Energy conservation and environmental protection	44,357	70,399	(37%)
Logistics and warehousing	30,332	63,023	(52%)
Manufacturing	47,829	43,881	9%
Others	59,516	25,139	137%
Total	269,454	321,014	(16%)

The overall interest yield was as follows:

	2025 HK\$'000	2024 HK\$'000	Changes
Interest income	269,454	321,014	(16%)
Average Leasing Receivables balance*	7,515,696	7,102,222	6%
Yield	3.59%	4.52%	(1%)

* Being the average of 12 months' balances of net Leasing Receivables

The Group primarily earned interest income from leasing services based on variable interest rates benchmarked to the loan prime rate(s) as published by the National Interbank Funding Center in the PRC ("LPR"). Throughout 2025, both the one-year loan prime rate and the five-year loan prime rate experienced slight declines. Additionally, adjustments to the deployment structure and business model, coupled with a significant increase in new deployments during the year, led to a rise in the average balance of lease receivables, which resulted in a collective contribution to a decrease in the interest yield. However, this change in interest yield primarily reflects shifts in the composition of revenue recognition methods during the year and has no material impact on the overall return level of the projects.

By expanding into operating leases alongside its finance lease services, the Group has enhanced the adaptability of its overall leasing portfolio. At the end of 2025, the Company entered into a new container operating lease business. However, as several prior operating lease projects had been completed upon expiry during the year, the Group's rental income from annual operating lease decreased by 17% compared to FY2024.

Cost of Sales

The following table shows the breakdown of the cost of sales by its components:

	2025 HK\$'000	2024 HK\$'000	Changes
Interest expenses	150,588	184,519	(18%)
Depreciation of leased assets	83,949	88,568	(5%)
Guarantee fees	2,344	7,613	(69%)
Others	6,914	2,323	198%
Total	243,795	283,023	(14%)

In FY2025, the cost of sales for the leasing segment stood at approximately HK\$243.80 million, marking a decrease of 14% compared to the previous year, which was primarily influenced by the reduction in interest expenses. During the year, the Group continued to optimize its financing structure and benefited from a general decline in financing interest rates. Interest expense decreased by 18% year-on-year to approximately HK\$150.59 million, accounting for about 62% of the segment's cost of sales.

In FY2025, Chengtong Financial Leasing had successfully launched two ABS schemes and two corporate bonds. As at 31 December 2025, the outstanding amount of the remaining schemes was approximately HK\$3,450.44 million (as at 31 December 2024: approximately HK\$2,136.28 million). In addition, the total outstanding bank loans of Chengtong Financial Leasing as at 31 December 2025 were approximately HK\$5,198.58 million (as at 31 December 2024: approximately HK\$2,286.12 million).

As the scale of business deployment expanded, the Group's average total borrowing balance increased. However, benefiting from a relatively accommodative market interest rate environment and further diversification of financing channels, the Group's effective annual borrowing rate decreased by 1 percentage point compared to the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS

	2025 HK\$'000	2024 HK\$'000	Changes
Interest expenses	150,588	184,519	(18%)
Average total borrowings balance*	5,660,038	4,992,077	13%
Effective annual borrowing rate	2.66%	3.70%	(1%)

* Being the average of 12 months' aggregate balances of bank loans, ABS and other loans

Guarantee fee expenses for FY2025 recorded a year-on-year decrease of 69% compared to the previous year, primarily due to the reduction in outstanding guaranteed balances as ABS schemes matured according to schedule.

Other costs primarily comprised amortization expenses for ABS schemes and corporate bonds, management fees, and consulting service fees. Among these, consulting service fees increased by approximately HK\$3.93 million, mainly due to higher professional service and project-related expenses incurred during the expansion of business scale and implementation of new projects during the year.

Segment Results

In summary, the segment results in leasing business for the year were approximately HK\$118.66 million representing an increase of 12% compared to FY2024.

Leasing Receivables

During the year, Chengtong Financial Leasing has additionally launched 70 new leasing projects, with a total leasing principal amount of approximately HK\$7,905.70 million, representing an increase of 267% compared to the previous year.

The major terms of the new leasing projects entered during FY2025 and the preceding year are tabulated below:

	2025	2024
Number of new leasing projects	70	18
Principal amount	HK\$7,905.70 million	HK\$2,151.60 million
Range of lease term	1-5 years	2-5 years
Interest rate and range per annum	2.50%-4.61%	3.50%-5.67%

The following table shows a breakdown of the Group's net Leasing Receivables by industry sectors:

	As at 31 December 2025 HK\$'000	As at 31 December 2024 HK\$'000	Changes
Infrastructure	2,819,839	1,981,438	42%
Energy conservation and environmental protection	1,362,262	1,398,524	(3%)
Logistics and warehousing	936,141	1,223,594	(23%)
Manufacturing	2,034,436	1,055,649	93%
Others	3,338,671	909,636	267%
Total	10,491,349	6,568,841	60%

Due to the significant increase in the number and value of leasing projects launched this year, the Group's net Leasing Receivables amounted to approximately HK\$10,491.35 million, representing an increase of 60% compared to the previous year.

As at 31 December 2025, the maturity profile of the Group's net Leasing Receivables was as follows:

	2025 HK\$'000	2024 HK\$'000	Changes
Not later than 1 year	6,387,673	3,255,832	96%
1 to 2 years	2,493,363	1,971,711	26%
2 to 3 years	1,010,725	523,998	93%
Over 3 years	599,588	817,300	(27%)
	10,491,349	6,568,841	60%

The Group adopts International Accounting Standards to assess impairment of its Leasing Receivables. The Group uses a three-stage impairment model as well as the risk modelling approach which incorporates key parameters, including probability of default, loss given default and exposure at default to calculate ECL:

- Stage 1: After initial recognition, Leasing Receivables without significant increase in credit risk are classified in this stage. ECL will be assessed and recognized over the next 12 months;
- Stage 2: After initial recognition, Leasing Receivables with significant increase in credit risk but without objective evidence of impairment are classified in this stage. ECL will be measured over the whole period;
- Stage 3: Leasing Receivables with objective evidence of impairment are classified in this stage. For such Leasing Receivables, ECL will be measured over the whole period.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's Leasing Receivables as at 31 December 2025 were classified into 5 categories according to customers' repayment abilities, up-to-date repayment history, profitability and carrying values of the underlying leasing projects, relevant security and enforcement measures against customers, with Category I being the lowest risk and Category V being the highest risk. Specific ECL provision was made for each category.

(Expressed in HK\$'000) Category	31 December 2025			31 December 2024		
	Gross Leasing Receivables	Provision for ECL	Net Leasing Receivables	Gross Leasing Receivables	Provision for ECL	Net Leasing Receivables
I. Performing	10,181,253	4,473	10,176,780	6,268,168	1,719	6,266,449
II. Special Mention	311,717	17,496	294,221	294,555	12,739	281,816
III. Sub-standard	-	-	-	-	-	-
IV. Doubtful	26,573	6,225	20,348	51,300	30,724	20,576
V. Loss	9,631	9,631	-	17,613	17,613	-
Total	10,529,174	37,825	10,491,349	6,631,636	62,795	6,568,841

In FY2025, the provision for ECL decreased by 40% to HK\$37.83 million, mainly due to the Group having entered into debt settlement agreements during the year with one customer in the "Doubtful" category and one customer in the "Loss" category. In accordance with the agreements, the corresponding gross Leasing Receivables and provision for these categories were written off during the year, resulting in a decrease in the provision for ECL. The provision for ECL for the "Doubtful" and "Loss" categories decreased by approximately HK\$24.50 million and HK\$7.98 million, respectively. The provision for ECL ratio (calculated by dividing the provision for ECL by the total Leasing Receivables) decreased from 0.95% in FY2024 to 0.36% in FY2025.

The Group does not have material reliance on customers. The net Leasing Receivables' concentration breakdown is summarized below:

	As at 31 December 2025 HK\$'000	As at 31 December 2024 HK\$'000
Due from the five largest customers	26%	14%
Due from the largest single customer	7%	5%
Due from the largest single customer group*	10%	6%

* Customers are regarded as a "group" if one or more of them are subsidiaries, holding companies or fellow subsidiaries of the other.

As of 31 December 2025, about 99% (31 December 2024: 99%) of the net Leasing Receivables were due from state-owned enterprises, which made regular and timely repayment and the non-performing exposure was comparably low.

(2) Property Development and Investment

Business Segments	2025 HK\$'000	2024 HK\$'000	Changes
Segment revenue	137,577	89,570	54%
Property sales	135,787	87,476	55%
Rental income	1,790	2,094	(15%)
Cost of sales	(85,775)	(48,786)	76%
Gross profit	51,802	40,784	27%
Gross profit margin	38%	46%	(8%)
Segment results	40,741	29,279	39%

The Group derived its revenue from this segment by means of property sales and rental income. The property sales were entirely derived from its wholly owned CCT-Champs-Elysees project while the rental income was generated from the leasing of the commercial properties of the CCT-Champs-Elysees project and certain office premises of the Group.

During the year, the property development and investment segment recorded revenue of approximately HK\$137.58 million, representing an increase of about 54% compared to FY2024. This growth was primarily driven by the accelerated delivery progress of the CCT-Champs-Elysees project, which significantly boosted property sales revenue. Property sales revenue for the year amounted to approximately HK\$135.79 million, marking an increase of about 55% over FY2024.

During the year, the delivered floor area increased significantly, while unsold floor area decreased further. As at 31 December 2025, unsold floor area within the property portfolio held for sale comprised approximately 14,308 square meters of residential space (as at 31 December 2024: approximately 37,857 square meters) and approximately 647 square meters of commercial space (as at 31 December 2024: approximately 682 square meters).

As affected by the persistent downturn in China's real estate market, the average selling price per square meter of residential space decreased to approximately RMB 4,735 during the year (FY2024: approximately RMB 4,998). However, the increase in delivery volume offset the impact of the decline in average selling price.

The Group will continue to actively promote the sale of the remaining saleable properties in the CCT-Champs-Elysees project.

Rental income primarily derives from the leasing of commercial properties at the CCT-Champs-Elysees project and certain office properties of the Group. In FY2025, China's property leasing market remained under pressure, presenting challenges for the Group in retaining existing tenants and attracting new ones. Rental income for the year amounted to approximately HK\$1.79 million, representing a decrease of 15% from approximately HK\$2.09 million in FY2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Despite significant growth in property sales revenue, the gross profit margin for the property development and investment segment decreased from 46% to 38% during the year, primarily due to the continued downturn in China's real estate market and the resulting decline in the average selling price of residential units.

Benefiting from significant sales growth, the segment results of the property development and investment segment reached approximately HK\$40.74 million, representing an increase of 39% over FY2024.

(3) Marine Recreation Services and Hotel

Business Segments	2025 HK\$'000	2024 HK\$'000	Changes
Segment revenue	28,836	32,666	(12%)
Marine recreation services	21,714	26,508	(18%)
Hotel operation and others	7,122	6,158	16%
Cost of sales	(9,889)	(15,876)	(38%)
Gross profit	18,947	16,790	13%
Gross profit margin			
– Marine recreation services	70%	56%	14%
– Hotel operation and others	51%	34%	17%
Segment results	(6,424)	(5,856)	10%

The Group is engaged in marine recreation services and hotel operation in Hainan Province, the PRC, and the business mainly consists of: (i) marine recreation services; and (ii) hotel operation. Revenue for the marine recreation services and hotel segment amounted to approximately HK\$28.84 million, representing a decrease of 12% over FY2024. This decline was primarily attributable to challenges faced by the Company in Hainan's increasingly diversified tourism market, coupled with the phased impact of extreme weather conditions on marine recreation operation.

During the year, the Group continued to enhance operational management standards and service quality, driving an improvement in gross profit margin. However, a slight increase in administrative and selling expenses partially offset the impact of gross profit growth. This segment results recorded a loss of approximately HK\$6.42 million, an increase of 10% compared to the previous year.

B. Other Income and Gains, Net

The Group's total other income and gains, net amounted to approximately HK\$15.85 million, representing a decrease of 27% compared to the previous year. This was primarily attributable to reduced interest income from deposits and other financial assets, as well as from loans granted to related parties.

C. Selling and Administrative Expenses

The Group's selling expenses increased by 151% to HK\$25.97 million, primarily due to the reclassification of departmental expenses directly attributable to the marine recreation services and hotel operations into selling expenses.

The Group's administrative expenses decreased by 2% to HK\$96.02 million, mainly attributable to the exclusion of departmental expenses directly attributable to the marine recreation services and hotel operations from administrative expenses, thereby reducing administrative expenses.

D. Finance Costs

Business Segments	2025 HK\$'000	2024 HK\$'000	Changes
Total interest expense	162,247	210,113	(23%)
Less:			
Amounts included in the cost of sales	(150,588)	(184,519)	(18%)
	11,659	25,594	(54%)

The total interest expense for FY2025 fell to approximately HK\$162.25 million (FY2024: approximately HK\$210.11 million), marking a year-on-year decrease of 23%. This drop was principally attributed to the lower financing rates, thereby leading to a decrease in interest expenses.

In FY2025, the total interest expense primarily consisted of interest on bank borrowings of approximately HK\$88.67 million (FY2024: approximately HK\$131.19 million), interest on ABS of approximately HK\$44.29 million (FY2024: approximately HK\$70.15 million), and interest on loans from related parties of approximately HK\$11.75 million (FY2024: approximately HK\$8.50 million). After deducting the finance costs of approximately HK\$150.59 million (FY2024: approximately HK\$184.52 million) included in the cost of sales, the net finance costs during the year were approximately HK\$11.66 million (FY2024: approximately HK\$25.59 million), representing a year-on-year decrease of 54%. Out of the total interest expense, the interest expenses for bank loans in Hong Kong amounted to approximately HK\$5.85 million (FY2024: approximately HK\$21.54 million), which was mainly attributable to the decline in interest rates in Hong Kong and the decrease of bank loan balances.



III. OUTLOOK

Looking ahead to 2026, China's economic structure will continue to march toward "optimization," development momentum will continue to go toward "innovation," and the overall development trajectory will continue to maintain "positivity". New quality productive forces will develop steadily, with consumption and investment, technology and industry, as well as urban-rural and regional development all unleashing tremendous growth potential. The financial leasing industry possesses the unique advantage of "capital financing + asset financing," with its role in serving the real economy, supporting industrial transformation and development, and cultivating new-quality productive forces becoming increasingly prominent. Simultaneously, as industry regulation continues to tighten, the sector as a whole will focus more intensely on risk management and specialized development. During the 15th Five-Year Plan period, driven by the nation's accelerated cultivation of new-quality productive forces, industrial transformation and upgrading, and the transition to green development models, key sectors such as advanced manufacturing, new infrastructure, green and low-carbon initiatives, and the digital economy will enter a critical strategic opportunity phase. These areas boast broad development prospects and ample growth potential, providing sustained business opportunities for the financial leasing industry. They also create favorable development conditions for leasing enterprises possessing industrial resource advantages and specialized capabilities.

The Group will continue to focus on financial leasing as its core business. Leveraging its role as a state-owned capital operation company, the Group will concentrate on serving key sectors of state-owned enterprises, central state-owned enterprises, and the real economy. It will continuously enhance its specialized operational capabilities and risk management standards, seize business opportunities arising from industrial upgrades, and drive the high-quality development of its operations.

Regarding leasing operations, firstly, the Group will continue to adhere to a prudent, risk-first investment strategy, continuously optimizing its full-process risk management system covering pre-lease, during-lease, and post-lease phases. While ensuring asset security, we will enhance operational efficiency to achieve steady business performance. Secondly, in business expansion, the Group will closely align with national strategic priorities, focusing on core sectors such as major energy, major transportation, new equipment, and new infrastructure. Assets will be scientifically allocated based on industry development and actual demand to enhance asset quality and operational performance. Thirdly, in capital management, the Group will continue to expand diversified financing channels, deepen cooperation with major financial institutions, leverage issuance windows for bonds and asset securitization programs, further optimize financing structures, and effectively reduce funding costs to provide robust support for steady business growth. Simultaneously, the Group will accelerate digital transformation, drive information system upgrades and enhance data application capabilities. We will strengthen technological empowerment for business expansion, customer management, and risk monitoring, continuously elevating the level of informatization and refined management.

Regarding property development and investment operations, the Group will continue to advance sales and inventory clearance for existing projects, accelerate capital recovery, enhance asset turnover efficiency, and optimize resource allocation in a timely manner to support the sustained development of its core leasing business.

Regarding marine recreation services and hotel operations, the Group will continue to optimize the operational management of existing businesses, enrich its product portfolio, expand diversified business models, and further enhance operational efficiency.

As the sole overseas listed platform under China Chengtong Holdings Group Limited (“CCHG”), the ultimate controlling shareholder, the Group will further leverage its role as a capital operation platform both domestically and internationally. It will promote the deep integration of industry and finance, continuously enhance its capacity to serve the real economy and create value, and deliver long-term stable returns to shareholders. The Board of Directors is highly confident in the Group’s future development.

IV. ASSET STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The total assets and liabilities of the Group as at 31 December 2025 were detailed as follows:

	As at 31 December 2025 HK\$'000	As at 31 December 2024 HK\$'000	Changes
Non-current assets	4,783,073	3,861,767	24%
Current assets	7,602,398	4,515,607	68%
Total assets	12,385,471	8,377,374	48%
Current liabilities	(4,649,903)	(3,515,666)	32%
Non-current liabilities	(4,789,471)	(2,092,198)	129%
Total liabilities	(9,439,374)	(5,607,864)	68%
Total net assets	2,946,097	2,769,510	6%

The Group’s total net assets increased by 6% from 31 December 2024 to approximately HK\$2,946.10 million which was mainly due to the impact of RMB appreciation against HKD.

As the leasing operation of the Group recorded rapid growth during the year, there was a notable growth in the total assets and liabilities of the Group. Specifically, as at 31 December 2025, the Group’s total assets stood at approximately HK\$12,385.47 million, representing a significant increase of 48% from the end of the previous year. Current assets constituted 61% of the total assets, while Leasing Receivables remained the largest component of the assets, constituting 85% of the total assets.

Meanwhile, as at 31 December 2025, the Group’s total liabilities amounted to approximately HK\$9,439.37 million, representing an increase of 68% from the end of the previous year. The increase in total liabilities resulted from a rise in total borrowings to support the expansion of leasing operations. Among the total liabilities, the ratios of the current and non-current portion were 49% and 51% respectively.

As at 31 December 2025, the current ratio (calculated as total current assets divided by total current liabilities) was 1.63 times (as at 31 December 2024: 1.28 times), indicating the Group had sufficient liquidity and healthy solvency position. In addition, the Group had ample standby credit facilities in place as at 31 December 2025 to enhance the capital liquidity when needed.

As at 31 December 2025, the Group had cash and deposits (including pledged bank deposits, and bank balances and cash) of approximately HK\$1,057.04 million (as at 31 December 2024: approximately HK\$1,033.80 million), which accounted for 9% of the total assets. The majority of the Group’s cash and deposits were denominated in RMB, while the rest were denominated in HKD and United States dollars (“USD”).

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2025, the bank borrowings of the Group increased by 102% from the previous year and amounted to approximately HK\$5,243.98 million (as at 31 December 2024: approximately HK\$2,593.11 million). All of the Group's bank borrowings were denominated in RMB with repayment due dates ranging from 2026 to 2030. The effective annual interest rates of the bank borrowings in FY2025 ranged from approximately 2.80% to 4.81%.

As at 31 December 2025, the total outstanding balance of the ABS was approximately HK\$2,326.45 million (as at 31 December 2024: approximately HK\$2,136.28 million). Please refer to note 29 to the consolidated financial statements in this annual report for more details.

V. FINANCIAL LEVERAGE RATIOS

	2025 Times	2024 Times
Total debts/Total equity	3.07	1.77
Total debts/Total assets	0.73	0.59
Total debts/EBITDA	43	23
Interest coverage	10	4

As the Group's leasing business has grown, the financial structure of the Group has undergone changes.

As at 31 December 2025, the debt-to-equity ratio (as calculated by dividing total interest bearing loans by total equity) and debt-to-asset ratio were 3.07 times and 0.73 times respectively. Due to the increase in the Group's profit before tax for the year and the decrease in finance costs, the interest coverage ratio (as calculated by dividing consolidated profit before tax and finance costs by finance costs) increased significantly to 10 times, suggesting that the Group maintained sufficient funds to meet its interest payment obligation. The change in the above set of ratios showed that the Group's financial position was enhanced and reflected its ability to manage debt levels.

VI. SIGNIFICANT INVESTMENTS

As at 31 December 2025, the Group had no significant investment exceeding 5% of the total asset value of the Group.

Looking forward, the Group is committed to the development of leasing business and will be prudent to invest in other financial assets to maximize shareholders' value.

VII. RISK MANAGEMENT POLICIES

The Group has implemented rigorous risk management policies to monitor Leasing Receivables at every stage of the business cycle, in order to ensure that the Group has robust and prudent standards for credit risk taking, management and monitoring for all Leasing Receivables which involves the following key steps:

Review and Approval of Leasing Arrangements

The respective business departments of Chengtong Financial Leasing conducts thorough due diligence on potential lessees, scrutinizing their backgrounds, business profiles, financial standings, credit ratings, compliance records, and loan repayment histories. Additionally, they assess the intended use of the principal amount by the proposed lessee. Simultaneously, the legal department verifies the titles of the proposed leased assets to ensure their tradability and the proposed lessee's clear ownership rights over them.

Following these assessments, the review and appraisal department of Chengtong Financial Leasing further evaluates each transaction, focusing on risk assessment. Factors such as the proposed lessee's funding sources for repayment, profitability, equity position, and cash flow status are considered. Moreover, the valuation of the proposed leased assets in secondary markets, as well as the proposed lessee's business outlook and prevailing market conditions, are scrutinised before submission for management's approval.

Monitoring and Risk Management

The risk management department of Chengtong Financial Leasing conducts sampling inspections of the leasing arrangements at timely intervals to evaluate the effectiveness of the Group's internal control measures and assess the progress of these transactions. In terms of credit risk assessment for various leasing arrangements, the review department conducts continuous evaluations of credit risk control measures, enhances scrutiny of the financial conditions of the customers, focusing on various critical areas such as asset quality, debt structure, debt repayment capabilities, and financial ratios to ensure a comprehensive assessment of potential risks.

VIII. TREASURY POLICIES

The business activities and operations of the Group were mainly carried out in the Chinese Mainland and Hong Kong, involving transactions denominated in RMB, HKD and USD, which exposed the Group to foreign currency risks. Moreover, as at 31 December 2025, the Group had borrowings denominated in RMB, which bore interest on fixed interest rates and/or floating interest rates, thereby exposed the Group to interest rate risks.

(a) Foreign Currency Risks

During FY2025, the Group's businesses were principally conducted in RMB, while most of the Group's assets and liabilities were denominated in HKD and RMB. Any fluctuation in the exchange rate of HKD against RMB may have an impact on the Group's results. As at 31 December 2025, the net assets of the Group's business in the PRC were approximately RMB3,118.87 million and were converted into HKD at the exchange rate applicable as at the end of the reporting period. As RMB appreciated against HKD during FY2025, the Group's foreign exchange reserve increased by approximately HK\$127.52 million as at 31 December 2025.

(b) Interest Rate Risks

As at 31 December 2025, the Group had RMB-denominated bank borrowings of approximately HK\$5,243.98 million. Among the bank borrowings, approximately HK\$785.97 million were based on floating interest rates and approximately HK\$4,458.01 million were based on fixed interest rates. The floating borrowing rates of the RMB-denominated bank loans in the PRC and Hong Kong varied according to the change in LPRs and the Hong Kong Interbank Offered Rate for RMB (“**CNH HIBOR**”) in Hong Kong respectively.

The Group’s ABS have different fixed coupon rates for different classes in the priority tranche. Corporate bonds on fixed coupon rates amounted to HK\$1,124 million (depends on the coupon rate adjustment and the option exercisable by the Group). In addition, as at 31 December 2025, the Group had borrowings from related parties denominated in RMB of HK\$359.83 million which bore interest at fixed interest rates.

Most of the Group’s Leasing Receivables were accounted for using floating interest rates which were benchmarked to the prevailing LPR and effectively hedged against the interest rate risks arising from the Group’s bank borrowings in the PRC.

Currently, the Group does not take any hedging measures against the aforementioned risks but will closely monitor the movements of interest rates and foreign currency exchange rate, and will use interest rate and foreign currency swaps and forward foreign exchange contracts for risk management and hedging purposes, where appropriate, with a view to managing the Group’s exposure to those risks. The Group has adopted a conservative treasury policy and will not enter any derivative financing transactions for speculative purposes. It is also the Group’s policy not to invest in financial products with significant underlying leverage or derivative exposure, including hedge funds or similar instruments.

IX. PLEDGE OF ASSETS

As at 31 December 2025, the Group’s pledged bank deposits amounted to approximately HK\$2.76 million, while it amounted to approximately HK\$2.63 million as at 31 December 2024. As at 31 December 2025, the pledged bank deposits mainly included approximately HK\$2.58 million (as at 31 December 2024: approximately HK\$2.47 million) pledged as security for banking facilities granted to mortgagors of the CCT-Champs-Elysees project. As at 31 December 2025, no bank deposit was pledged as security for bills payables for leasing business (as at 31 December 2024: nil).

As at 31 December 2025, Leasing Receivables with an aggregate carrying value of approximately HK\$5,671 million (as at 31 December 2024: approximately HK\$2,636.19 million) and trade receivables under operating lease business with carrying amount of approximately HK\$315,713 (as at 31 December 2024: HK\$123,000) were charged as security for the Group’s bank borrowings with carrying amount of approximately HK\$5,081.79 million (as at 31 December 2024: approximately HK\$2,286.12 million). Leasing Receivables with an aggregate carrying value of approximately HK\$2,902.47 million (as at 31 December 2024: approximately HK\$2,074.85 million) and trade receivables under operating lease business with carrying amount of approximately HK\$1.71 million (as at 31 December 2024: approximately HK\$1.19 million) were charged as security for the Group’s ABS with carrying amount of approximately HK\$2,322.10 million (as at 31 December 2024: approximately HK\$2,136.28 million).

X. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at 31 December 2025, the Group did not have any capital commitment. Please refer to notes 37 and 38 to the consolidated financial statements in this annual report for details of the Group's contingent liabilities and capital commitments, respectively.

XI. FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this annual report, the Group does not have any future plans for other material investments or capital assets in the coming year.

XII. EVENT AFTER REPORTING PERIOD

No significant event has occurred after the end of the year under review.

Directors

Ms. Sun Jie

Ms. Sun, aged 54, is a non-executive Director of the Company and the Chairlady of the Board. Ms. Sun joined the Group in December 2024. She is currently a member of the Nomination Committee and the Remuneration Committee of the Company. She obtained a bachelor's degree in economics, majoring in economic management, from the Soochow University in the PRC in 1993 and a master's degree in management, majoring in accounting, from Renmin University of China in 2003. She is a non-practicing certified public accountant and a senior accountant in the PRC. Ms. Sun had been in the education industry for about 9 years and had worked successively as a teaching assistant, lecturer and internal associate professor at the Nuclear Industry Management Cadre College during the period from 1993 to mid-2002. Ms. Sun joined the group of CCHG since June 2002 and had worked in the finance department of various subsidiaries of CCHG until September 2024. She had served as the financial controller of China Chengtong Hong Kong Company Limited ("CCHK", the Company's immediate holding company) for over 16 years during the period from early 2006 to March 2022. Ms. Sun is currently the chief accountant of CCHK, which has an interest in the 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.

Mr. Chen Jianying

Mr. Chen, aged 49, is an executive Director of the Company. Mr. Chen joined the Group in May 2024. He holds a bachelor's degree in engineering from Wuhan University of Automotive Technology (now known as Wuhan University of Technology) and a master's degree in economics from Wuhan University of Technology. Mr. Chen has over twenty years of experience in the financial leasing industry, and is currently the Chairman of the board of directors of Chengtong Financial Leasing, an indirect wholly-owned subsidiary of the Company and a director and the general manager of Chenghang (Hangzhou) Financial Leasing Co., Ltd. and a director of several subsidiaries of the Company. He previously held various senior positions in Far East International Leasing Co., Ltd., Shanghai Electric Financial Leasing Co., Ltd., Pu Yin Financial Leasing Co., Ltd., Global Medical Financial and Technical Consulting Services Co., Ltd. (China Global Leasing Company) and Hongchuang Financial Leasing Co., Ltd..

Mr. Zhang Chuanyi

Mr. Zhang, aged 43, is an executive Director and the deputy general manager of the Company. He is currently the chairman of the Environmental, Social and Governance ("ESG") Committee. He holds a master's degree in management (technology economics and management) from the School of Management and Economics, Beijing Institute of Technology. Mr. Zhang joined the Company in March 2011 and, from 2011 to 2025, has successively served as a project manager of the Land Resources Development Department, a deputy general manager of a Mining Resources Department II, a deputy general manager and then the general manager of the Investment Development Department. Mr. Zhang was the general manager of the Strategic Development Department of CCHK. Mr. Zhang is an assistant general manager of CCHK and a director of several subsidiaries of CCHK. He is currently the director and the general manager of Chengtong Financial Leasing and a director of several subsidiaries of the Company.

Ms. Bai Chunrui

Ms. Bai, aged 43, is an executive Director of the Company. Ms. Bai obtained a master's degree in Management from the School of Accounting, Central University of Finance and Economics. She is a PRC Certified Public Accountant and holds the qualifications of Corporate Legal Counsel and is an Intermediate Economist. Ms. Bai joined the Company in July 2012 and has successively served as a deputy general manager and a general manager of the Risk Control and Legal Affairs Department. Since June 2020, she has successively served as a general manager of the Risk Management and Legal Affairs Department, a general manager of the Audit Department of CCHK, the controlling shareholder of the Company. Ms. Bai is currently serving as a General Counsel, the general manager of the Legal Compliance Department and a director of several subsidiaries of CCHK. She is currently a director of Chengtong Financial Leasing and several subsidiaries of the Company.

Mr. Lee Man Chun, Tony

Mr. Lee, aged 72, is an independent non-executive Director of the Company. Mr. Lee joined the Group in November 2013. He is currently the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee. Mr. Lee obtained a master's degree in Business Administration from Chu Hai College of Higher Education in 1981. He is a member of the Hong Kong Institute of Certified Public Accountants. He has over 40 years of experience in accounting, capital markets, corporate management, finance and banking. Previously, he worked for and held senior positions in Standard Chartered Bank (Hong Kong) Limited and Sanwa International Finance Ltd. Mr. Lee was an executive director of Shenwan Hongyuan (H.K.) Limited (formerly known as Shenyin Wanguo (H.K.) Limited) (the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**")) from June 2000 to June 2017, and served as its chief executive officer during the period from July 2000 to March 2012.

Professor He Jia

Professor He, aged 71, is an independent non-executive Director of the Company. Professor He joined the Group in September 2015. He is currently the chairman of the Remuneration Committee and a member of the Audit Committee and the ESG Committee. He holds a PhD degree in Finance from the Wharton School of University of Pennsylvania, the United States. Currently, he is the Dean of Shanghai North Bund Finance Institute, the Changjiang Scholar Chair Professor of the Ministry of Education, the Chair Professor of Shandong University, and an executive director and academic member of the China Society for Finance and Banking. Professor He is currently an independent director of Tibet Huayu Mining Co., Ltd. (the shares of which are listed on the Shanghai Stock Exchange).

Apart from the above, Professor He was also previously an independent non-executive director of a number of listed companies in Hong Kong and Shanghai, including Bank of Tianjin Co., Ltd., Wealthking Investments Limited (currently known as Wealthink AI-Innovation Capital Limited), Shanghai Junshi Biosciences Co., Ltd. and CITIC Securities Company Limited. He was also an independent director of a number of listed companies in Shanghai and Shenzhen, including Xinlong Holding (Group) Co., Ltd., Norinco International Cooperation Company Limited, Tsinghua Tongfang Co., Ltd., Xgd Inc. and Shenzhen Soling Industrial Co., Ltd.. He was also an independent director of China Investment Securities Co., Ltd..



Professor He was a financial consultant for the Chengdu and Quanzhou municipal governments. He was also a jointly appointed professor at the Tsinghua University, the leading professor of the Faculty of Financial Mathematics and Engineering at the South University of Science and Technology, a professor of the Department of Finance and a director of the MBA program in Finance at the Chinese University of Hong Kong. He was also an editor of China Financial Economics Review, and served as a member of the editorial committee of a number of journals, including China Accounting and Finance Review and Research in Banking and Finance. Professor He was a member of the Planning and Development Committee of China Securities Regulatory Commission from June 2001 to August 2002, and a director of integrated research institute of the Shenzhen Stock Exchange from June 2001 to October 2002.

Mr. Liu Lei

Mr. Liu, aged 52, is an independent non-executive Director of the Company. Mr. Liu joined the Group in May 2025. He is currently the chairman of the Nomination Committee and a member of the Audit Committee and the ESG Committee. He holds the Chinese Certified Public Accountant (CICPA) qualification, and holds a Master' degree of Business Administration from the University of Northampton. He is currently a visiting professor of the School of Accounting, Henan Finance University. From 2010 to 2024, Mr. Liu served as a partner in the Audit and Business Advisory Department at PricewaterhouseCoopers Zhong Tian LLP, where he was a key member of the firm's capital markets group. Mr. Liu has acquired nearly 30 years of experience in auditing, capital markets and financial advisory services. He possesses extensive expertise in initial public offerings, mergers and acquisitions, reorganisation, bonds offering and real estate investment trusts in both the People's Republic of China ("PRC") and Hong Kong.

Senior Management

Ms. Liu Chang

Ms. Liu, aged 42, is the joint company secretary of the Company. She joined the Company since March 2025 and is currently the General Manager of the Operations Management Department and the Deputy General Manager of Chengtong Financial Leasing. Ms. Liu holds a Master of Science in Quantitative Finance from Fordham University Graduate School of Business and a Bachelor of Science in Finance from Tsinghua University. She has held senior roles in various organisations where she managed investor relationship for listed entities, oversaw onshore and offshore capital markets financing, and developed strategic capital market solutions etc. Ms. Liu has extensive experience in capital markets, corporate finance and investor relations.

Mr. Cheng King Yip

Mr. Cheng, aged 37, appointed as a joint company secretary of the Company on 26 September 2025. He has more than thirteen years of experience in providing services related to company secretary, sustainability advisory and auditing, corporate governance advisory and internal control assessment. Mr. Cheng obtained a Bachelor of Business Administration (Honours) in Accountancy and Management Information Systems from the City University of Hong Kong in July 2010. Mr. Cheng is a member of the Hong Kong Institute of Certified Public Accountants, and Certified ESG Analyst. Mr. Cheng is currently a committee member of the Sustainability Committee of the Hong Kong Institute of Certified Public Accountants. He has been an independent non-executive director of Hua Lien International (Holding) Company Limited (Stock Code: 969) since August 2025 and an independent non-executive director of New Amante Group Limited (Stock Code: 8412) since April 2026.

The Board is pleased to present the corporate governance report of the Group for the year.

Corporate Culture and Governance

The Board considers the followings as our core values: (i) investing in sustainable development; (ii) upholding business ethics; (iii) pursuing high quality products and services; (iv) prioritising green development; and (v) building a people-oriented organisation. The Board has ensured that these values are embedded throughout the Group. Details of the implementation of such values into the Group's daily operations are set out in this report and the ESG report of the Company for the year.

The above core values shape our corporate culture which is centered on committing to continuous improvement in order to maintain competitiveness in the dynamic business environment and in turn creating long-term value for our shareholders. All Directors have used their best endeavours to uphold the core values and promote them throughout the Group.

In pursuing the core values, the Group considers good corporate governance is vital to the healthy and sustainable development of the Group and the Group strives to uphold high standards of corporate governance continuously.

In the opinion of the Directors, the Company has complied with all the code provisions of the Corporate Governance Code ("**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") for the year, save for the deviation from Code Provision C.2.1 of the CG Code during the period from 1 January 2025 to 7 November 2025 as disclosed in the paragraph headed "Chairman and Managing Director" below.

The Company periodically reviews its corporate governance practices to ensure those continue to comply with the CG Code, and acknowledges the important role of the Board in providing effective leadership and direction to the Group's business and ensuring operational transparency and accountability.

The key corporate governance principles and practices of the Company during the year are summarised as follows:

The Board

Responsibilities

The Board provides leadership for the Company in the interests of the shareholders, approves policies, strategies and plans, and oversees their implementation to sustain the healthy growth of the Company.

The Board is responsible for all major matters of the Group, and the approval and monitoring of all material changes in policies, including risk management strategies, dividend policy, appointment of directors and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the company secretary of the Company, with a view to ensure that the Board's procedures and all applicable laws, rules and regulations are followed. In general, each Director can seek independent professional advices in appropriate circumstances at the Company's expenses, upon making such request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the Managing Director (if any), executive Directors and senior management. Approval from the Board has to be obtained prior to entering into any significant transactions.

Composition

The composition of the Board encompasses the necessary balance of skills and experiences desirable for effective leadership of the Group and reflects the independence in decision-making of the Board.

During the year and as at the date of this report, the Board comprised the following Directors:

Non-executive Director

Ms. Sun Jie (*re-designated from executive Director and appointed as Chairlady of the Board and a non-executive Director with effect from 7 November 2025*)

Executive Directors

Mr. Li Qian (*resigned as executive Director and Chairman of the Board with effect from 7 November 2025*)

Mr. Chen Jianying (*appointed with effect from 7 November 2025*)

Mr. Zhang Chuanyi (*appointed with effect from 7 November 2025*)

Ms. Bai Chunrui (*appointed with effect from 7 November 2025*)

Independent Non-executive Directors

Mr. Lee Man Chun, Tony

Professor He Jia

Mr. Liu Lei (*appointed with effect from 23 May 2025*)

Professor Chang Qing (*resigned with effect from 23 May 2025*)

The list of Directors (by category) is disclosed in all corporate communications issued by the Company and on the websites of the Company and the Stock Exchange pursuant to the Listing Rules.

Chairman and Managing Director

The Group has clearly defined and set out in writing to ensure a balance of power and authority of the respective responsibilities of the Chairman and the Managing Director.

The Chairman of the Board provides leadership to the Board and is responsible for ensuring that relevant duties and responsibilities are fully and appropriately executed by the Directors in accordance with good corporate governance practice. With the support of the senior management, the Chairman of the Board is also responsible for ensuring that each of the Directors can timely receive adequate, complete and reliable information and appropriate briefing on issues to be discussed at Board meetings.

The Managing Director is responsible for leading the management to implement policies, strategies as well as all goals and plans adopted and approved by the Board, and is in charge of the Company's day-to-day operations.

The Company has no individual holding the title of chief executive officer or managing director since 25 December 2024 as the Company has not identified a suitable candidate to take up the role. From 1 January 2025 to 7 November 2025, Mr. Li Qian, the Chairman of the Board, has also been overseeing the day-to-day management of the Group's business with the support of the management staff. This constituted a deviation from Code Provision C.2.1 of the CG Code which provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Following the resignation of Mr. Li Qian, with effect from 7 November 2025, Ms. Sun Jie was re-designated as a non-executive Director and Chairlady of the Board to lead the Board and to ensure that the Directors receive timely and sufficient information for Board meetings. Thereafter, the functions of chief executive officer or managing director have been carried out by the executive committee, which comprises three executive Directors and serves as a standing body responsible for implementing the Board's operational and management decisions in accordance with the Company's internal rules and procedures. The Board believes this arrangement ensures an appropriate balance of power and authority.

Relationship among Board Members

There is no financial, business, family or other material/relevant relationship among members of the Board.

Board Independence Mechanism

The Company has established mechanism to ensure independent views and input are available to the Board. The Company has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors representing not less than one-third of the Board, with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company has adopted the Independent View Policy, pursuant to which the independent non-executive Directors are required to, among other matters, (i) keep up-to-date with the Company's business affairs and be involved in scrutinising the Company's performance in achieving agreed corporate goals and objectives, and monitor the relevant reporting; and (ii) bring independent judgment to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct, and assist in reviewing some of the Board's major decisions, the Company's performance in relation to corporate goals, and monitor the relevant reporting. The Board reviews the implementation of the Board independence mechanism on an annual basis and considers that it remains effective for the year. The Company has received written annual confirmation from each of the existing independent non-executive Directors of his independence pursuant to the requirements of Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

The independent non-executive Directors bring a wide range of business and financial expertise and relevant experience to the Board and provide independent opinions for decision-making of the Board. Through active participation in Board meetings, taking the lead in issues involving potential conflicts of interest and serving on committees of the Board, all independent non-executive Directors make positive contributions to the orderly management and effective operation of the Company.



Appointment and Succession Planning of Directors

The Board has established the Nomination Committee and adopted formal, considered and transparent procedures for the appointment and succession planning of Directors. Appropriate candidates for directorship as properly selected by the Nomination Committee will be proposed to the Board for approval.

The Board and the Nomination Committee as a whole are responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession planning of Directors and assessing the independence of independent non-executive Directors. The Board and the Nomination Committee review the structure, size and composition of the Board regularly to ensure that it has a balance of expertise, skills, experience and diversity of perspectives and gender etc. appropriate to the requirements of the business of the Group. All Directors are appointed for a term of one year except for the Directors newly appointed in FY2025, they were appointed for the period from their date of appointments to 30 June 2026. All Directors are subject to retirement by rotation and re-election at the AGM of the Company at least once every three years. In accordance with the Articles of Association of the Company, one-third of the Directors are subject to retirement by rotation every year and any new Director appointed to fill a causal vacancy or as an addition to the Board shall hold office only until the next following AGM of the Company and shall then be eligible for re-election at such meeting.

The Board recommended the re-appointment of the Directors standing for re-election at the forthcoming AGM of the Company. Detailed information of the Directors standing for re-election will be set out in the circular of the Company in relation to the forthcoming AGM to be available to the shareholders.

Board Diversity Policy

The Company has adopted a Board Diversity Policy and continuously seeks to enhance the effectiveness of the Board and to maintain the highest standards of corporate governance and recognises and embraces the benefits of having a diverse Board.

The Company believes that diversity of the Board can be achieved through consideration of a number of factors when deciding on appointments of Directors, including but not limited to gender, age, race, cultural and educational background, length of service, skills, professional experience, regional and industrial experience, and any other factors that the Board deems appropriate from time to time. For the purpose of implementing board diversity, the Company will also take into account factors based on its own business model and specific needs from time to time.

The composition, experience and balance of skills in the Board are regularly reviewed and assessed to ensure that the Board retains core members who have an understanding of the Group for a long period of time alongside with new Director(s) to be appointed from time to time who bring(s) fresh perspectives and diverse experiences to the Board. The Nomination Committee has the primary responsibility for identifying suitably qualified candidates to become members of the Board and, in carrying out such responsibility, will give adequate consideration to the Board Diversity Policy. The Nomination Committee believes that the current composition of the Board is based on the history and actual conditions of the Company and demonstrates a thorough consideration of the factors for achieving board diversity.

The Board shall review the implementation and effectiveness of the Board Diversity Policy on an annual basis to ensure its continuous effectiveness. The Nomination Committee will also assess the merits and contribution brought by the Directors to the Board against the objective criteria, with due regard for the benefits of diversity on the Board that would complement the Company's corporate strategy.

As at the date of this report, the Board comprised seven Directors including five male and two female members, thereby achieving gender diversity on the Board. The Company endeavors to continuously look for female Director with the necessary skills, experience and calibre appropriate to the Company's business so to maintain/enhance healthy balance of gender diversity in the Board.

The Board believes gender diversity will offer the Board with new insights and will enhance the decision-making process and foster the business development of the Group. In the future, the Board will continue to place emphasis on the nomination of Directors to ensure that qualified female candidates are given equal consideration alongside male counterparts. The Company will ensure, by placing emphasis on gender diversity in the Board succession planning process, to have a diverse pipeline of candidates to the Board when vacancies arise.

Apart from gender diversity at the Board level, the Company also targets to avoid a single-gender workforce (including the senior management). As at 31 December 2025, male and female employees represent approximately 63% and 37% of the Group's workforce (including the senior management) respectively which indicate that the Group has maintained a balanced gender ratio in the workforce. Although gender diversity issue is less relevant to the Group given the nature of the Group's business, the Company will still pay due regard to this issue and review the gender diversity of the workforce in accordance with the business development of the Group from time to time.

Board Meetings

Number of Meetings and Directors' Attendance

Regular Board meetings are held at least four times a year at approximately quarterly intervals for reviewing the Group's financial and operating performance, discussing and approving annual and interim results, as well as considering and approving the overall strategies of the Company.

During the year, nine Board meetings were held, including four regular Board meetings.

The individual attendance record of each Director in respect of the Board meetings held during the year is set out below:

Name of Directors	Attended/ No. of Eligible Meetings
Non-executive/Executive Directors	
Mr. Li Qian (<i>note 1</i>)	9/9
Ms. Sun Jie	9/9
Mr. Chen Jianying (<i>note 2</i>)	0/0
Mr. Zhang Chuanyi (<i>note 2</i>)	0/0
Ms. Bai Chunrui (<i>note 2</i>)	0/0
Independent Non-executive Director	
Mr. Lee Man Chun, Tony	9/9
Professor He Jia	9/9
Mr. Liu Lei (<i>note 3</i>)	8/8
Professor Chang Qing (<i>note 4</i>)	1/1

notes:

1. Mr. Li Qian resigned as an executive Director and the Chairman of the Board with effect from 7 November 2025 and nine Board meetings were held during his tenure in 2025.
2. Mr. Chen Jianyin, Mr. Zhang Chuany and Ms. Bai Chunrui were appointed as executive Directors with effect from 7 November 2025 and no Board meetings were held during their tenures in 2025.
3. Mr. Liu Lei was appointed as independent non-executive Director with effect from 23 May 2025 and eight Board meetings were held during his tenure in 2025.
4. Professor Chang Qing resigned as independent non-executive Director with effect from 23 May 2025 and one Board meeting was held during his tenure in 2025.

Practices and Conduct of Meetings

Meeting schedules and agenda of each Board meeting are normally made available to the Directors in advance. Notices of regular Board meetings are served to all Directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all Directors in a timely manner before each Board meeting or committee meeting to keep the Directors apprised of the latest development and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

During the year, the company secretary/joint company secretaries of the Company assists the Chairman/Chairlady of the Board to prepare the agenda for the Board meetings and ensures that all applicable rules and procedures are followed in each meeting. Draft agenda is sent to all Directors in advance to allow Directors to include any matter they would like to discuss in the meeting. Draft minutes are circulated to all Directors for review and amendment as soon as practicable after the meeting is held. All Board members will be given a copy of the finalised minutes approved by Directors who attended the meeting.

Should a Director have any conflict of interest in any proposed transactions, the Director concerned will abstain from voting on related resolutions. Directors without any conflict of interest will be present at the Board meetings to vote and resolve on such issues.

Board Committees

The Board has established five committees, namely, the Executive Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee and the ESG Committee, each overseeing and being responsible for affairs in different aspects of the Company. All Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expenses.

Executive Committee

The Executive Committee served as a special committee under the Board for the period from 1 January 2025 to 7 November 2025, comprised all the then existing executive Directors, with Mr. Li Qian being the chairman and Ms. Sun Jie being a member. The Executive Committee is responsible for the daily business operations and management of the Company, the execution of decisions and strategies of the Board within the scope of authorisation granted by the Board. The Executive Committee regularly reports to the Board regarding the Group's business operations and seeks its advice and approval on matters involving material decision-making.

With effective from 7 November 2025, the Executive Committee ceased to be a special committee under the Board and instead act as the standing body responsible for implementing the Board's operational and management decisions. The subsequent related work is carried out in accordance with the Company's internal rules and procedures.

Audit Committee

At the beginning of the year, the Audit Committee comprised three independent non-executive Directors, namely, Mr. Lee Man Chun, Tony (chairman of the Audit Committee), Professor He Jia and Professor Chang Qing.

With effect from 23 May 2025, Professor Chang Qing ceased to be an independent non-executive Director of the Company and a member of Audit Committee and Mr. Liu Lei was appointed as a new independent non-executive Director of the Company and a new member of the Audit Committee.

Hence since 23 May 2025 and as at 31 December 2025, the Audit Committee comprised Mr. Lee Man Chun, Tony as chairman and Professor He Jia and Mr. Liu Lei as members.

Mr. Lee Man Chun, Tony and Mr. Liu Lei are both the independent non-executive Directors who possesses the appropriate professional accounting qualifications and financial management expertise. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The main duties of the Audit Committee include the following:

- (a) to review the financial statements and reports of the Company and consider any significant or unusual items raised by the internal auditor or external auditor before submission to the Board;
- (b) to oversee the relationship between the Company and the external auditor, to approve the remuneration and terms of engagement of the external auditor, and make recommendation to the Board on the appointment, reappointment and removal of the external auditor; and
- (c) to review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

The Audit Committee has held three meetings during the year to review the audit plan, financial results and reports, capital management system, the risk management and internal control system, the effectiveness of the internal audit function of the Company and to perform its other duties under the CG Code.

There was no disagreement between the Audit Committee and the Board in respect of matters about selection, appointment, resignation or dismissal of an external auditor.

During the year, the Company's annual results for the year ended 31 December 2024 and the interim results for the six months ended 30 June 2025 have been reviewed by the Audit Committee.

Remuneration Committee

At the beginning of the year, the Remuneration Committee comprised two independent non-executive Directors, namely Professor He Jia (chairman of the Remuneration Committee) and Mr. Lee Man Chun, Tony and one executive Director, namely Mr. Li Qian.

With effect from 7 November 2025, Mr. Li Qian resigned as an executive Director of the Company and a member of the Remuneration Committee and Ms. Sun Jie, a re-designated non-executive Director, was appointed as a new member of the Remuneration Committee. Hence, since 7 November 2025 and as at 31 December 2025, the Remuneration Committee comprised Professor He Jia as the chairman and Mr. Lee Man Chun, Tony and Ms. Sun Jie as members.

The primary duties of the Remuneration Committee include making recommendations to the Board on the remuneration policy and structure of the Company as well as on the remuneration packages of individual Directors and the senior management. The human resources department of the Group is responsible for the collection and administration of the human resources data and making recommendations to the Remuneration Committee for consideration. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his associates will participate in deciding on his own remuneration. The remuneration of the Directors and the senior management of the Company is determined by reference to the performance of the individual and the Company, their roles and functions in the Group and, if applicable, in the group members of CCHG, the Company's ultimate holding company, as well as market conditions.

The Remuneration Committee held one meeting during the year to review the remuneration policy and structure of the Company and the remuneration packages of the Directors. At the meetings, the Remuneration Committee discussed the performance of the Directors and the senior management, reviewed the Directors service contracts, considered their roles and functions, salaries and/or director's fees paid by comparable companies and general employment conditions before making recommendations to the Board regarding the remuneration packages of the Directors and all employees including the senior management.

Nomination Committee

At the beginning of the year, the Nomination Committee comprised two independent non-executive Directors, namely Professor Chang Qing and Mr. Lee Man Chun, Tony, and one executive Director, namely Mr. Li Qian (chairman of the Nomination Committee).

With effect from 23 May 2025, Mr. Li Qian resigned as the chairman of the Nomination Committee and Mr. Liu Lei was appointed as a new independent non-executive Director of the Company and a new member and the chairman of the Nomination Committee. On the same day, Professor Chang Qing resigned as an independent non-executive Director of the Company and a member of the Nomination Committee and Ms. Sun Jie, an executive Director who was re-designated as a non-executive Director on 7 November 2025, was appointed as a new member of the Nomination Committee. Hence, since 23 May 2025 and as at 31 December 2025, the Nomination Committee comprised Mr. Liu Lei as the chairman and Mr. Lee Man Chun, Tony and Ms. Sun Jie as members.

The Nomination Committee is responsible for, among others, nominating candidates for directorship appointment and succession, reviewing the composition and structure of the Board from time to time and making recommendations to the Board in order to ensure the balance and diversity of expertise, skills, experience and gender etc. among the members of the Board.

According to the Nomination Policy adopted by the Company, appointments of Board members will be made on a merit basis and candidates will be considered against objective criteria. The selection criteria used in assessing the suitability of a candidate include:

- the candidate's academic background and qualifications (including professional qualifications, skills and knowledge which are relevant to the Company's business and corporate strategy);
- the candidate's relevant experience in the industry;
- the candidate's character and integrity;
- the candidate's willingness and capacity to devote adequate time in discharge of a director's duties;
- whether the candidate can contribute to the Board a diversity of perspectives, including but not limited to gender, age, race, cultural and educational background, professional experience, skills, knowledge and length of service;
- (where the candidate is proposed to be appointed as an independent non-executive Director) whether the candidate is in compliance with the criteria of independence under the Listing Rules; and
- any other factors as may be determined by the Board from time to time.



In terms of nomination procedures, any Board member may nominate or invite a candidate for appointment as a Director to be considered by the Nomination Committee. The Nomination Committee will then evaluate the personal profile of the candidate based on the selection criteria set out above, undertake due diligence in respect of such candidate and make recommendation for the Board's consideration and approval. For nomination of independent non-executive Director, the Nomination Committee will also assess the candidate's independence in accordance with the CG Code and the Listing Rules. For re-appointment of retiring Directors, the Nomination Committee will review the candidate's overall contribution and performance (including the candidate's attendance at Board committee meetings, Board meetings and general meetings, his/her level of participation and performance in the Board), and make recommendations to the Board and the shareholders for re-election at general meetings.

During the year, the Nomination Committee held two meetings to review the composition and the functioning of the Board as well as the matters relating to appointment of new Directors and re-election of retiring Directors. The Nomination Committee reviewed the detailed resumes of Mr. Liu Lei, Mr. Chen Jianying, Mr. Zhang Chuanyi and Ms. Bai Chunrui and having made due regard to the Nomination Policy and the Board Diversity Policy, recommended to the Board for their appointments as an independent non-executive Director or executive Directors.

ESG Committee

At the beginning of the year, the ESG Committee comprised two independent non-executive Directors, namely Professor Chang Qing (as chairman of the ESG Committee) and Professor He Jia, and one executive Director, namely Ms. Sun Jie.

With effect from 23 May 2025, Professor Chang Qing resigned as an independent non-executive Director of the Company and the chairman and a member of the ESG Committee, where Ms. Sun Jie was re-designated as the chairman of the ESG Committee and Mr. Liu Lei was appointed as a new independent non-executive Director of the Company and a new member of the ESG committee.

With effect from 7 November 2025, Ms. Sun resigned as the chairman and a member of the ESG Committee and Mr. Zhang Chuanyi was appointed as a new executive director and a new member and chairman of the ESG Committee. Hence, since 7 November 2025 and up to 31 December 2025, the ESG Committee comprised Mr. Zhang Chuanyi as the chairman and Professor He Jia and Mr. Liu Lei as members.

The ESG Committee is mainly responsible for (a) formulating the Group's ESG strategies and objectives; (b) coordinating and supervising ESG-related matters of the Group; (c) identifying significant ESG risks; (d) monitoring the effectiveness of ESG risk management and internal control; (e) coordinating for the preparation of the ESG report; and (f) performing other duties and functions assigned to the ESG Committee by the Board from time to time.

During the year, the ESG Committee held one meeting to review the Group's ESG report for the year ended 31 December 2024, to discuss the direction and strategies of the Group's ESG matters, and the new disclosure requirements for the ESG report under the prevailing Listing Rules. The ESG Committee also set the action plan and timetable for the preparation of the ESG report for the year ended 31 December 2025.

Board Committee Meetings

The individual attendance record of each Director in respect of the meetings of the Board committees held during the year is set out below:

Name of Directors	Attended/No. of Eligible Committee Meetings				
	Executive Committee (note 1)	Audit Committee	Remuneration Committee	Nomination Committee	ESG Committee
Non-executive/ Executive Directors					
Mr. Li Qian (note 2)	4/4	Not applicable	1/1	2/2	Not applicable
Ms. Sun Jie (note 3)	4/4	Not applicable	0/0	0/0	1/1
Mr. Chen Jianying	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Mr. Zhang Chuanyi (note 4)	Not applicable	Not applicable	Not applicable	Not applicable	0/0
Ms. Bai Chunrui	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Independent Non-executive Directors					
Mr. Lee Man Chun, Tony	Not applicable	3/3	1/1	2/2	Not applicable
Professor He Jia	Not applicable	3/3	1/1	Not applicable	1/1
Mr. Liu Lei (note 5)	Not applicable	1/1	Not applicable	0/0	0/0
Professor Chang Qing (note 6)	Not applicable	2/2	Not applicable	1/2	1/1

notes:

- The Executive Committee ceased to serve as a special committee under the Board and instead act as the standing body responsible for implementing the Board's operational and management decisions with effect from 7 November 2025. The subsequent related work is carried out in accordance with the Company's internal rules and procedures.
- Mr. Li Qian ceased to be the chairman of the Nomination Committee with effect from 23 May 2025. Mr Li Qian further resigned as an executive Director and ceased to be a member of the Remuneration Committee with effect from 7 November 2025.
- Ms. Sun Jie was appointed as a member of the Nomination Committee with effect from 23 May 2025. Ms. Sun Jie was further appointed as a member of the Remuneration Committee with effect from 7 November 2025. Besides, Ms. Sun Jie ceased to be the chairman of the ESG Committee with effect from 7 November 2025.
- Mr. Zhang Chuanyi was appointed as an executive Director and the chairman of the ESG Committee with effect from 7 November 2025. No meeting of the ESG Committee was held during his tenure in 2025.
- Mr. Liu Lei was appointed as an independent non-executive Director, a member of the Audit Committee, the chairman of the Nomination Committee and a member of the ESG Committee with effect from 23 May 2025.
- Professor Chang Qing resigned as an independent non-executive Director and ceased to be a member of the Audit Committee, a member of the Nomination Committee and the chairman of the ESG Committee with effect from 23 May 2025.



Model Code for Securities Transactions

The Company has adopted its own code of conduct regarding Directors' securities transactions ("**Code of Conduct**") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix C3 to the Listing Rules. Having made specific enquiry to each of the Directors, the Company has received confirmations from all Directors that they have complied with the required standards as set out in the Code of Conduct and the Model Code during the year. No incident of non-compliance of the Code of Conduct or the Model Code by the Directors was noted by the Board during the year.

The Company has also set out written guidelines on terms no less exacting than the Model Code for securities transactions by the relevant employees who are likely to be in possession of inside information in relation to the Company or its securities due to their office or employment.

Corporate Governance Functions

The Board has not established a corporate governance committee. Instead, the full Board is responsible for performing the corporate governance functions. During the year, the corporate governance duties performed by the Board mainly include developing and reviewing the Company's policies and practices on corporate governance, reviewing and monitoring the training and continuous professional development of the Directors and senior management, reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and the Directors, and reviewing the Company's compliance with the CG Code and disclosure in this corporate governance report.

Every Board member has full access to the advice and services of the company secretary/joint company secretaries of the Company with a view to ensuring that the Board procedures, and all applicable rules and regulations are followed. They are also entitled to have full access to Board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities.

Support and Professional Development of Directors

All Directors have been given relevant guideline materials regarding the duties and responsibilities of being a director, the relevant laws and regulations applicable to directors, duty of disclosure of interest and business of the Group and the Directors have been updated by the Company on the latest development regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. There is a procedure agreed by the Board to ensure that the Directors, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

CORPORATE GOVERNANCE REPORT

According to the training records provided by the Directors (save for Professor Chang Qing who resigned as independent non-executive Director with effect from 23 May 2025), each of the Directors (save for Professor Chang Qing) has participated in continuous professional development during the year by attending seminars and/or reviewing reading materials on the following topics to develop and refresh their knowledge and skills:

Name of Directors	Topics covered in training (note)
Non-executive/Executive Directors	
Mr. Li Qian (<i>resigned with effect from 7 November 2025</i>)	b, c
Ms. Sun Jie	a, b, c
Mr. Chen Jianying (<i>appointed with effect from 7 November 2025</i>)	a
Mr. Zhang Chuanyi (<i>appointed with effect from 7 November 2025</i>)	a, b, c
Ms. Bai Chunrui (<i>appointed with effect from 7 November 2025</i>)	a, b, c
Independent non-executive Directors	
Mr. Lee Man Chun, Tony	a, b, c, d, e
Professor He Jia	a
Mr. Liu Lei (<i>appointed with effect from 23 May 2025</i>)	a, b, c, d, e
Professor Chang Qing (<i>resigned with effect from 23 May 2025</i>)	–

notes:

- (a) Regulatory compliance and legal practice.
- (b) Corporate finance and managements.
- (c) Global economy and PRC policies analysis.
- (d) Fintech, artificial intelligence, cybersecurity.
- (e) Finance markets and investment management.

Mr. Liu Lei, and Mr. Chen Jianying, Mr. Zhang Chuanyi and Mr. Bai Chunrui obtained legal advice from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the Listing Rules that are applicable to them as directors of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange on 23 May 2025 and 5 November 2025 respectively. Each of them has confirmed that he/she understood his/her obligations as a director of a listed issuer.

Responsibilities in Respect of the Preparation of the Financial Statements and Auditor's Remuneration

The Directors acknowledge that it is their responsibility to prepare the consolidated financial statements that give a true and fair view of the financial position of the Group, and for such internal control as the Directors determine as necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The statement of the external auditor of the Company about their reporting responsibilities on the financial statements is set out in the independent auditor's report on pages 61 to 65 of the annual report of the Company for the year ended 31 December 2025.

The remuneration of the external auditor of the Company in respect of audit services and non-audit services for the year ended 31 December 2025 is set out below:

	HK\$'000
Audit services	1,180
Non-audit services	
– Review of interim results	160
– Services in relation to the major transactions of finance lease arrangements and continued connected transactions	660
– Taxation	44
Subtotal	864
Total	2,044

Risk Management and Internal Control

The organisation structure of the Company has defined lines of responsibilities and appropriate responsibilities and authority were delegated to senior management. The Board is responsible for establishing and reviewing the effectiveness of the risk management and internal control system. The Company has also established a risk management department, of which one of the executive Directors serves as the manager-in-charge, to be responsible for the internal audit function and to assist the Board to review the risk management and internal control system of the Group on an ongoing basis. However, such system aims at managing rather than eliminating the risk of failure to achieve business objectives. Hence, such system can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board has established effective and operational procedures to identify, assess and manage major risks faced by the Group. Such procedures will be updated from time to time to reflect the changes in rules and regulations, and serve as a guideline for updating the risk management and internal control system in a timely manner. The Board considers that as at the date of this report, the risk management and internal control system is adequate and effective in safeguarding the assets of the Group and protecting the interests of shareholders, customers and employees of the Group.

The Executive Committee is responsible for implementing the procedures approved by the Board to identify, assess and manage major risks faced by the Group. Such procedures include the design, operation and supervision of suitable risk management and internal control system to mitigate and control risks. The main features of the risk management and internal control system and the process used by the Company to identify, evaluate and manage major risks are as follows:

- the Board is responsible for the supervision of all business activities of the Group and the implementation of strategic plans and policy. The Executive Committee is responsible for the effective daily operation of the Group and for ensuring that the Group operates in accordance with the objectives, strategy and budget of the Group;
- the Audit Committee periodically reviews the work of the risk management department, external auditor and the Executive Committee in respect of the risk management and internal control system, and assesses the feasibility and effectiveness of the risk management and internal control system; and
- the risk management department also formulates the annual internal audit plan and procedures, conducts periodic independent reviews on the operations of individual divisions and subsidiaries to identify any irregularities and risks, develops action plans and makes recommendations to address the identified risks, and reports to the Audit Committee on any key findings and progress of the internal audit process. The Audit Committee, in turn, reports to the Board on any material issues and makes recommendations to the Board.

In strict compliance with the requirements of Code Provision D.2.1 of the CG Code, the Board conducts a comprehensive review of the effectiveness of the risk management and internal control system of the Group on an annual basis. The review includes an assessment of the prevailing internal control and risk management practices of the Group and covers various aspects including financial control, operational control, compliance control and risk management. If material internal control defects are found in the reviews of the risk management and internal control systems, the Board is responsible for ensuring that adequate resources are allocated to the relevant departments within the Group and that the recommendations made by the risk management department of the Group are duly implemented, so that the defects can be resolved on a timely manner.

During the year, the Board has examined the review report of the risk management department in respect of the Group's resources, staff qualifications and experience, training programmes and budget of the accounting of the Company, internal audit, financial reporting functions as well as those relating to the ESG performance and reporting of the Company, and had conducted a comprehensive review of the risk management and internal control system of the Group covering the period from 1 January 2025 to 31 December 2025. Compared with 2024, there has been no significant or major change in the nature and extent of significant risks faced by the Group as well as the ability of the Company to cope with the changes in its business and the external environment. The Board considered that the risk management and internal control system of the Company is adequate and effective and the Company has complied with the code provisions of the CG Code relating to risk management and internal control.

Inside Information

The Company has formulated policies on information disclosure and regularly reminded the Directors and employees to properly comply with relevant policies on inside information. At the same time, the Company will notify the Directors, senior management and employees the latest guidance announced by the regulatory body on such information disclosure from time to time to keep all of them abreast of the latest requirements.

With respect to the procedures and internal controls for the handling and dissemination of inside information, the Group has taken reasonable measures to:

- i. restrict the access of confidential information by a limited number of employees on a need-to-know basis;
- ii. prohibit the management and all employees from unauthorised use of confidential or inside information; and
- iii. disclose inside information as soon as reasonably practicable in accordance with the prevailing requirements under the SFO and the Listing Rules.

Company Secretary

The former company secretary of the Company, Mr. Poon Tsz Kin resigned with effect from 26 September 2025, while Ms. Liu Chang and Mr. Cheng King Yip have been appointed as the joint company secretaries of the Company with effect from 26 September 2025.

Ms. Liu Chang, is a full-time employee of the Company and has day-to-day knowledge of the Company's affairs while Mr. Cheng King Yip is an external service provider. The biographical details of Ms. Liu Chang and Mr. Cheng King Yip are set out on page 24 in this annual report. Mr. Cheng King Yip's primary contact with the Company is Ms. Liu Chang, and they work and communicate closely to discharge the functions of Joint Company Secretaries.

In compliance with Rule 3.29 of the Listing Rules, Ms. Liu Chang and Mr. Cheng King Yip both undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2025.

Investor Relations

Pursuant to the Listing Rules, all the resolutions of general meetings are conducted by way of poll.

Poll results will be posted on the websites of the Stock Exchange and the Company on the day of the relevant general meeting.

The general meetings of the Company provide a forum for communication between the shareholders and the Board. The Chairman of the Board as well as the chairman of each of the Audit Committee, the Remuneration Committee, the Nomination Committee and any other committees (as appropriate) or in their absence, other members of the Board or the respective committees, and where applicable, the chairman of the independent Board committee, are available to answer questions at the general meetings. During the AGM, external auditor is also available to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and the auditor independence etc.

During the year, the Company held four general meeting, being the AGM on 24 June 2025 and three other general meeting for approval of continuing connected transactions and very substantial acquisitions.

The attendance records of the Directors in respect of the general meeting held during the year are as follows:

Name of Directors	Attended/No. of Eligible Meetings	
	AGM	Other GM
Non-Executive/Executive Directors		
Mr. Li Qian (<i>note 1</i>)	1/1	1/1
Ms. Sun Jie	1/1	3/3
Mr. Chen Jianying (<i>note 2</i>)	0/0	2/2
Mr. Zhang Chuanyi (<i>note 2</i>)	0/0	2/2
Ms. Bai Chunrui (<i>note 2</i>)	0/0	2/2
Independent non-executive Directors		
Mr. Lee Man Chun, Tony	1/1	3/3
Professor He Jia	1/1	3/3
Mr. Liu Lei (<i>note 3</i>)	1/1	2/2
Professor Chang Qing (<i>note 4</i>)	0/0	1/1

notes:

1. Mr. Li Qian resigned as an executive Director and the Chairman of the Board with effect from 7 November 2025.
2. Mr. Chen Jianying, Mr. Zhang Chuan and Ms. Bai Chunrui were appointed as executive Directors with effect from 11 November 2025.
3. Mr. Liu Lei was appointed as an independent non-executive Director with effect from 23 May 2025.
4. Professional Chang Qing resigned as an independent non-executive Director with effect from 23 May 2025.



The Company communicates information to the shareholders mainly through the Company's financial reports (interim and annual reports), AGMs and other general meetings that may be convened, as well as by making available (i) all the corporate communication documents including but not limited to annual reports, interim reports, notices of general meetings, circulars, and proxy forms ("**Corporate Communication**"); (ii) other documents issued by the Company which are published on the website of the Stock Exchange for the information or action of the shareholders, including announcements, monthly returns on movements in the Company's securities and next day disclosure returns; (iii) constitutional documents of the Company and terms of reference of the Board committees; (iv) corporate information including but not limited to the list of the Directors; and (v) other Corporate Communication which are published on the Company's website at www.hk217.com.

Apart from attending general meetings, shareholders of the Company may also at any time make enquiries and/or communicate their views to the Company in relation to various matters affecting the Company. Details of the procedures by which enquiries and/or views may be communicated to the Company and the relevant contact details of the Company are set out on page 43 under the sub-heading "Shareholders' Enquiries" in this report. Enquiries are dealt with timely.

The Board has reviewed the situation of shareholders' engagement and communication during the year as well as the procedures of the Company's general meetings and was satisfied with the implementation and effectiveness of the shareholders' communication policy of the Company. The Company will continue to enhance communications and relationships with its shareholders and investors to keep them abreast of the Company's developments.

Shareholders' Rights

(1) Procedures for Shareholders to Convene a General Meeting

In accordance with sections 566 to 568 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) ("**Companies Ordinance**"), shareholder(s) of the Company representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings of the Company may require the Directors to convene a general meeting. The written requisition must state the general nature of the business to be dealt with at the general meeting, and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. Such request must be signed by the shareholder(s) concerned and deposited at the principal office of the Company at 22/F., Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong for the attention of the joint company secretaries in hard copy form or sent to the Company in electronic form to public@hk217.com. The requisition may consist of several documents in like form each signed by one or more of the shareholders concerned.

If the Directors do not, within 21 days after the date on which the written requisition is received by the Company, proceed duly to convene a general meeting on a date not more than 28 days after the date of the notice convening the general meeting, the shareholder(s) who requested the meeting, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a general meeting, provided that the meeting so convened shall not be held after the expiration of 3 months from the date on which the written requisition is received by the Company.

The general meeting convened by shareholders shall be convened in the same manner, as nearly as possible, as that in which general meetings are to be convened by the Directors.

(2) Procedures for Putting Forward Resolutions at the AGM

Shareholders are requested to follow sections 615 and 616 of the Companies Ordinance for putting forward a resolution at the AGM. The requirements and procedures are set out below:

- (i) Pursuant to section 615 of the Companies Ordinance, shareholders may request the Company to give notice of a resolution that is intended to be moved at the AGM to shareholders of the Company entitled to receive notice of the AGM. The shareholder(s) making such request must represent at least 2.5% of the total voting rights of all shareholders having a right to vote on the resolution at the AGM to which the request relates, or at least 50 shareholders having a right to vote on the resolution at the AGM to which the request relates. Such request (a) may be sent to the Company in hard copy form (by depositing at the principal office of the Company at 22/F., Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong for the attention of the joint company secretaries) or in electronic form by email to public@hk217.com; (b) must identify the resolution of which notice is to be given; (c) must be signed by the shareholder(s) concerned; and (d) must be received by the Company not later than 6 weeks before the AGM to which the requests relate, or if later, the time at which notice is given of that AGM.
- (ii) Pursuant to section 616 of the Companies Ordinance, the Company which is required under section 615 of the Companies Ordinance to give notice of a resolution must send a copy of it at the Company's own expense to each shareholder entitled to receive notice of the AGM in the same manner as the notice of the AGM and at the same time as, or as soon as reasonably practicable after, it gives notice of the AGM.

(3) Shareholders' Enquiries

Shareholders' enquiries about their shareholdings can be directed to the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited, by post to the address at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or visit https://www.computershare.com/hk/en/online_feedback. Other shareholders' enquiries can be directed to the Company Secretarial Department of the Company or the joint company secretaries of the Company by post to the principal office of the Company at 22/F., Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong or by e-mail to public@hk217.com and such enquiries will be put to the Board for consideration and handling.

Constitutional Documents

The Company has amended its constitutional documents during the year. Further details please refer to the announcement and circular of the Company both dated 29 May 2025.

DIRECTORS' REPORT

The Directors present the annual report and the audited consolidated financial statements of the Company for the year.

Principal Business and Geographical Analysis of Operations

The principal business of the Company is investment holding. The principal activities of its principal subsidiaries are set out in note 16 to the financial statements. An analysis of the Group's performance for the year by operating segments is set out in note 6 to the financial statements.

Results and Dividends

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 66 of this annual report.

In order to enhance transparency of the Company and facilitate the shareholders of the Company and investors to make informed investment decisions relating to the Company, the Board adopted a dividend policy on 25 February 2019 ("**Dividend Policy**").

According to the Dividend Policy, when determining whether to declare any dividend and the amount of dividend to be declared, the Company shall consider a number of factors, including but not limited to:

- the Group's actual and expected financial results;
- the general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Company;
- the Company's business operation strategy, including expected working capital requirements, capital expenditure requirements and future expansion plans;
- the Company's liquidity position;
- retained earnings and distributable reserves of the Company;
- the contractual restrictions on the payment of dividends imposed by the Company's lenders and other institutions; and
- any other factors that the Board considers to be applicable from time to time.

The Company does not have any pre-determined dividend distribution proportion or distribution ratio. The declaration, payment and amount of dividends will be subject to the Board's discretion. The Board will review the Dividend Policy on a regular basis.

After considering the Dividend Policy, the Directors have resolved to recommend the payment of a final dividend of HK0.25 cent per ordinary share of the Company for the year ended 31 December 2025 (2024: HK0.20 cent per ordinary share) subject to the approval of the shareholders at the forthcoming AGM of the Company. The total amount of final dividend is expected to be approximately HK\$14.91 million and to be paid on Monday, 27 July 2026.

Property, Plant and Equipment and Investment Properties

Details of the movements in property, plant and equipment and investment properties of the Group for the year are set out in notes 14 and 15 to the financial statements respectively.

Share Capital

Details of the share capital of the Company are set out in note 32 to the financial statements.

Purchase, Sales or Redemption of Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its listed securities during the year.

Asset-backed Securities

Details of the asset-backed securities issued by the Group are set out in note 29 to the financial statements.

Distributable Reserves

Details of the movements in the reserves of the Group for the year are set out in the consolidated statement of changes in equity on pages 70 to 71 of this annual report.

Details of the movements in the reserves of the Company for the year are set out in note 33 to the financial statements.

As at 31 December 2025, the Company had approximately HK\$237,326,000 (2024: HK\$147,136,000) distributable reserves as calculated under sections 291, 297 and 299 of the Companies Ordinance.

Donations

The Group did not make any monetary donation for charitable purpose during the year (2024: HK\$14,040).

Business Review

The Group is principally engaged in leasing, property development and investment, and marine recreation services and hotel business.

A fair review of the business of the Group during the year, an analysis of the Group's performance using financial key performance indicators, and an indication of the likely future developments of the Group's business are set out in the section headed "Management Discussion and Analysis" on pages 6 to 21 of this annual report. These discussions form part of this directors' report. There are no important events affecting the Group that have occurred since the end of the year.

In addition, description of the major risks and uncertainties faced by the Group, the Group's compliance with relevant laws and regulations, discussions on the Group's environmental policies and performance, and the Group's relationships with its key employees, customers and suppliers are also provided in the following sub-sections of this directors' report.

Major Risks and Uncertainties

The results and business operations of the Group may be affected by various factors. The major risks and uncertainties are summarised as follows:

I. Leasing

As the Group continues to grow its leasing business, the Group may expand into new industries for new projects and customers. However, there may be uncertainties about the development of the Group's leasing business due to external economic environment and changes to relevant laws and industry regulatory policies in the PRC. Besides, there is a rising credit risk in terms of the Group's leased assets portfolio due to the active development of the Group's leasing business, which may affect the Group's profitability. In the future, the Group will continue to explore opportunities to work with SOE and optimise the risk level of its leased assets portfolio so as to maintain the overall business risk under control.

II. Property Development and Investment

"CCT-Champs-Elysees" is the only property development project held by the Group which is located in Zhucheng City, Shandong Province, the PRC and possesses a good brand image. The Group also maintains certain commercial properties of the CCT-Champs-Elysees project and certain office premises for rental income. However, the ongoing sales and/or leasing of the properties are subject to property market sentiment, general economic condition and the government policies in the PRC. As all the construction works of the CCT-Champs-Elysees project have been completed and the Group is phasing out from this property development project, and the investment properties accounted for less than 1% of the Group's total assets, the overall risks associated with this business are not significant.

III. Marine Recreation Services and Hotel

The operation of the marine recreation services and hotel business is subject to, among others, the environmental protection policies, weather conditions and public hygiene conditions. Adverse weather conditions may affect the number of business days and the profitability of tourism activities. The operation is thus facing a lot of challenges, and the Group will actively pursue the restructuring of marine recreation services and hotel business.

IV. Operating Environment

The Group carries out most of its business activities in the PRC and is therefore exposed to the interest rate risk derived from its borrowings in the PRC and the foreign currency exchange risk derived from the assets and liabilities denominated in RMB held by the Group in Hong Kong. The fluctuation of exchange rate and the adjustment of loan interest rate in the future may have an impact on the performance of the Group. Although both foreign currency exchange and interest rate have not posed significant risks to the Group, and the Group does not currently have any hedging measures against such exchange and interest rate risks, the Group will continue to closely monitor such risks and adopt appropriate measures to mitigate the risks.

Compliance with Laws and Regulations

The Group constantly monitored the operation of its principal businesses in the PRC and elsewhere to ensure compliance with the relevant laws and regulations.

I. Leasing

During the year and up to the date of this directors' report, the Group has been in compliance in all material respects with the laws and regulations in the PRC that have a significant impact on its finance lease business, including the "Civil Code of the People's Republic of China", the "Interpretations of the Supreme People's Court on Issues relating to the Application of Laws in the Trial of Disputes over Finance Lease", and judicial interpretations, other regulations, local regulations and regulatory documents issued or promulgated according to or in relation to these laws and regulations. These laws and regulations aim to protect the legitimate rights and interests of the contractual parties, maintain social and economic order, guide the business activities of the finance lease industry, promote the economic development of the finance lease services, and guide the judicial authorities on hearing the contractual disputes in respect of finance lease.

II. Property Development and Investment

During the year and up to the date of this directors' report, the Group has been in compliance in all material respects with the laws and regulations in the PRC that have a significant impact on its property development and investment businesses, including the "Law on the Administration of Urban Real Estate of the People's Republic of China", the "Law on Land Administration of the People's Republic of China", the "Law on Urban and Rural Planning of the People's Republic of China", the "Administrative Regulations on Development and Operation of Urban Real Estate", and judicial interpretations, other regulations, local regulations and regulatory documents issued or promulgated according to or in relation to these laws and regulations. These laws and regulations aim to strengthen the management of urban real estate, maintain the order of real estate market, protect the legitimate rights and interests of the parties interested in the real estate, and regulate the infrastructure and housing construction on the state-owned land within the urban planning area as well as the transfer of real estate development projects or the sale or leasing of commercial flats conducted by real estate development enterprises.

III. Marine Recreation Services and Hotel

The Group is engaged in marine recreation services and hotel business in Hainan Province, the PRC. During the year and up to the date of this directors' report, the Group has been in compliance in all material respects with the laws and regulations in the PRC that have a significant impact on its marine recreation services and hotel business, including the "Tourism Law of the People's Republic of China", the "Law on Maritime Traffic Safety of the People's Republic of China", the "Administrative Measures for Public Security in the Hotel Industry", and judicial interpretations, other regulations, local regulations and regulatory documents issued or promulgated according to or in relation to these laws and regulations. These laws and regulations aim to protect the legitimate rights and interests of the tourists and the operators of the tourism activities, maintain the order of the tourism market, and specify the rules, the relevant supervision and management system and the standards of punishment governing operators of the hotel industry, vessels, seamen and operators that sail, berth and operate in coastal area of the PRC.

The Group has established various management systems to ensure the compliance with laws and regulations applicable to the Group's businesses and operations through measures such as internal control and staff training. As at 31 December 2025 and the date of this directors' report, no material breach of laws and regulations that have a material impact on the Group's business and operation during the year was noted by the Group.

Environmental Policies and Performance

The Group is mindful of the impact of environmental factors on its long-term development and therefore has actively formulated various corporate development strategies related to, amongst others, energy conservation and environmental protection. During the year, the ESG Committee monitored significant matters relating to ESG issues and developed, formulated and implemented environmental management policies and measures, such as water and electricity conservation, wastewater treatment and reduction of air pollutants and waste emissions corresponding to different business aspects, so as to minimise the negative impact on the environment during the business operation and commit to implementing sustainable development.

In order to reduce the negative impact of the supply chain on the environment, the Group will give priority to purchasing environmental-friendly materials. In addition, we have incorporated environmental protection requirements into contract clauses, and requested our contractors and suppliers to strictly comply with the relevant requirements of environmental protection when performing their contractual obligations so as to promote the sharing of responsibility for sustainable development in the supply chain. In the future, the Group will continue to improve its environmental policies to enhance the Group's performance in environmental protection.

Further details of the Group's environmental policies and performance, together with the relevant key performance indicators, are set out in the ESG report of the Company for the year in compliance with the provisions set out in the ESG Reporting Guide in Appendix C2 to the Listing Rules.

Key Relationship with Customers and Suppliers

The Group understands that it is important to maintain good relationship with customers and provide them with quality products and services. The Group enhances the relationship through continuous interaction with customers to gain insight on the changing market demand so that the Group can respond proactively. The Group actively listens to the views of its customers and has established various communication channels to strengthen its communication with customers to collect their opinions. At the same time, the Group has also established a system in place to protect customers' privacy. Please refer to the sections headed "Chapter 3 Quality Service and Product Responsibility - Intellectual Property Protection" in the ESG report of the Company for the year for further information.

The percentage of revenue from sales of goods or rendering of services attributable to the 5 largest customers combined was less than 30% of the Group's consolidated revenue for the year.

The Group is also dedicated to maintaining good relationship with suppliers as long-term business partners to ensure stability of the Group's business. The Group has formulated supplier engagement practices that regulate the procurement and/or bidding procedures for suppliers and has established supplier evaluation system to evaluate suppliers from different perspectives such as enterprise qualifications, industry goodwill, financial condition and performance of contracts etc. Please refer to the sub-section headed "5. Win-Win Supply Chain Management" in the section headed "Chapter 3 Quality Service and Product Responsibility - Intellectual Property Protection" in the ESG report of the Company for the year for further information.

The percentage of purchases attributable to the 5 largest suppliers combined was less than 30% of the Group's cost of sales for the year.

Human Resources and Emolument Policy

The Group firmly believes that employees are important assets and essential to its long-term success. The Group has therefore established relevant human resources systems and implemented people-oriented personnel policies and created an ideal career platform for employees in order to attract more talents and build an outstanding team. The systems cover policies which include, but are not limited to, recruitment, promotion, dismissal, position adjustment, working hours, remuneration and staff benefits, attendance, performance management and appraisal and code of conduct. The Group encourages and has enhanced communication with the employees through meetings, performance evaluation and intranet. The Group is obliged to protect employees' rights, to provide appropriate staff development and training, and safe and healthy work environment so to enhance the Group's sustainable development.

As at 31 December 2025, the Group employed a total of 209 (2024: 230) full-time and part-time employees, of which 7 (2024: 8) were based in Hong Kong and 202 (2024: 222) were based in the PRC. During the year, the total staff costs of the Group (including directors' emoluments and provident funds) were approximately HK\$70.65 million (2024: HK\$65.43 million). Employee's remunerations are determined in accordance with their experiences, competence, qualifications, nature of duties, and current market trend. Apart from basic salary, discretionary bonus and other incentives may be offered to employees of the Group to reward their performance and contributions. The emoluments of the Directors are determined having regard to the Company's corporate goals, the roles and duties of the Directors in the Group as well as in the group members of the Company's ultimate holding company.

In addition, the Group provides or subsidises various training programmes and courses to its employees according to business needs, to ensure that its employees are kept abreast of the updates in the relevant laws, regulations and guidelines, such as the Listing Rules, accounting standards, risk management knowledge, labour regulations and employees' code of conduct.

Directors

The Directors during the year and up to the date of this directors' report are as follows:

Non-executive Director

Ms. Sun Jie (*re-designated from executive Director and appointed as Chairlady of the Board and a non-executive Director with effect from 7 November 2025*)

Executive Directors

Mr. Li Qian (*resigned as Chairman of the Board and executive Director with effect from 7 November 2025*)

Mr. Chen Jianying (*appointed with effect from 7 November 2025*)

Mr. Zhang Chuanyi (*appointed with effect from 7 November 2025*)

Ms. Bai Chunrui (*appointed with effect from 7 November 2025*)

Independent Non-executive Directors

Mr. Lee Man Chun, Tony

Professor He Jia

Mr. Liu Lei (*appointed with effect from 23 May 2025*)

Professor Chang Qing (*resigned with effect from 23 May 2025*)

The biographies of the Directors are set out on pages 22 to 24 of this annual report.

Mr. Li Qian and Professor Chang Qing have no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the shareholders of the Company.

Detailed information of the Directors standing for re-election at the forthcoming AGM of the Company will be set out in the circular in relation to the forthcoming AGM. No Director proposed for re-election at the forthcoming AGM has an unexpired service contract with the Company which is not determinable within one year without payment of compensation (other than statutory compensation).

The Company has received from each of the existing independent non-executive Directors an annual confirmation of his independence with reference to the guidelines set out in Rule 3.13 of the Listing Rules. None of the independent non-executive Directors fails to meet any of such guidelines. Accordingly, the Company considers that each independent non-executive Director is independent of the Company.

There was no arrangement under which a Director waived or agreed to waive any emoluments during the year.

Directors of Subsidiaries

During the Year and up to the date of this directors' report, each of the executive Directors named Chen Jianying, Zhang Chuanyi and Bai Chunrui, holds directorship in certain of the Company's subsidiaries. Other directors of the Company's subsidiaries incorporated in Hong Kong and British Virgin Islands include Xia Fujun, Yao Yanli, Qi Hang, Li Rui, Liu Wendong, Cui Lixia, Manan and Yu Xiongwei. Other directors of the Company's subsidiaries incorporated in the PRC include Yan Ning, Liu Jianjun, Liu Peihong, Xu Feng, Zhang Bin and Gu Yonglin.

Permitted Indemnity Provision

Subject to the applicable laws, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in the execution of his/her duties or otherwise in relation thereto pursuant to the Articles of Association of the Company. Such provisions were in force during the course of the year and remained in force as of the date of this directors' report.

Directors' Interests in Transactions, Arrangements and Contracts

There has not subsisted, at any time during the year or at the end of the year, any arrangement to which the Group or the Company's holding company or any subsidiary of the Company's holding company was a party and whose objects were, or one of whose objects was, to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Save for the transactions as disclosed in the section headed "Continuing Connected Transactions" below, no transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director (including any person who at any time during the year was a Director) or an entity connected with a Director had material interest (whether directly or indirectly), was entered into or subsisted at any time during the year.

Competing Interest

During the year, none of the Directors and their respective close associates had any business or interests in business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Group (other than a contract of service with a Director or any person engaged in the full-time employment of the Company) was entered into or existed during the year.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2025, the Directors and chief executive of the Company who had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

Long Position

Name of Director	Interests in the Company or its associated corporation	Nature of interest	Class of shares	Number of shares	Approximate percentage of issued share capital of the Company as at 31 December 2025
					(note)
Ms. Sun Jie	The Company	Beneficial owner	Ordinary	570,960	0.01%
Ms. Bai Chunrui	The Company	Beneficial owner	Ordinary	292,000	0.00%

note: Rounded up to 2 decimal places.

Save as disclosed above, as at 31 December 2025, none of the Directors or the chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was 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.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2025, so far as was known to the Directors, the following persons, other than the Directors or chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:



Long Position

Name of shareholder	Nature of interest	Class of shares	Number of shares (note 1)	Approximate percentage of issued share capital of the Company as at 31 December 2025
				(note 2)
CCHK	Beneficial owner	Ordinary	3,169,656,217	53.14%
CCHG	Interest in controlled corporation	Ordinary	3,169,656,217	53.14%

notes:

1. The entire issued share capital of CCHK is beneficially owned by CCHG. Under the SFO, CCHG is deemed to be interested in all the shares of the Company held by CCHK.
2. Rounded up to 2 decimal places.

Save as disclosed above, as at 31 December 2025, so far as was known to the Directors, no other person, other than the Directors or chief executive of the Company, had any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Equity-linked Agreement

No equity-linked agreements were entered into by the Company during the year or subsisted at the end of the year.

Continuing Connected Transactions

(1) Framework Agreements

Previous Framework Agreement

On 20 July 2022, the Company and CCHG entered into a finance lease services framework agreement (“**Previous Framework Agreement**”), pursuant to which the relevant member of the Group (as lessor) would provide finance lease services, in relation to certain leased assets to be selected, to the relevant member of the CCHG group (as lessee) which comprises CCHG, its subsidiaries and 30%-controlled companies but excluding the Group and Chengtong World Trade Limited (“**CCHG Group**”) by way of, including but not limited to, sale and leaseback services and direct finance lease services.

The Previous Framework Agreement is of a term effective from September 2022, being the date of approval of the same by the independent shareholders of the Company at a general meeting, to 31 December 2024 (both days inclusive), and the contract periods of the individual agreements thereunder ranged from one year to six years.

Further details of the Previous Framework Agreement are set out in the announcement and circular of the Company dated 20 July 2022 and 22 August 2022 respectively.

As at 31 December 2025, the total outstanding balance of the principal and lease payments (taking into account the aggregate amounts of interests and other payables (including handling fees)) receivable by the Group for the transactions contemplated under the Previous Framework Agreement was approximately RMB3.54 million (2024: RMB13.34 million).

New Framework Agreement

On 13 December 2024, the Company and CCHG entered into a finance lease and operating lease services framework agreement ("**New Framework Agreement**") pursuant to which the relevant member of the Group (as lessor) will continue to carry on the transactions under the Previous Framework Agreement and to further extend the scope of transactions to operating lease service, in relation to certain leased assets to be selected, to the relevant member of the CCHG Group (as lessee) which comprises CCHG, its subsidiaries and 30%-controlled companies but excluding the Group by way of, including but not limited to, sale and leaseback services, direct finance lease services and operating lease services (collectively, the "**Finance Lease Services**"):

- (i) under the sale and leaseback services, the relevant member of the Group (as lessor) would purchase the leased assets from the relevant member of the CCHG Group (as lessee) at a purchase price (i.e. the principal amount), and then lease such leased assets to the relevant member of the CCHG Group in return for lease payments;
- (ii) under the direct finance lease services, the relevant member of the Group (as lessor) would purchase the leased assets from the relevant supplier or seller pursuant to the instructions given by the relevant member of the CCHG Group (as lessee), and then lease such leased assets to the relevant member of the CCHG Group in return for lease payments; and
- (iii) under the operating lease services, the relevant member of the Group (as lessor) would lease the leased assets to the relevant member of the CCHG Group (as lessee) for its use in return for operating lease payments.

The relevant member(s) of the CCHG Group and the relevant member(s) of the Group may from time to time enter into individual agreements in relation to the subject matters contemplated under the New Framework Agreement upon and subject to the terms and conditions in compliance with those of the New Framework Agreement.

The New Framework Agreement is of a term of 3 years expiring on 31 December 2027, and the contract periods of the individual agreements pursuant to the New Framework Agreement are expected to range from:

- (i) 1 year to 8 years for the sale and leaseback services;
- (ii) 1 year to 10 years for the direct finance lease services; and
- (iii) 6 months to 16 years for the operating lease services.

For the transactions contemplated under the Finance Lease Services,

- (i) the purchase price under the sale and leaseback service, representing the principal amount, shall be determined with reference to the net book value of leased assets and shall not be higher than such net book value. In the event that the net book value of leased assets cannot be ascertained, the purchase price shall then be determined with reference to the appraised value of the leased assets provided by independent valuers and shall not be higher than such appraised value;
- (ii) the purchase price under the direct finance leasing service, representing the principal amount, shall be calculated with reference to the actual purchase price of the relevant leased assets;
- (iii) the finance lease payments (excluding the purchase price, nominal consideration for repurchase of the leased assets, any refundable deposits, or other refundable sums) to be received by the Group will comprise of periodic payments by the lessee to the Group and other receivables to be received by the Group such as one-off service fees. The periodic payments by the lessee are calculated based on (a) a fixed interest rate throughout the lease term or (b) a variable interest rate that will be adjusted yearly as the LPR changes.

For the transactions contemplated under the operating lease service, the amount of operating lease payments to be received by the Group shall be calculated based on the cost of constructing or purchasing the leased assets ("**Acquisition Cost**"), the estimated cost of maintaining or operating the leased assets and the insurance premium payable in respect of the leased assets during the relevant lease term, the estimated income that the leased assets can bring to CCHG Group during the relevant lease term, and the lease income and other receivables (including service fees, if any) charged for the leasing of comparable leased assets. The periodic lease income is calculated to obtain an average annual yield ranging from 3.9% to 8% of the Acquisition Cost.

The lease payments shall be paid by the lessee during the relevant lease term by instalments, which may be quarterly, semi-annually or otherwise, in the manner to be specified in the relevant individual agreements.

The annual caps for the transactions contemplated under the Finance Lease Services (comprised of (a) the total amount of (i) purchase price (representing the total principal amount under the Finance Lease Services); and (ii) expected finance lease payments during the relevant year ("**New Transaction Amount**"); and (b) the outstanding balances of all existing finance leases under the Previous Framework Agreement (for the avoidance of doubt, excluding the New Transaction Amount)) for the years ending 31 December 2025, 2026 and 2027 are approximately RMB648.10 million, RMB988.07 million and RMB1,220.84 million respectively.

The annual caps for the transactions contemplated under the operating lease service for the years ending 31 December 2025, 2026 and 2027 are approximately RMB20.33 million, RMB38.77 million and RMB48.21 million respectively.

Further details of the New Framework Agreement are set out in the announcement and circular of the Company dated 13 December 2024 and 24 December 2024 respectively.

As at 31 December 2025, the total outstanding balance of the principal and lease payments (taking into account the aggregate amounts of interests and other payables (including handling fees)) receivable by the Group for the finance lease transactions contemplated under the New Framework Agreement was RMB Nil, which has not exceeded the relevant annual cap for the year ended 31 December 2025.

For the year ended 31 December 2025, the total amount of lease payments received and receivable by the Group for the operating lease transactions contemplated under the New Framework Agreement was RMB Nil, which has not exceeded the relevant annual cap for the year ended 31 December 2025.

As at the date of both the Previous Framework Agreement and the New Framework Agreement, CCHG was interested in approximately 53.14% of the total issued share capital of the Company and was the ultimate holding company of the Company. Thus, CCHG was a connected person of the Company under the Listing Rules. As such, the transactions contemplated under the Previous Framework Agreement and the New Framework Agreement constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(2) Operating Lease Agreement

On 10 January 2024, Chengtong Financial Leasing (as lessor) entered into a lease agreement ("**Operating Lease Agreement**") with Zhuhai Hongta Renheng Packaging Co., Ltd. ("**Zhuhai Hongta**") (as lessee), pursuant to which Zhuhai Hongta will lease an energy storage power station to be constructed in Qianshan Industrial Zone, Zhuhai City, the PRC from Chengtong Financial Leasing for a lease term of 16 years, subject to extension due to factors such as relocation, transformation or other reasons, in accordance with the terms and conditions of the Operating Lease Agreement.

As at the date of the Operating Lease Agreement, Zhuhai Hongta is a non-wholly owned subsidiary of Guangdong Guanhao High-tech Co. Ltd. ("**GGHC**"), which in turn is a 30%-controlled company of CCHG, the ultimate holding company of the Company. Accordingly, Zhuhai Hongta and GGHC are associates of CCHG and thus connected persons of the Company under the Listing Rules and the transaction contemplated under the Operating Lease Agreement constituted continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Lease payment under the Operating Lease Agreement accrued when the leased assets were delivered upon completion of construction. The lease payment is calculated in accordance with the below formula:

$$\text{Lease payment} = \frac{(\text{Electricity Consumption Charges} - \text{Electricity Generated Charges} + \text{Other Income})}{\text{Pre-determined Ratio}} \times$$

where:

Electricity Consumption Charges shall be calculated by multiplying the amount of electricity consumed by Zhuhai Hongta with the applicable unit price provided in the monthly invoice sent by China Southern Power Grid Company Limited;

Electricity Generated Charges shall be calculated by multiplying the amount of electricity generated by the leased assets with the applicable unit price provided in the monthly invoice sent by China Southern Power Grid Company Limited;

Other Income shall be the sum of (i) revenues derived from the participation of the leased assets in ancillary power services, if any, less direct costs incurred, (ii) other revenues derived from the operation of the leased assets less direct costs incurred and (iii) government subsidies; and

Pre-determined Ratio is 85%, subject to adjustment to 90% in the event the leased assets are relocated to Zhanjiang for operation.

The lease payment under the Operating Lease Agreement shall be paid on monthly basis.

The annual cap for the transaction under the Operating Lease Agreement in each of the financial years during the lease term is RMB6.79 million.

Further details of the Operating Lease Agreement are set out in the announcement of the Company dated 10 January 2024.

For the year ended 31 December 2025, the total amount of lease payment under the Operating Lease Agreement was approximately RMB3.28 million (2024: RMB2.19 million) and was received in full. The maximum amount of lease payment receivable by the Group for the transactions contemplated under the Operating Lease Agreement during the year has not exceeded the annual cap for the year ended 31 December 2025.

(3) Financial Services Agreement

On 27 October 2025, the Company and China Chengtong Finance Corporation Ltd. ("**Chengtong Finance**") entered into a financial service agreement ("**Financial Service Agreement**"), pursuant to which Chengtong Finance agreed to provide the Group with a range of financial services for a term of three years. The Finance Service Agreement is effect from 27 November 2025, the date of approval of the same by the independent shareholders of the Company at general meeting, to 26 November 2028.

Such financial services include:

(a) Deposit Services

The Group can make deposits with Chengtong Finance at its discretion, with daily balance (including any interest accrued thereon) during the term not exceeding RMB400 million. The balance of the Group's deposits excludes (i) loans, entrusted loans or discounted bills advanced by Chengtong Finance to the Group; (ii) loan interests payable by the Group to Chengtong Finance; and (iii) the bank loans obtained through guarantee provided by Chengtong Finance.

The interest rates payable by Chengtong Finance to the Group for any deposits placed with it shall be (i) the deposit interest rate uniformly promulgated by the PBC during the same period for the same type of deposits with an upward floating range of 10–50 basis points; (ii) not lower than the interest rates offered to the Group by the major commercial banks in the PRC during the same period for the same type of deposits; and (iii) not lower than the interest rates offered by Chengtong Finance to any third party during the same period for the same type of deposits.

As at 31 December 2025, RMB395.18 million deposits has been placed with Chengtong Finance, with an interest rate of 0.25% on demand deposits, 0.65% on agreed deposits, and 1.25% on seven-day notice deposits. The deposit balance has not exceeded the deposit cap under the Financial Services Agreement.

(b) Settlement services

Chengtong Finance shall provide payment and collection services, along with other auxiliary services related to settlement operations, as instructed by the Group, free of charge.

(c) Credit Facilities Services

Chengtong Finance will provide credit facilities (excluding entrusted loans) with aggregate amount of credit principal and interests accrued thereon not excluding RMB1 billion to the Group at favourable interest rates and on normal commercial terms or more favourable terms. If the Group meets the credit requirements of Chengtong Finance, no assets or equity pledge or guarantee from the Group will be required for the credit facilities.

As at 31 December 2025, the Group had no utilised credit facilities, and accrued interest amounted to RMB Nil. The aggregated balance has not exceeded the credit facilities cap under the Financial Service Agreement.

(d) Other financial services

Upon the instruction and request by the Group, Chengtong Finance shall provide the Group with other financial services as approved by the NFRA at a fee not higher than the fees charged by other major financial institutions for financial services of the same type.

Chengtong Finance is a subsidiary of CCHG, the ultimate holding company of the Company, and is therefore a connected person of the Company. Hence, the transactions contemplated under the Financial Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Further details of the Financial Services Agreement are set out in the announcement and circular of the Company dated 27 October 2025 and 12 November 2025 respectively.

The Company has established certain internal control and risk management procedures to ensure that the continuing connected transactions were conducted in accordance with the relevant agreement. All independent non-executive Directors have reviewed the continuing connected transactions and confirmed that such transactions have been entered into:

- (a) in the ordinary and usual course of business of the Group;
- (b) on normal commercial terms or better; and
- (c) in accordance with the relevant agreements governing them, and on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor, Baker Tilly Hong Kong Limited ("**Baker Tilly**"), was engaged to report on the continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised), "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Baker Tilly has issued a letter containing its conclusions in respect of the continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules. The Board has reviewed such letter and acknowledged that the auditor has confirmed the following:

- (a) nothing has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Board;
- (b) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- (c) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (d) with respect to the aggregate amount of the transactions, nothing has come to their attention that causes them to believe that the continuing connected transactions have exceeded the annual cap as set by the Company.

The Directors confirm that the related party transactions during the year as disclosed in note 34(a) to the financial statements fall under the definition of "connected transaction" or "continuing connected transaction" (as the case may be) in Chapter 14A of the Listing Rules. The Directors confirm that the Company has, where applicable, complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

The Directors confirm that the related party transactions during the year as disclosed in notes 34(b) and 34(c) to the financial statements do not fall under the definition of "connected transaction" or "continuing connected transaction" (as the case may be) in Chapter 14A of the Listing Rules.

Save as disclosed above and in note 34(a) to the financial statements, (i) no contract of significance was entered into by and/or subsisted between the Group and the controlling shareholder or any of its subsidiaries during the year; and (ii) no contract of significance in relation to provision of services by the controlling shareholder or any of its subsidiaries to the Group was entered into and/or subsisted during the year.

Disclosure under Rule 13.13 of the Listing Rule

On 27 October 2025, the Group's indirect wholly-owned subsidiary, Chengtong Financial Leasing Company Limited ("**Chengtong Financial Leasing**") entered into the below (a) and (b) arrangements, where the counterparties are wholly-owned by Power Construction Corporation of China ("**PowerChina**"). When aggregated with previous transactions with companies that are directly or indirectly owned more than 50% by PowerChina which were still subsisting as at the date granting the below (a) and (b) arrangements and as at 31 December 2025, the aggregate outstanding lease payment due from them exceeded 8% of the assets ratio (as defined in the Listing Rules) and therefore subject to the disclosure requirements under Rule 13.20 of the Listing Rules.

As at 31 December 2025, the Group has an aggregate outstanding lease payment of RMB980.01 million receivable from companies that are directly or indirectly owned more than 50% by PowerChina for arrangements entered into during the year 2022 to 2025 as follow:

- (a) the sale and leaseback arrangement dated entered into by Chengtong Financial Leasing as lessor and Power China Real Estate Group Ltd. ("**Power China Real Estate**") and Wuhan City Longyue Real Estate Co., Ltd. as co-lessees on 27 October 2025 for the purchase of leased assets at a consideration of RMB200 million and then lease back to the co-lessees for 2 years with lease interest of approximately RMB8.90 million and total lease payment of approximately RMB208.90 million, repayable on a quarterly basis. (Further details are set out in the Company's announcement dated 27 October 2025 and the corresponding circular dated 12 November 2025).
- (b) the sale and leaseback arrangement entered into by Chengtong Financial Leasing as lessor and Power China Real Estate and Zhengzhou Yuechen Real Estate Co., Ltd. as co-lessees on 27 October 2025 for the purchase of leased assets at a consideration of RMB300 million and then leaseback to the co-lessees for 2 years with lease interest of approximately RMB13.34 million and total lease payment of approximately RMB313.34 million, repayable on a quarterly basis. (Further details are set out in the Company's announcement dated 27 October 2025 and the corresponding circular dated 11 November 2025).
- (c) the Assignment entered into by Chengtong Financial Leasing as assignee and PowerChina Leasing Co., Ltd. as assignor on 8 August 2025 for the transfer and assignment of the assigned properties at a consideration of RMB380 million (Further details are set out in the Company's announcement dated 8 August 2025 and the corresponding circular dated 18 September 2025).
- (d) the 3 different sets of sale and leaseback arrangements entered into by Chengtong Financial Leasing as lessor and co-lessee being (i) Power China Real Estate and Xi'an Fanyue Real Estate Co., Ltd.; (ii) the PowerChina Real Estate and Zhengzhou Yueheng Real Estate Co., Ltd. and (iii) the PowerChina Real Estate and China Power Construction Silk Road (Shaanxi) Construction Investment Development Co., Ltd respectively on 9 December 2024 for the purchase of leased assets at the aggregate consideration of RMB 270 million and then leaseback to the co-lessees for 2 years with aggregate lease interest of approximately RMB10.30 million and aggregate lease payment of approximately RMB280.30 million, repayable on a quarterly basis. (Further details are set out in the Company's announcement dated 9 December 2024 and the corresponding circular dated 24 December 2024).

DIRECTORS' REPORT

- (e) the sale and leaseback arrangement entered into by Chengtong Financial Leasing as lessor and PowerChina Real Estate and Foshan Fanyue Real Estate Co., Ltd. as co-lessees on 10 August 2023 for the purchase of leased assets at a consideration of RMB160 million and then leaseback to the co-lessees for 3 years with lease interest of approximately RMB20.36 million and total lease payment of approximately RMB180.36 million, repayable on a quarterly basis. (Further details are set out in the Company's announcement dated 10 August 2023 and the corresponding circular dated 15 September 2023).
- (f) the sale and leaseback arrangement entered into between Chengtong Financial Leasing as lessor and PowerChina Real Estate and Nanjing Jinling Real Estate Development Co., Ltd. as co-lessees on 23 November 2022 for the purchase of leased assets at a consideration of RMB140 million and then leaseback to the co-lessees for 3 years with lease interest of approximately RMB13.34 million and total lease payment of approximately RMB153.34 million, repayable on a quarterly basis. (Further details are set out in the Company's announcement dated 23 November 2022 and the corresponding circular dated 13 January 2023).

Sufficiency of Public Float

As at the date of this directors' report, based on information that was publicly available to the Company and to the best knowledge of the Directors, the Directors confirmed that the Company had maintained sufficient public float as required under the Listing Rules.

Five-year Financial Summary

A summary of the Group's results and its assets and liabilities for current year and the past four financial years is set out on pages 171 to 172 of this annual report.

Auditor

The consolidated financial statements of the Company for the year have been audited by Baker Tilly Hong Kong Limited. A resolution will be proposed at the forthcoming AGM of the Company to re-appoint Baker Tilly as auditor of the Company.

By order of the Board

SUN Jie
Chairlady

Hong Kong, 13 March 2026



Independent auditor's report to the members of China Chengtong Development Group Limited
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of China Chengtong Development Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 66 to 169, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other 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 as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

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

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.

Key audit matter	How our audit addressed the key audit matter
<p data-bbox="150 599 639 627">Impairment assessment of loan receivables</p> <p data-bbox="150 642 799 827">We identified the impairment assessment of loan receivables as a key audit matter due to the significance of loan receivables to the consolidated financial statements as a whole and the use of judgement and estimates by management in assessing the recoverability of loan receivables.</p> <p data-bbox="150 864 799 1215">Management performed periodic assessment on the recoverability of the loan receivables and the sufficiency of impairment loss allowance based on information including credit profile of the borrowers, historical settlement records, subsequent settlement status, ageing of the loan receivables, value of the collaterals and expected timing and amount of realisation of outstanding balances. Management also considered forward-looking information that may impact the ability of the borrowers to repay the outstanding balances in order to estimate the expected credit losses for the impairment assessment.</p> <p data-bbox="150 1252 799 1403">As set out in note 20 to the consolidated financial statements, as at 31 December 2025, the Group had gross loan receivables of approximately HK\$10,529,174,000 and impairment loss allowance of approximately HK\$37,825,000.</p>	<p data-bbox="847 642 1447 713">Our procedures in relation to the management's impairment assessment on loan receivables included:</p> <ul data-bbox="847 750 1447 1640" style="list-style-type: none"> <li data-bbox="847 750 1447 842">• obtaining an understanding of the Group's expected credit loss policy and methodology for impairment assessment; <li data-bbox="847 879 1447 1194">• assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, collection history, and value of collaterals, on a sampling basis, and evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information; <li data-bbox="847 1231 1447 1323">• checking the accuracy and completeness of the ageing classification of the loan receivables balances, on a sampling basis; <li data-bbox="847 1360 1447 1453">• testing the mathematical accuracy of the expected credit loss model prepared by management; and <li data-bbox="847 1489 1447 1640">• assessing the sufficiency of the disclosures in the consolidated financial statements in respect of loss allowance for loan receivables with reference to the requirements of the prevailing accounting standards.

Other information

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

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

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

Responsibilities of directors and those charged with governance for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and 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.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's responsibilities for the audit of the consolidated financial statements

(Continued)

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

(Continued)

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

The engagement director on the audit resulting in this independent auditor's report is Chau Fong, Lily.

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong, 13 March 2026

Chau Fong, Lily

Practising Certificate Number P08090

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Revenue	5	578,995	552,637
Cost of sales		(339,459)	(347,685)
Gross profit and net interest income		239,536	204,952
Other income and gains, net	7	15,854	21,685
Selling expenses		(25,967)	(10,360)
Administrative expenses		(96,024)	(98,156)
Impairment losses under expected credit loss model, net of reversal	10	(5,723)	(479)
Fair value loss on investment properties	15	(13,634)	(12,172)
Finance costs	8	(11,659)	(25,594)
Profit before tax		102,383	79,876
Income tax expense	9	(54,335)	(41,128)
Profit for the year	10	48,048	38,748
Profit for the year attributable to:			
Owners of the Company		47,851	38,633
Non-controlling interests		197	115
		48,048	38,748
Earnings per share			
– Basic and diluted	13	HK0.80 cents	HK0.65 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
Profit for the year	48,048	38,748
Other comprehensive income/(expense), net of tax		
<i>Item that will not be reclassified to profit or loss:</i>		
Net change in fair value of equity investments at fair value through other comprehensive income	12,940	(771)
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	127,528	(108,290)
Total comprehensive income/(expense) for the year	188,516	(70,313)
Total comprehensive income/(expense) attributable to:		
Owners of the Company	188,319	(70,428)
Non-controlling interests	197	115
	188,516	(70,313)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment	14	633,392	468,564
Investment properties	15	33,503	64,045
Finance lease receivables and loan receivables	20	4,103,676	3,313,009
Other financial assets	22	459	453
Deferred tax assets	31	12,043	15,696
		4,783,073	3,861,767
Current assets			
Properties held for sale	17	53,031	134,666
Inventories	18	3,879	3,724
Trade and other receivables	19	53,310	29,776
Finance lease receivables and loan receivables	20	6,387,673	3,255,832
Loans to a related party	21(a)	–	26,500
Other financial assets	22	43,180	30,226
Tax recoverable		4,282	1,089
Pledged bank deposits	23	2,756	2,634
Bank balances and cash	23	1,054,287	1,031,160
		7,602,398	4,515,607
Current liabilities			
Trade and other payables	25	222,226	300,704
Contract liabilities	26	42,166	110,693
Lease liabilities	27	–	2,982
Tax payables		52,145	34,168
Bank borrowings	28	2,319,669	1,602,581
Asset-backed securities	29	1,637,042	1,464,538
Corporate bonds	30	16,823	–
Loans from related parties	21(b)	359,832	–
		4,649,903	3,515,666
Net current assets		2,952,495	999,941
Total assets less current liabilities		7,735,568	4,861,708

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current liabilities			
Bank borrowings	28	2,924,309	990,524
Asset-backed securities	29	689,408	671,746
Corporate bonds	30	1,107,174	–
Loans from related parties	21(b)	–	174,900
Other payables	25	30,198	214,984
Deferred tax liabilities	31	38,382	40,044
		4,789,471	2,092,198
Net assets			
		2,946,097	2,769,510
Capital and reserves			
Share capital	32	2,214,624	2,214,624
Reserves		726,101	549,711
Equity attributable to owners of the Company		2,940,725	2,764,335
Non-controlling interests		5,372	5,175
Total equity		2,946,097	2,769,510

The consolidated financial statements on pages 66 to 169 were approved and authorised for issue by the board of directors on 13 March 2026 and are signed on its behalf by:

Sun Jie
Director

Chen Jianying
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Equity attributable to owners of the Company												
	Share capital HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	General risk reserve HK\$'000	Shares held for share award scheme HK\$'000	Employee share-based compensation reserve HK\$'000	Financial assets at fair value through other comprehensive income reserve HK\$'000	Revaluation reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2024	2,214,624	2,814	153,503	99,662	(6,494)	702	(173,929)	5,019	(306,070)	865,212	2,855,043	5,060	2,860,103
Profit for the year	-	-	-	-	-	-	-	-	-	38,633	38,633	115	38,748
Other comprehensive expense:													
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	-	(108,290)	-	(108,290)	-	(108,290)
Net change in fair value of equity investments at fair value through other comprehensive income	-	-	-	-	-	-	(771)	-	-	-	(771)	-	(771)
Total comprehensive (expense)/ income for the year	-	-	-	-	-	-	(771)	-	(108,290)	38,633	(70,428)	115	(70,313)
Dividend paid (note 12)	-	-	-	-	-	-	-	-	-	(20,280)	(20,280)	-	(20,280)
Appropriation to statutory reserve	-	-	15,007	-	-	-	-	-	-	(15,007)	-	-	-
Adjustments from general risk reserve	-	-	-	(20,160)	-	-	-	-	-	20,160	-	-	-
Expiration of share option	-	-	-	-	-	(702)	-	-	-	702	-	-	-
At 31 December 2024	2,214,624	2,814	168,510	79,502	(6,494)	-	(174,700)	5,019	(414,360)	889,420	2,764,335	5,175	2,769,510

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Equity attributable to owners of the Company											
	Share capital HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	General risk reserve HK\$'000	Shares held for share award scheme HK\$'000	Financial assets at fair value through other comprehensive income reserve HK\$'000	Revaluation reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2025	2,214,624	2,814	168,510	79,502	(6,494)	(174,700)	5,019	(414,360)	889,420	2,764,335	5,175	2,769,510
Profit for the year	-	-	-	-	-	-	-	-	47,851	47,851	197	48,048
Other comprehensive income:												
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	127,528	-	127,528	-	127,528
Net change in fair value of equity investments at fair value through other comprehensive income	-	-	-	-	-	12,940	-	-	-	12,940	-	12,940
Total comprehensive income for the year	-	-	-	-	-	12,940	-	127,528	47,851	188,319	197	188,516
Dividend paid (note 12)	-	-	-	-	-	-	-	-	(11,929)	(11,929)	-	(11,929)
Appropriation to statutory reserve	-	-	12,389	-	-	-	-	-	(12,389)	-	-	-
Adjustments from general risk reserve	-	-	-	36,181	-	-	-	-	(36,181)	-	-	-
At 31 December 2025	2,214,624	2,814	180,899	115,683	(6,494)	(161,760)	5,019	(286,832)	876,772	2,940,725	5,372	2,946,097

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Operating activities			
Profit before tax		102,383	79,876
Adjustments for:			
Interest income	7	(11,551)	(17,076)
Dividend income	7	(24)	(40)
Interest expense	8	162,247	210,113
Depreciation of property, plant and equipment	10	98,665	104,567
Fair value loss on investment properties	15	13,634	12,172
Loss on disposal of property, plant and equipment, net	10	104	2,107
Gain on disposal of investment properties	7	(143)	–
Loss on disposal of investment properties	10	–	99
Impairment loss recognised on property, plant and equipment	10	–	2,057
Impairment loss on financial assets, net	10	5,723	479
Operating cash flows before movements in working capital		371,038	394,354
Decrease in properties held for sale		86,536	58,046
(Increase)/decrease in inventories		(11)	16
(Increase)/decrease in trade and other receivables		(25,152)	21,781
(Increase)/decrease in finance lease receivables and loan receivables		(3,592,035)	2,014,928
Decrease in trade and other payables		(281,683)	(33,723)
Decrease in contract liabilities		(72,539)	(20,810)
Cash (used in)/generated from operations		(3,513,846)	2,434,592
Hong Kong Profits Tax paid		–	(2,900)
PRC withholding tax paid		(5,178)	–
PRC Enterprise Income Tax paid		(33,729)	(33,554)
PRC Land Appreciation Tax paid		(1,531)	(1,569)
Net cash (used in)/generated from operating activities		(3,554,284)	2,396,569

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Investing activities			
Interest received		11,547	16,901
Dividend received		24	40
Purchase of property, plant and equipment		(231,461)	(31,544)
Proceeds from disposal of property, plant and equipment		57	12,488
Proceeds from disposal of investment properties		10,410	1,996
Receipt of repayment for loan to a related party		27,334	–
Withdrawal of pledged bank deposits		–	9,142
Placement of pledged bank deposits		–	(71)
Net cash (used in)/generated from investing activities		(182,089)	8,952
Financing activities			
Interest paid	24	(141,313)	(215,825)
New bank borrowings raised	24	4,827,968	1,532,442
Repayment of bank borrowings	24	(2,323,425)	(2,584,678)
Repayment of lease liabilities	24	(3,037)	(3,916)
Interest paid on lease liabilities	24	(93)	(267)
Proceeds from loans from related parties	24	174,940	392,215
Repayment of loans from related parties	24	–	(379,805)
Proceeds from issuance of asset-backed securities	24	2,313,580	1,076,760
Proceeds from issuance of corporate bonds	24	1,094,736	–
Transaction costs attributable to issuance of corporate bonds	24	(1,362)	–
Repayment of asset-backed securities	24	(2,220,419)	(1,846,212)
Dividends paid to the shareholders of the Company	12	(11,929)	(20,280)
Net cash generated from/(used in) financing activities		3,709,646	(2,049,566)
Net (decrease)/increase in cash and cash equivalents		(26,727)	355,955
Cash and cash equivalents at beginning of the year		1,031,160	698,579
Effect of foreign exchange rate changes		49,854	(23,374)
Cash and cash equivalents at end of the year		1,054,287	1,031,160
Analysis of components of cash and cash equivalents:			
Bank balances and cash		1,054,287	1,031,160

1 General information

China Chengtong Development Group Limited (the “**Company**”) is a public limited company incorporated in Hong Kong. The address of its registered office and its principal place of business is 22/F., Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong. The Company is an investment holding company. The Company and its subsidiaries (hereinafter referred to as the “**Group**”) are principally engaged in leasing, property development and investment, marine recreation services and hotel business.

The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). As at 31 December 2025, the Company’s immediate holding company is China Chengtong Hong Kong Company Limited, which is incorporated in Hong Kong. The directors of the Company consider the Group’s ultimate holding company to be China Chengtong Holdings Group Limited (“**CCHG**”), a company incorporated in the People’s Republic of China (the “**PRC**”).

The consolidated financial statements are presented in Hong Kong Dollar (“**HK\$**”), which is also the functional currency of the Company.

2 Application of new and amendments to HKFRS Accounting Standards

2.1 Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21

Lack of Exchangeability

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

2 Application of new and amendments to HKFRS Accounting Standards (Continued)

2.2 New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7 Amendments to HKFRS 10 and HKAS 28	Contracts Referencing Nature – dependent Electricity ² Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards HKFRS 18	Annual Improvements to HKFRS Accounting Standards – Volume 11 ² Presentation and Disclosure in Financial Statements ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 9 and HKFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”

The amendments to HKFRS 9 “Financial instruments” (“**HKFRS 9**”) clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met.

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term “non-recourse” is enhanced and the characteristics of “contractually linked instruments” are clarified in the amendments.

2 Application of new and amendments to HKFRS Accounting Standards (Continued)

2.2 New and amendments to HKFRS Accounting Standards in issue but not yet effective

(Continued)

Amendments to HKFRS 9 and HKFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” (Continued)

The disclosure requirements in HKFRS 7 “Financial instruments: Disclosure” (“**HKFRS 7**”) in respect of investments in equity instruments designated at fair value through other comprehensive income are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent event not directly relating to basic lending risks and cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

HKFRS 18 “Presentation and Disclosure in Financial Statements” (“HKFRS 18**”)**

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

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

3 Basis of preparation of consolidated financial statements and material accounting policy information

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

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

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

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

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

3 Basis of preparation of consolidated financial statements and material accounting policy information (Continued)

3.1 Basis of preparation of consolidated financial statements (Continued)

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

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

3.2 Material accounting policy information

Basis of consolidation

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

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

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

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

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

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

3 Basis of preparation of consolidated financial statements and material accounting policy information (Continued)

3.2 Material accounting policy information (Continued)

Basis of consolidation (Continued)

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

Revenue from contracts with customers

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

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

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

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

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

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

3 Basis of preparation of consolidated financial statements and material accounting policy information (Continued)

3.2 Material accounting policy information (Continued)

Revenue from contracts with customers (Continued)

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

Output method

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

Further information about the Group's accounting policies relating to contracts with customers is provided in note 5.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

3 Basis of preparation of consolidated financial statements and material accounting policy information (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets

The cost of right-of-use assets includes:

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

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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

The Group presents right-of-use assets in “property, plant and equipment”, the same line item within which the corresponding underlying assets would be presented if they were owned.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value.

Lease liabilities

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

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment whether the risk profile of the entity that enters into the lease is different to that of the Group and whether the lease benefit from a guarantee from the Group.

3 Basis of preparation of consolidated financial statements and material accounting policy information (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

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

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease.

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

Lease modifications

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

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

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

3 Basis of preparation of consolidated financial statements and material accounting policy information (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications (Continued)

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

Classification and measurement of leases

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

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term.

Interest and rental income which are derived from the Group's ordinary course of business are presented as revenue.

3 Basis of preparation of consolidated financial statements and material accounting policy information (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessor (Continued)

Allocation of consideration to components of a contract

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

Refundable rental deposits

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

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

(i) Operating leases

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

For rent concession under which the Group legally releases the lessee from its obligation to make specifically identified lease payment, of which some of these lease payments are contractually due but not paid and some of them are not yet contractually due, the Group accounts for the portions which have been recognised as operating lease receivables (i.e. the lease payments which are contractually due but not paid) by applying the expected credit losses ("**ECL**") and derecognition requirements under HKFRS 9 and applies lease modification requirements for the forgiven lease payments that the Group has not recognised (i.e. the lease payments which are not yet contractually due) as at the effective date of modification.

3 Basis of preparation of consolidated financial statements and material accounting policy information (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessor (Continued)

Lease modification (Continued)

(ii) Finance leases

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

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

For a modification to a finance lease that is not accounted for as a separate lease, if the lease would have been classified as an operating lease had the modification been in effect at the inception date, the Group accounts for the lease modification as a new lease from the effective date of the modification; and measures the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the lease modification. Otherwise, the Group accounts for the modification in accordance with the requirements of HKFRS 9. If the change represents a substantial modification, the finance lease receivables of the original lease are derecognised and a derecognition gain or loss calculated using the revised lease payments discounted at the revised discount rate is recognised in profit or loss on the date of the modification. If the change does not represent a substantial modification, the Group continues to recognise the finance lease receivables in which such carrying amount will be calculated at the present value of the modified contractual cash flows discounted at the related receivables' original discount rate. Any adjustment to the carrying amount is recognised in profit or loss at the effective date of modification.

Sale and leaseback transactions

The Group applies the requirements of HKFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

3 Basis of preparation of consolidated financial statements and material accounting policy information (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

Sale and leaseback transactions (Continued)

The Group as a buyer-lessor

For a transfer of asset that does not satisfy the requirements of HKFRS 15 to be accounted for as a sale of asset, the Group as a buyer-lessor does not recognise the transferred asset and recognises a loan receivable equal to the transfer proceeds within the scope of HKFRS 9.

For a transfer of asset that satisfies the requirements of HKFRS 15 to be accounted for as a sale of asset, the Group as a buyer-lessor accounts for the purchase of the asset applying applicable standards, and for the lease applying the lessor accounting requirements in accordance with HKFRS 16.

Foreign currencies

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

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

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

Borrowing costs

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

3 Basis of preparation of consolidated financial statements and material accounting policy information (Continued)

3.2 Material accounting policy information (Continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income and gains, net", rather than deducted from the related expense.

Retirement benefits costs

Payments to the defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to the contributions.

Short-term employee benefits

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

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

Treasury shares

The consideration paid by the Group for purchasing the Company's shares from the market is presented as "shares held for share award scheme" and the amount is deducted from total equity.

3 Basis of preparation of consolidated financial statements and material accounting policy information (Continued)

3.2 Material accounting policy information (Continued)

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share capital. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in employee share-based compensation reserve will be transferred to retained profits.

Taxation

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

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

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

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

3 Basis of preparation of consolidated financial statements and material accounting policy information (Continued)

3.2 Material accounting policy information (Continued)

Taxation (Continued)

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

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

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

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

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "Income Taxes" requirements to the lease liabilities and right-of-use assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

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 to the same taxable entity by the same taxation authority.

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

3 Basis of preparation of consolidated financial statements and material accounting policy information (Continued)

3.2 Material accounting policy information (Continued)

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

Depreciation of containers is calculated using the accelerated depreciation method over its estimated useful lives of 20 years using the sum of the years' digits method as it better reflects the assets' economic benefits.

Depreciation for other items of property, plant and equipment is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

Buildings	4%
Furniture and equipment	10% to 33%
Motor vehicles and vessels	6.67% to 33%
Marine travel facilities and equipment	6.67% to 33%
Machineries and equipment	5.48% to 16.67%
Right-of-use assets	Over the shorter of the assets' useful life or the lease term

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

3 Basis of preparation of consolidated financial statements and material accounting policy information (Continued)

3.2 Material accounting policy information (Continued)

Investment properties

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

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

If a property becomes an owner-occupied property because its use has been changed as evidenced by commencement of owner-occupation, the fair value of the property at the date of change in use is considered as the deemed cost for subsequent accounting.

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

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

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

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

3 Basis of preparation of consolidated financial statements and material accounting policy information (Continued)

3.2 Material accounting policy information (Continued)

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

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

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

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value and restricted deposits arising from pre-sale of properties that are held for meeting short-term cash commitments. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

3 Basis of preparation of consolidated financial statements and material accounting policy information (Continued)

3.2 Material accounting policy information (Continued)

Cash and cash equivalents (Continued)

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in note 23. If the contractual restrictions to use the cash extend beyond 12 months after the end of the reporting period, the related amounts are classified as non-current in the consolidated statement of financial position.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Properties held for sale

Properties held for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, properties held for sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated and costs necessary to make the sales. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale, including costs to be incurred in marketing, selling and distribution.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

3 Basis of preparation of consolidated financial statements and material accounting policy information (Continued)

3.2 Material accounting policy information (Continued)

Contingent liabilities

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

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

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

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade and bills receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

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

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

3 Basis of preparation of consolidated financial statements and material accounting policy information (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

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

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

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

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

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is not held for trading.

3 Basis of preparation of consolidated financial statements and material accounting policy information (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

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

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the finance assets at fair value through other comprehensive income reserve; and are not subject to impairment assessment. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, and is transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income and gains, net" line item in profit or loss.

Impairment of financial assets

The Group performs impairment assessment under ECL model on financial assets (including trade and other receivables, finance lease receivables and loan receivables, loans to related parties, pledged bank deposits and bank balances and cash) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

3 Basis of preparation of consolidated financial statements and material accounting policy information (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

The Group always recognises lifetime ECL for trade and bills receivables.

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

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts and governmental bodies as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

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

3 Basis of preparation of consolidated financial statements and material accounting policy information (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

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

(ii) Definition of default

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

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

3 Basis of preparation of consolidated financial statements and material accounting policy information (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

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

3 Basis of preparation of consolidated financial statements and material accounting policy information (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade and bills receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for factors that are specific to debtors, general economic conditions and forward-looking information, including time value of money where appropriate, that is available without undue cost or effort.

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

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

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

3 Basis of preparation of consolidated financial statements and material accounting policy information (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL (Continued)

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

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

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other income and gains, net" line item (note 7) as part of the net foreign exchange differences; and
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in financial assets at FVTOCI reserve.

Derecognition/modification of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

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

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained profits.

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

3 Basis of preparation of consolidated financial statements and material accounting policy information (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition/modification of financial assets (Continued)

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

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, bank borrowings, asset-backed securities, corporate bonds and loans from related parties are subsequently measured at amortised cost, using the effective interest method.

3 Basis of preparation of consolidated financial statements and material accounting policy information (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other income and gains, net" line item in profit or loss (note 7) as part of net foreign exchange differences for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

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

3 Basis of preparation of consolidated financial statements and material accounting policy information (Continued)

3.2 Material accounting policy information (Continued)

Related parties

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

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

4 Key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3.2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

4.1 Fair value of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuer. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market conditions. In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the methods, inputs and assumptions used in the valuation are reflective of the current market conditions. Changes to inputs and assumptions used would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss.

4.2 Estimated net realisable value of inventories of properties

In determining whether allowances should be made for the Group's inventories of properties held for sale, the Group takes into consideration the estimated selling price and the costs to be incurred in selling the properties based on prevailing market conditions, current market environment and the sales performance in previous years for all the properties. An allowance is made if the net realisable value is less than the carrying amount. If the actual net realisable value of inventories of properties is less than expected as a result of change in market conditions and/or significant variation in the budgeted development costs, material allowance may result.

4 Key sources of estimation uncertainty (Continued)

4.3 Impairment allowance on financial assets and finance lease receivables and loan receivables

The measurement of impairment losses under HKFRS 9 across all categories of financial assets and finance lease receivables and loan receivables requires an estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These judgements and estimates are driven by a number of factors, changes in which can result in different levels of allowances.

At the end of each reporting period, the Group assesses whether there has been a significant increase in credit risk of exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

4.4 Estimated impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. For the purposes of impairment testing, assets are allocated to its respective CGUs. Management judgement and estimation is required in the area of asset impairment particularly in assessing: (i) whether the carrying amount of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal and value in use; and (ii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate discount rate.

4.5 Deferred tax assets

As at 31 December 2025, no deferred tax asset has been recognised on the tax losses of HK\$238,581,000 (2024: HK\$232,647,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

4.6 Land appreciation tax

The Group is subject to land appreciation tax in the PRC. However, the implementation and settlement of the tax varies and the Group has not finalised its land appreciation tax calculation and payments with local tax authorities for the properties already sold in the PRC. Accordingly, significant judgement and estimation is required in determining the amount of the land appreciation tax and its related income tax provisions. The Group recognised the land appreciation tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the tax provisions in the periods in which such tax is finalised with local tax authorities.

5 Revenue

(i) Disaggregation of the Group's revenue from contracts with customers

For the year ended 31 December 2025

Segments	Leasing HK\$'000	Property development and investment HK\$'000	Marine recreation services and hotel HK\$'000	Total HK\$'000
Types of goods or services				
Sales of properties	–	135,787	–	135,787
Consultancy service income from leasing arrangements	52,657	–	–	52,657
Marine recreation and hotel services income	–	–	28,836	28,836
Revenue from contracts with customers	52,657	135,787	28,836	217,280
Rental income from investment properties	–	1,790	–	1,790
Rental income under operating lease in respect of owned machineries and equipment	90,471	–	–	90,471
Interest income from loan receivables	269,356	–	–	269,356
Finance lease income	98	–	–	98
Total	412,582	137,577	28,836	578,995
Timing of revenue recognition:				
A point in time	52,657	135,787	22,181	210,625
Over time	–	–	6,655	6,655
Total revenue from contracts with customers	52,657	135,787	28,836	217,280

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 Revenue (Continued)

(i) Disaggregation of the Group's revenue from contracts with customers (Continued)

For the year ended 31 December 2024

Segments	Leasing HK\$'000	Property development and investment HK\$'000	Marine recreation services and hotel HK\$'000	Total HK\$'000
Types of goods or services				
Sales of properties	–	87,476	–	87,476
Marine recreation and hotel services income	–	–	32,666	32,666
Revenue from contracts with customers	–	87,476	32,666	120,142
Rental income from investment properties	–	2,094	–	2,094
Rental income under operating lease in respect of owned machineries and equipment	109,387	–	–	109,387
Interest income from loan receivables	319,772	–	–	319,772
Finance lease income	1,242	–	–	1,242
Total	430,401	89,570	32,666	552,637
Timing of revenue recognition:				
A point in time	–	87,476	27,004	114,480
Over time	–	–	5,662	5,662
Total revenue from contracts with customers	–	87,476	32,666	120,142

5 Revenue (Continued)

(ii) Performance obligations for contracts with customers

Leasing – Consultancy service income

Revenue from consultancy services is recognised at point in time when the services are rendered.

Property development and investment

Revenue from sales of properties is recognised at a point in time when the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and collection of the consideration is probable. The Group receives 20% – 100% of the contract value as deposits from customers when they sign the sale and purchase agreement for sale of properties, while the remaining portion of the total contract value will be paid to the Group from the banks once the customers meet the requirements of the banks for applying mortgage loans. The amount is generally made by the bank before the delivery of property to the buyer. The advance payment schemes result in contract liabilities being recognised throughout the property construction period until the customer obtains control of the completed property. The amount of advance payments is not adjusted for the effects of the time value of money due to the insignificant difference between the amount of promised consideration and the cash selling price of completed units by reference to the expected timing in delivery of completed units to customers.

Marine recreation services and hotel

Revenue from marine recreation services is generally recognised at point in time when the services are provided. Revenue from hotel operation is recognised over time during the period of stay for the hotel guests using output method.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

All of the Group's contracts with customers are for periods of one year or less, as permitted under HKFRS 15, the transaction price allocated to unsatisfied contracts is not disclosed.

(iv) Leases

	2025 HK\$'000	2024 HK\$'000
For operating leases:		
Lease payments that are fixed	92,261	111,481
For finance leases:		
Finance income on the net investment in the lease	98	1,242
Total revenue arising from leases	92,359	112,723

	2025 HK\$'000	2024 HK\$'000
Operating lease income – properties	1,790	2,094
Operating lease income – machineries and equipment	90,471	109,387
Finance lease income – machineries and equipment	98	1,242
Total revenue arising from leases	92,359	112,723

6 Operating segments

Information reported to the executive directors of the Company, being the chief operating decision makers ("CODM"), for the purpose of resources allocation and assessment of segment performance, focuses on types of goods or services delivered or provided.

The Group's reportable segments under HKFRS 8 are as follows:

- (1) Leasing – providing leasing services including consultancy services from leasing arrangement, finance lease, sale and leaseback and operating lease services
- (2) Property development and investment – sales of properties and holding investment properties for appreciation and/or providing rental services
- (3) Marine recreation services and hotel – providing marine recreation and hotel services

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

For the year ended 31 December 2025

	Leasing HK\$'000	Property development and investment HK\$'000	Marine recreation services and hotel HK\$'000	Total HK\$'000
Revenue as presented in the consolidated statement of profit or loss	412,582	137,577	28,836	578,995
Segment results	118,655	40,741	(6,424)	152,972
Fair value loss on investment properties				(13,634)
Unallocated finance costs				(11,578)
Unallocated corporate expenses				(29,737)
Unallocated corporate income				4,360
Profit before tax				102,383

6 Operating segments (Continued)

Segment revenue and results (Continued)

For the year ended 31 December 2024

	Leasing HK\$'000	Property development and investment HK\$'000	Marine recreation services and hotel HK\$'000	Total HK\$'000
Revenue as presented in the consolidated statement of profit or loss	430,401	89,570	32,666	552,637
Segment results	105,936	29,279	(5,856)	129,359
Fair value loss on investment properties				(12,172)
Unallocated finance costs				(25,385)
Unallocated corporate expenses				(23,837)
Unallocated corporate income				11,911
Profit before tax				79,876

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3.2. Segment profit/(loss) represents the profit earned by/loss from each segment without allocation of corporate expenses and income, fair value loss on investment properties and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Unallocated corporate income mainly comprised interest income from deposits and related parties (2024: net exchange gain and interest income from deposits and related parties) which are not directly attributable to the business activities of any operating segment.

Unallocated corporate expenses mainly comprised net exchange loss, depreciation, staff costs and legal and professional expenses (2024: depreciation, staff costs and legal and professional expenses) of the Group's headquarter which are not directly attributable to the business activities of any operating segment.

6 Operating segments (Continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

	Notes	2025 HK\$'000	2024 HK\$'000
Segment assets			
Leasing		11,906,743	7,673,910
Property development and investment	(a)	225,404	362,691
Marine recreation services and hotel		119,202	129,235
Others		–	11,028
Total segment assets		12,251,349	8,176,864
Unallocated			
– other financial assets		43,639	30,679
– bank balances and cash		60,847	117,322
– other unallocated assets		29,636	52,509
Consolidated assets		12,385,471	8,377,374
Segment liabilities			
Leasing		9,043,825	5,064,842
Property development and investment		98,772	162,344
Marine recreation services and hotel		9,538	39,518
Others		–	469
Total segment liabilities		9,152,135	5,267,173
Bank borrowings		45,394	306,988
Loan from a related party		177,148	–
Other unallocated liabilities		64,697	33,703
Consolidated liabilities		9,439,374	5,607,864

Note:

- (a) Segment assets of property development and investment segment include investment properties but segment results exclude the related fair value loss of HK\$13,634,000 (2024: HK\$12,172,000) for the year.

6 Operating segments (Continued)

Segment assets and liabilities (Continued)

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

- all assets are allocated to reportable segments other than assets held by head office and the inactive subsidiaries; and
- all liabilities are allocated to reportable segments other than borrowings (including bank borrowings and loan from a related party) and liabilities incurred by head office and the inactive subsidiaries.

Other segment information

For the year ended 31 December 2025

	Leasing HK\$'000	Property development and investment HK\$'000	Marine recreation services and hotel HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts included in the measure of segment results or segment assets:					
Additions to non-current assets (other than financial assets and deferred tax assets)	231,170	-	279	12	231,461
Depreciation	84,263	10	10,282	4,110	98,665
Impairment losses under expected credit loss model, net of reversal	5,723	-	-	-	5,723
Loss/(gain) on disposal of property, plant and equipment, net	-	(5)	76	33	104
Gain on disposal of investment properties	-	(143)	-	-	(143)
Interest income from deposits and other financial assets	(6,701)	(562)	(10)	(2,765)	(10,038)
Interest expenses (included in cost of sales)	150,588	-	-	-	150,588
Finance costs	-	-	81	11,578	11,659
Amount regularly provided to the CODM but not included in the analysis of the segment's performance or segment assets:					
Fair value loss on investment properties	-	13,634	-	-	13,634

6 Operating segments (Continued)

Other segment information (Continued)

For the year ended 31 December 2024

	Leasing HK\$'000	Property development and investment HK\$'000	Marine recreation services and hotel HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts included in the measure of segment results or segment assets:					
Additions to non-current assets (other than financial assets and deferred tax assets)	30,696	12	836	-	31,544
Depreciation	88,848	2,182	11,333	2,204	104,567
Impairment losses under expected credit loss model, net of reversal	479	-	-	-	479
Impairment loss of property, plant and equipment	-	-	2,057	-	2,057
Loss on disposal of property, plant and equipment, net	1,889	159	59	-	2,107
Loss on disposal of investment properties	-	99	-	-	99
Interest income from deposits and other financial assets	(6,473)	(437)	(81)	(8,013)	(15,004)
Interest expenses (included in cost of sales)	184,519	-	-	-	184,519
Finance costs	-	-	209	25,385	25,594
Amount regularly provided to the CODM but not included in the analysis of the segment's performance or segment assets:					
Fair value loss on investment properties	-	12,172	-	-	12,172

Geographical information

No separate analysis of segment information by geographical information is presented as the Group's revenue and non-current assets excluding financial instruments and deferred tax assets, are principally attributable to a single geographical region, which is the PRC.

Information about major customers

No revenue from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for both years.

7 Other income and gains, net

	2025 HK\$'000	2024 HK\$'000
Interest income from:		
– deposits and other financial assets	10,038	15,004
– related parties	1,513	2,072
Dividend from equity instruments at FVTOCI	24	40
Government subsidies (note)	414	816
Gain on disposal of investment properties	143	–
Exchange gain, net	–	1,602
Others	3,722	2,151
	15,854	21,685

Note: The amounts for both years represent government grants obtained from the PRC local government to support the tourism business. The Group has complied with the requirements as set out by the local government for both years.

8 Finance costs

	2025 HK\$'000	2024 HK\$'000
Interest on bank borrowings	88,665	131,194
Interest on asset-backed securities	44,289	70,149
Interest on corporate bonds	17,447	–
Interest on loans from related parties	11,753	8,503
Interest on lease liabilities	93	267
	162,247	210,113
Less:		
Amounts included in cost of sales:		
– Interest on bank borrowings	(82,812)	(109,658)
– Interest on asset-backed securities	(44,289)	(70,149)
– Interest on corporate bonds	(17,447)	–
– Interest on loans from related parties	(6,040)	(4,712)
	(150,588)	(184,519)
	11,659	25,594

9 Income tax expense

	2025 HK\$'000	2024 HK\$'000
Current tax:		
PRC Enterprise Income Tax ("EIT")	37,379	33,955
PRC Land Appreciation Tax ("LAT")	15,305	9,450
	52,684	43,405
Under/(over)-provision in prior years:		
Hong Kong Profits Tax	–	3
PRC EIT	754	(762)
	754	(759)
Deferred tax (note 31)	897	(1,518)
	54,335	41,128

No provision for Hong Kong Profits Tax has been made as the Group has sufficient tax losses brought forward to set off against assessable profits for both years.

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years. The current tax also comprised PRC LAT which is estimated in accordance with the requirements set forth in the relevant PRC tax laws and regulations. PRC LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

Reconciliation between income tax expense and accounting profit at applicable tax rates:

	2025 HK\$'000	2024 HK\$'000
Profit before tax	102,383	79,876
Tax calculated at PRC EIT rate of 25% (2024: 25%)	25,596	19,969
Effect of different tax rates of group entities operating in jurisdictions other than the PRC	3,227	2,895
PRC LAT	15,305	9,450
Tax effect on PRC LAT	(3,826)	(2,362)
Tax effect of expenses not deductible for tax purpose	6,509	1,878
Tax effect of income not taxable for tax purpose	(1,165)	(1,249)
Tax effect of temporary difference not recognised	933	556
Tax effect of tax losses not recognised	4,337	6,371
Utilisation of tax losses previously not recognised	(219)	(239)
Withholding tax for undistributed profits of PRC subsidiaries	2,884	4,618
Under/(over)-provision in prior years	754	(759)
Income tax expense	54,335	41,128

10 Profit for the year

	2025 HK\$'000	2024 HK\$'000
Profit for the year has been arrived at after charging/(crediting):		
Staff costs (including directors' emoluments)	58,976	52,953
Contributions to retirement benefits schemes (including directors' emoluments)	11,670	12,474
Total staff costs	70,646	65,427
Impairment losses under expected credit loss model, net of reversal		
– trade and bills receivables	–	(1)
– finance lease receivables and loan receivables	5,723	480
	5,723	479
Auditor's remuneration		
– audit service	1,180	1,180
– non-audit service	864	859
Cost of properties sold (included in cost of sales)	85,776	48,786
Depreciation of property, plant and equipment	98,665	104,567
Exchange loss, net	7,707	–
Impairment loss recognised on property, plant and equipment	–	2,057
Loss on disposal of property, plant and equipment, net	104	2,107
Loss on disposal of investment properties	–	99
Gross rental income from investment properties	(1,790)	(2,094)
Expenses relating to short-term leases	480	–

11 Directors' and senior management's emoluments

(a) Directors' emoluments

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

For the year ended 31 December 2025

	Fees HK\$'000	Salaries and other allowances HK\$'000	Performance related bonus HK\$'000	Contribution to retirement benefits schemes HK\$'000	Total HK\$'000
Chairlady and non-executive director					
Sun Jie (note (a))	-	-	-	-	-
Chairman and executive director					
Li Qian (note (a))	-	-	-	-	-
Executive directors					
Chen Jianying (note (a))	-	238	412	39	689
Zhang Chuanyi (note (a))	-	-	-	-	-
Bai Chunrui (note (a))	-	-	-	-	-
Sun Jie (note (a))	-	-	-	-	-
Independent non-executive directors					
Liu Lei (note (b))	219	-	-	-	219
Chang Qing (note (b))	150	-	-	-	150
Lee Man Chun, Tony	360	-	-	-	360
He Jia	360	-	-	-	360
	1,089	238	412	39	1,778

11 Directors' and senior management's emoluments (Continued)

(a) Directors' emoluments (Continued)

For the year ended 31 December 2024

	Fees HK\$'000	Salaries and other allowances HK\$'000	Performance related bonus HK\$'000	Contribution to retirement benefits schemes HK\$'000	Total HK\$'000
Chairman and executive director					
Li Qian (note (c))	-	-	-	-	-
Zhang Bin (note (c))	-	-	-	-	-
Executive directors					
Sun Jie (note (d))	-	-	-	-	-
Gu Honglin (note (d))	-	-	-	-	-
Yang Tianzhou (note (e))	-	-	-	-	-
Independent non-executive directors					
Chang Qing	360	-	-	-	360
Lee Man Chun, Tony	360	-	-	-	360
He Jia	360	-	-	-	360
	1,080	-	-	-	1,080

Notes:

- (a) Mr. Chen Jianying, Mr. Zhang Chuanyi and Ms. Bai Chunrui have been appointed as executive directors with effect from 7 November 2025. Mr. Li Qian resigned as the chairman and executive director and Ms. Sun Jie has been redesignated from an executive director to the chairlady and non-executive director on the same date.
- (b) Mr. Liu Lei has been appointed as an independent non-executive director with effect from 23 May 2025, and Professor Chang Qing resigned as an independent non-executive director on the same date.
- (c) Mr. Li Qian had been appointed as the chairman and executive director with effect from 25 December 2024, and Mr. Zhang Bin resigned as the chairman and executive directors on the same date.
- (d) Ms. Sun Jie has been appointed as an executive director with effect from 25 December 2024, and Mr. Gu Hongling resigned as an executive director on the same date.
- (e) Mr. Yang Tianzhou resigned as an executive director with effect from 12 January 2024.

The executive directors are not paid directly by the Company but receive emoluments from the Company's holding company, in respect of their services to the larger group which includes the Group, except for one director whose salaries, allowances and bonuses were paid by a subsidiary. No apportionment has been made as the qualifying services provided by these directors to the Group are incidental to their responsibilities to the larger group. There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

11 Directors' and senior management's emoluments (Continued)

(b) Five highest paid individuals

None (2024: none) of the director of the Company was included in the five highest paid individuals of the Group for the year ended 31 December 2025. The emoluments of the five (2024: five) highest paid individuals who are neither a director nor chief executive of the Company for the year ended 31 December 2025 were as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries and other benefits	3,352	3,406
Performance-based bonus	2,158	1,607
Contributions to retirement benefit schemes	780	1,004
	6,290	6,017

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

	Number of individuals	
	2025	2024
HK\$1,000,001 to HK\$1,500,000	5	5

During the years ended 31 December 2025 and 2024, no remuneration was paid by the Group to the directors or the five (2024: five) highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

(c) Senior management's emolument

The remuneration paid to the senior management (other than the directors as disclosed in note 11(a) above) for the years fell within the following band:

	Number of individuals	
	2025	2024
HK\$1,000,001 to HK\$1,500,000	2	1

12 Dividends

	2025 HK\$'000	2024 HK\$'000
Dividends proposed:		
Proposed final dividend of HK0.25 cent (2024: HK0.20 cent) per ordinary share in respect of the current financial year	14,912	11,929
Dividends paid in cash:		
Final dividend of HK0.20 cent (2023: HK0.34 cent) per ordinary share in respect of the previous financial year	11,929	20,280

The final dividend of HK0.25 cent per ordinary share proposed after the reporting date for the year ended 31 December 2025 were not recognised as a liability at the end of the reporting date. In addition, the final dividend is subject to the shareholders' approval at the forthcoming annual general meeting.

13 Earnings per share

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

	2025 HK\$'000	2024 HK\$'000
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	47,851	38,633
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note)	5,952,885	5,952,885

Note: The weighted average number of ordinary shares is adjusted for 11,750,000 shares of the Company which were purchased for the purpose of the share award scheme held by trustee as at 31 December 2025 and 2024. Details of the share award scheme are set out in the Company's announcement dated 30 June 2017.

Diluted earnings per share for the years ended 31 December 2025 and 2024 are not presented as there were no dilutive potential ordinary shares in issue during both years.

14 Property, plant and equipment

	Buildings HK\$'000	Furniture and equipment HK\$'000	Motor vehicles and vessels HK\$'000	Marine travel facilities and equipment HK\$'000	Land and other properties leased for own used HK\$'000	Machineries and Equipment HK\$'000	Containers HK\$'000	Total HK\$'000
Cost								
At 1 January 2024	144,487	55,226	65,063	6,888	70,556	513,262	-	855,482
Exchange adjustments	(5,254)	(1,884)	(2,450)	(250)	(2,280)	(18,474)	-	(30,592)
Additions	-	549	629	-	-	30,366	-	31,544
Disposals	-	(308)	(2,796)	-	-	(40,620)	-	(43,724)
At 31 December 2024 and 1 January 2025	139,233	53,583	60,446	6,638	68,276	484,534	-	812,710
Exchange adjustments	6,309	2,291	2,934	293	3,039	21,577	2,905	39,348
Additions	-	291	-	-	-	1,016	230,154	231,461
Disposals	-	(1,273)	(1,852)	-	-	-	-	(3,125)
Transfer from investment properties	9,075	-	-	-	-	-	-	9,075
At 31 December 2025	154,617	54,892	61,528	6,931	71,315	507,127	233,059	1,089,469
Accumulated depreciation and impairment								
At 1 January 2024	50,898	18,016	46,288	5,821	32,894	124,083	-	278,000
Exchange adjustments	(1,967)	(584)	(1,925)	(208)	(1,114)	(5,551)	-	(11,349)
Provided for the year	6,258	7,603	2,322	-	5,996	82,388	-	104,567
Eliminated on disposals	-	(296)	(2,566)	-	-	(26,267)	-	(29,129)
Impairment of property, plant and equipment	-	-	2,057	-	-	-	-	2,057
At 31 December 2024 and 1 January 2025	55,189	24,739	46,176	5,613	37,776	174,653	-	344,146
Exchange adjustments	2,265	1,004	2,404	256	1,544	8,757	-	16,230
Provided for the year	6,697	6,866	1,999	-	5,095	78,008	-	98,665
Eliminated on disposals	-	(1,190)	(1,774)	-	-	-	-	(2,964)
At 31 December 2025	64,151	31,419	48,805	5,869	44,415	261,418	-	456,077
Carrying amounts								
At 31 December 2025	90,466	23,473	12,723	1,062	26,900	245,709	233,059	633,392
At 31 December 2024	84,044	28,844	14,270	1,025	30,500	309,881	-	468,564

14 Property, plant and equipment (Continued)

The Group as lessee

Right-of-use assets (included in the property, plant and equipment)

	Leasehold lands HK\$'000	Leased properties HK\$'000	Total HK\$'000
As at 31 December 2025			
Carrying amount	26,022	878	26,900
As at 31 December 2024			
Carrying amount	26,534	3,966	30,500
For the year ended 31 December 2025			
Depreciation charge	1,917	3,178	5,095
For the year ended 31 December 2024			
Depreciation charge	1,905	4,091	5,996

	2025 HK\$'000	2024 HK\$'000
Expenses relating to short-term leases	480	–
Total cash outflow for leases	3,610	4,183

For both years, the Group leases various offices for its operations. Lease contracts are entered into for fixed term of 3 years (2024: 3 years) without extension and termination options.

The Group has obtained the land use right certificate for all leasehold lands.

The Group as lessor

As at 31 December 2025 and 2024, the Group leases out all the machineries and equipment and containers under operating leases to generate rental income.

Impairment assessment

In respect of the Group's marine recreation services and hotel segment, due to recurring operating losses, the management of the Group concluded there was an indication for impairment and conducted an impairment assessment on the recoverable amounts of relevant assets under this segment.

As at 31 December 2025, the recoverable amount of the relevant assets under this segment is estimated individually. The recoverable amount of the vessels has been determined based on value in use, which is arrived at on the basis of valuation carried out by an independent qualified professional valuer. The recoverable amount is estimated based on income approach using present value technique. Key assumptions include pre-tax discount rates of 16.78% (2024: 15.69%) and projected future revenue. The fair value measurement is categorised into Level 3 fair value hierarchy. As at 31 December 2025, as the recoverable amounts has approximated the carrying value of vessels, no impairment or reversal of impairment was accounted for. As at 31 December 2024, the vessels were impaired to its recoverable amount of HK\$7,331,000, which was the carrying value at year end and the impairment of HK\$2,057,000 had been recognised in profit or loss in 2024.

15 Investment properties

The Group leases out various offices and stores under operating leases with rentals payable monthly. The leases typically run for an initial period of 3–10 years (2024: 3–10 years), with unilateral rights to extend the lease beyond initial period held by lessees only.

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

	2025 HK\$'000	2024 HK\$'000
Fair value		
At 1 January	64,045	80,993
Exchange adjustments	2,434	(2,681)
Changes in fair value recognised in profit or loss	(13,634)	(12,172)
Disposals	(10,267)	(2,095)
Transfer to property, plant and equipment (note 14)	(9,075)	–
At 31 December	33,503	64,045
Fair value loss on investment properties included in profit or loss	(13,634)	(12,172)

The fair values of the Group's investment properties at 31 December 2025 and 2024 have been arrived at on the basis of a valuation carried out on the respective dates by an independent qualified professional valuer (the "Valuer"). The Valuer is a member of the Hong Kong Institute of Surveyors and possesses appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

15 Investment properties (Continued)

For the year ended 31 December 2025, the fair value of certain investment properties amounted to HK\$8,857,000 (2024: N/A) were measured by applying the direct comparison approach, while the remaining measured by applying the income approach (2024: all investment properties were measured by applying the income approach). The management of the Group considered that the change in valuation technique with respect to those investment properties at 31 December 2025 is appropriate as the lease agreements have expired during the year and they remain vacant at the end of the reporting period. Therefore, the valuation technique used in the current year is based on market price of similar properties and locations, and shall equally reflect the property value as compare to income approach used in the prior year which was based on adjusted market rentals and capitalisation rate.

The following table presents the fair value of the Group's investment properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 "Fair value measurement". The level into which a fair value measurement is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Fair value hierarchy as at 31 December 2025

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Investment properties:				
Commercial properties units located in the PRC	–	–	33,503	33,503

Fair value hierarchy as at 31 December 2024

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Investment properties:				
Commercial properties units located the PRC	–	–	64,045	64,045

During the year ended 31 December 2025 and 2024, there are no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

15 Investment properties (Continued)

The significant unobservable inputs are as follows:

Carrying value of investment properties held by the Group	Valuation approach	Significant unobservable inputs	Range	Relationship of unobservable inputs to fair value
Commercial properties in the PRC, HK\$8,857,000 (2024: N/A)	Direct comparison approach	Market unit rate	RMB1.38 per square meter (2024: N/A)	The higher the market unit rate, the higher the fair value.
Commercial properties in the PRC, HK\$24,646,000 (2024: HK\$64,045,000)	Income approach	Term yield	3.0%–4.5% per annum (2024: 3.0%–3.5% per annum)	The higher the term yield, the lower the fair value.
		Expected vacancy rate	0%–10.0% (2024: 0%–10.0%)	The higher the expected vacancy rate, the lower the fair value.
		Reversionary yield	3.5%–5.0% per annum (2024: 3.5%–4.0% per annum)	The higher the reversionary yield, the lower the fair value.
		Daily rent	RMB0.24–RMB3.00 per square meter (2024: RMB0.24–RMB4.40 per square meter)	The higher the daily rent, the higher the fair value.

For the investment properties under Level 3 recurring fair value measurement, a reconciliation of the opening and closing fair value balances is provided below.

	2025 HK\$'000	2024 HK\$'000
Opening balance (Level 3 recurring fair value)	64,045	78,859
Exchange adjustments	2,434	(2,642)
Fair value change	(13,634)	(12,172)
Disposals	(10,267)	–
Transfer to property, plant and equipment (note 14)	(9,075)	–
Closing balance (Level 3 recurring fair value)	33,503	64,045

16 Particulars of principal subsidiaries of the Company

Details of the principal subsidiaries directly/indirectly held by the Company at the end of the reporting period are set out below:

Name of subsidiary	Place of incorporation/ registration/ operations	Paid-up capital/ issued share capital	Effective equity interest held by the Company		Principal activities
			2025 %	2024 %	
Directly held:					
Galactic Investment Limited	Hong Kong	HK\$2	100	100	Investment holding
Indirectly held:					
Chengtong Trading (International) Limited	Hong Kong	HK\$429	100	100	Finance leasing
Chengtong World Trade Limited	Hong Kong	HK\$10,000,000	51	51	Inactive
Zhucheng Phoenix Landmark Company Limited [^]	The PRC	RMB50,000,000	100	100	Property development and investment
Chengtong Financial Leasing Company Limited [^]	The PRC	RMB2,000,000,000	100	100	Finance leasing and operating leasing
Chengtong Development Trading Company Limited [^]	The PRC	RMB100,000,000	100	100	Inactive
Hainan Yalong Bay Underwater World Travel Company Limited [^]	The PRC	RMB96,000,000	100	100	Provision of marine recreation services
Hainan Huandao Underwater World Hotel Company Limited [^]	The PRC	RMB8,000,000	100	100	Hotel business

* A limited liability company established in the PRC.

[^] The English names are for identification only.

16 Particulars of principal subsidiaries of the Company (Continued)

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results of the year or formed a substantial portion of the assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities, except that Chengtong Financial Leasing Company Limited, the Company's wholly-owned subsidiary, had issued asset-backed securities and corporate bonds. As at 31 December 2025, the outstanding balance of the issued asset-backed securities amounted to approximately RMB2,575,249,000 (equivalent to HK\$2,851,251,000) (2024: RMB2,314,762,000 (equivalent to HK\$2,453,224,000)), among which the Group held an interest in approximately RMB474,000,000 (equivalent to HK\$524,801,000) (2024: RMB299,000,000 (equivalent to HK\$316,940,000)), and the outstanding balance of the issued corporate bonds amounted to RMB1,015,194,000 (equivalent to HK\$1,123,997,000) (2024: nil).

At 31 December 2025 and 2024, the directors of the Company are of the opinion that none of the Group's subsidiaries that has non-controlling interests ("NCI") are material to the consolidated financial statements as a whole and therefore, the financial information that has non-controlling interests are not presented.

17 Properties held for sale

	2025 HK\$'000	2024 HK\$'000
Properties held for sale	53,031	134,666

As at 31 December 2025, the management of the Group conducts an impairment assessment of the properties held for sale with reference to prevailing market conditions and the estimated selling prices of the properties provided by an independent qualified professional valuer and concluded that no impairment of properties (2024: nil) is made as the estimated selling prices of the properties are not less than their carrying amount.

18 Inventories

	2025 HK\$'000	2024 HK\$'000
Merchandise and consumables	3,879	3,724

19 Trade and other receivables

	2025 HK\$'000	2024 HK\$'000
Trade and bills receivables (note (a))	7,719	2,760
Other prepayments and deposits	36,527	3,596
Other receivables (note (b))	4,049	14,149
Other tax recoverable	2,929	7,952
Amounts due from related companies (note (c))	2,086	1,319
	53,310	29,776

Notes:

- (a) As at 31 December 2025, the amounts mainly represented trade and bills receivables of HK\$5,456,000 (2024: HK\$2,502,000) from leasing out owned machineries and equipment under operating lease arrangement. Credit period of 1 to 30 days was granted to customers for trade and bills receivables as at 31 December 2025 and 2024.

The Group normally grants credit terms to its customers according to industry practice together with consideration of their credibility and repayment history. The Group maintains strict control over its outstanding receivables. Overdue balances are regularly reviewed by senior management.

The following is an ageing analysis of trade and bills receivables, net of allowance for credit losses, presented based on the invoice date at the end of the reporting period:

	2025 HK\$'000	2024 HK\$'000
1-30 days	6,094	2,351
31-90 days	1,594	177
Over 90 days	31	232
	7,719	2,760

As at 31 December 2025, trade receivables with carrying amount of approximately HK\$316,000 (2024: HK\$123,000) and HK\$1,710,000 (2024: HK\$1,188,000) have been pledged as security for bank borrowings (note 28) and asset-backed securities (note 29), respectively.

19 Trade and other receivables (Continued)

Notes: (Continued)

- (b) As at 31 December 2025, loss allowance of HK\$186,000 (2024: HK\$186,000) were made against the gross amount of other receivables.
- (c) As at 31 December 2025, the amounts due from related companies included HK\$nil (2024: HK\$914,000) interest receivable arising from loan to a related company and the remaining balance is unsecured, interest-free and repayable on demand.

Details of impairment assessment are set out in note 36(b).

20 Finance lease receivables and loan receivables

	2025 HK\$'000	2024 HK\$'000
Finance lease receivables	–	10,132
Loan receivables	10,529,174	6,621,504
	10,529,174	6,631,636
Less: Allowance for credit losses	(37,825)	(62,795)
	10,491,349	6,568,841
Analysed for reporting purposes as:		
Current assets	6,387,673	3,255,832
Non-current assets	4,103,676	3,313,009
	10,491,349	6,568,841

The Group is engaged in finance lease arrangements and sale and leaseback arrangements. The ownership of the leased assets will be transferred to the lessees at a purchase option price upon settlement of the principal of finance lease receivables and the interest accrued under the finance lease arrangements. The terms of finance lease entered into usually range from 2 to 5 years.

As at 31 December 2025, loss allowance of HK\$37,825,000 (2024: HK\$62,795,000) was made against the gross amount of finance lease receivables and loan receivables.

20 Finance lease receivables and loan receivables (Continued)

There were no finance lease receivables as at 31 December 2025. The finance lease receivables outstanding as at 31 December 2024 were due as follows:

	Undiscounted minimum lease payments HK\$'000	Present value of minimum lease payments HK\$'000
Finance lease receivables comprise:		
Within one year	10,902	10,132
Gross investment in the lease	10,902	
Less: Unearned finance income	(770)	
Present value of minimum lease payment receivables	10,132	

As at 31 December 2024, the effective interest rates of finance lease receivables ranged from 3.79% to 5.43% per annum.

The Group was not exposed to foreign currency risk as a result of the lease arrangements, as all leases were denominated in the respective functional currencies of the group entities.

Loan receivables arose from the sale and leaseback arrangements. Under these arrangements, customers (i.e. lessees) disposed of their equipment and facilities to the Group and leased back the equipment and facilities. In addition, the ownership of the leased assets will be transferred back to the lessees at a purchase option price upon settlement of the principal of the loan receivables and the interest accrued under the sale and leaseback arrangements. The lessees retain control of the equipment and facilities before and after entering into the sale and leaseback arrangements, which do not therefore constitute a lease for accounting purposes. As such, the sale and leaseback arrangements have been accounted for as a secured loan and recognised in accordance with HKFRS 9.

20 Finance lease receivables and loan receivables (Continued)

	2025 HK\$'000	2024 HK\$'000
Fixed-rate loan receivables	1,114,532	833,896
Variable-rate loan receivables	9,414,642	5,787,608
	10,529,174	6,621,504
Less: Allowance for credit losses	(37,825)	(62,795)
	10,491,349	6,558,709
Analysed for reporting purposes as:		
Current assets	6,387,673	3,245,700
Non-current assets	4,103,676	3,313,009
	10,491,349	6,558,709

As at 31 December 2025, included in the Group's loan receivables balance are debtors with an aggregate carrying amount of HK\$63,530,000 (2024: HK\$20,576,000) which are past due as at the reporting date, of which HK\$nil (2024: HK\$20,576,000) has been past due 90 days or more. The management of the Group are of the view that it is not considered as default based on the financial background of the customers.

The exposure of the Group's fixed-rate loan receivables to fair value interest rate risk and their contractual maturity dates are as follows:

	2025 HK\$'000	2024 HK\$'000
Fixed-rate loan receivables (gross carrying amount):		
Within one year	748,824	653,203
In more than one year but not more than two years	6,566	177,809
In more than two years but not more than five years	359,142	2,884
	1,114,532	833,896

20 Finance lease receivables and loan receivables (Continued)

The exposure of the Group's variable-rate loan receivables to cash flow interest rate risk and their contractual maturity dates are as follows:

	2025 HK\$'000	2024 HK\$'000
Variable-rate loan receivables (gross carrying amount):		
Within one year	5,676,674	2,655,292
In more than one year but not more than two years	2,486,797	1,856,170
In more than two years but not more than five years	1,251,171	1,172,862
In more than five years	–	103,284
	9,414,642	5,787,608

The above variable-rate loan receivables carries interest at a premium over Loan Prime Rate in PRC.

The ranges of effective interest rates on the Group's loan receivables are as follows:

	2025	2024
Effective interest rate:		
Fixed-rate loan receivables	2.95%–7.00%	3.69%–8.69%
Variable-rate loan receivables	1.50%–5.90%	2.98%–7.04%

The Group's loan receivables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2025 HK\$'000	2024 HK\$'000
United States dollars ("USD")	5,857	24,920

As at 31 December 2025, all of the finance lease receivables and loan receivables are secured by the leased equipment and facilities, HK\$3,644,364,000 (2024: HK\$2,712,751,000) are further guaranteed by the related parties of the lessees. The lessees are obliged to settle the amounts according to the terms set out in the relevant contracts. The Group is not permitted to sell or repledge the collateral in the absence of default by lessees. Also, certain finance lease receivables and loan receivables were secured by deposits received from customers of HK\$147,827,000 (2024: HK\$308,003,000).

20 Finance lease receivables and loan receivables (Continued)

As at 31 December 2025, finance lease receivables and loan receivables with a carrying amount of approximately HK\$5,670,996,000 (2024: HK\$2,636,188,000) was pledged as security for bank borrowings (note 28) and a carrying amount of approximately HK\$2,902,473,000 (2024: HK\$2,074,849,000) was pledged as security for the asset-backed securities (note 29).

Details of impairment assessment are set out in note 36(b).

21 Loans to/from related parties

(a) Loans to a related party

As at 31 December 2024, the balance of HK\$26,500,000 represented the outstanding loan principal due from 中國寰島集團有限公司 (unofficial English translation being China Huandao Group Limited), a wholly-owned subsidiary of CCHG, which bore interest at 8% per annum. The loan was fully repaid on 10 September 2025.

(b) Loans from related parties

As at 31 December 2025, the balances of HK\$359,832,000 (2024: HK\$174,900,000) represent i) the outstanding loan principal of HK\$182,684,000 (2024: HK\$174,900,000) payable to Chengtong (Shenzhen) Investment Co., Limited ("**Chengtong Shenzhen**"), a subsidiary of CCHG, which is unsecured, bear interest at 3.50% per annum and is repayable on 6 November 2026, and ii) the outstanding loan principal of HK\$177,148,000 (2024: nil) payable to CCHG, which is unsecured, bear interest at 4.00% per annum and will be repayable on 30 March 2026.

22 Other financial assets

	2025 HK\$'000	2024 HK\$'000
Financial assets measured at FVTOCI		
– Listed equity investments in Hong Kong	43,180	30,226
– Unlisted equity investments	459	453
	43,639	30,679
Analysed for reporting purposes as:		
Current assets	43,180	30,226
Non-current assets	459	453
	43,639	30,679

These investments are not held for trading, instead, they are held for long-term strategic purposes. The management of the Group have elected to designate these investments in equity instruments at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

- (i) For listed equity investments in Hong Kong, the fair value is based on the quoted market bid price available on the Stock Exchange.
- (ii) The unlisted equity investments represent the Group's equity interest in certain private entities established in the PRC. As at 31 December 2025, the fair values of these equity investments amounted to HK\$459,000 (2024: HK\$453,000). The fair values of these unlisted equity investments were assessed by an independent qualified professional valuer.
- (iii) During the year ended 31 December 2025, a gain on change in fair value of HK\$12,941,000 (2024: loss on change in fair value of HK\$771,000), net of tax, has been recognised in other comprehensive income.

23 Bank balances and cash and pledged bank deposits

	2025 HK\$'000	2024 HK\$'000
Bank balances and cash		
Cash at banks and on hand	712,488	1,031,160
Deposits in China Chengtong Finance Corporation Ltd. ("Chengtong Finance") (note 34(a))	341,799	–
	1,054,287	1,031,160
Pledged bank deposits		
Deposits pledged against banking facilities granted to mortgagors	2,581	2,468
Other secured deposits	175	166
	2,756	2,634

As at 31 December 2025, bank balances deposited in the financial institutions in Hong Kong carry interest at rate ranged from 0.01% to 4.25% (2024: from 0.02% to 5.60%) per annum. Bank balances deposited in the financial institutions in the PRC carry interest at benchmark rate offered by The People's Bank of China.

Bank balances and cash and pledged bank deposits held by the Group's subsidiaries in the PRC amounting to HK\$1,009,474,000 (2024: HK\$971,358,000) were denominated in Renminbi ("RMB"), which is not a freely convertible currency in the international market. The remittance of these funds out of the PRC is subject to exchange restrictions imposed by the Government of the PRC.

As required by the PRC State-Owned Land and Resource Bureau, the property development company of the Group is required to place in designated bank accounts the pre-sale proceeds of properties to finance the construction of the related properties. The deposits can only be used for purchase of construction materials and payments of construction fees of the relevant property projects when approval from the PRC State-Owned Land and Resources Bureau is obtained. The cash deposited in the designated bank accounts for the aforesaid specific usage as at 31 December 2025 amounted to HK\$6,813,000 (2024: HK\$22,573,000). All related construction costs were fully repaid during 2025, and although the remaining balance is now available for general use within the Group, any withdrawal of these funds still requires approval from the PRC State-Owned Land and Resources Bureau. The directors of the Company considered these bank deposits form part of the Group's normal operating fund, which was included in "bank balances and cash", and was presented as part of cash and cash equivalents.

All of the above deposits in Chengtong Finance are held for the purpose of meeting short-term cash commitment and have a short maturity of less than three months with a determinable return when acquired. In the opinion of the directors of the Company, these deposits in Chengtong Finance are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Details of impairment assessment of bank balance and pledged bank deposits are set out in note 36(b).

24 Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Loans from related parties (note 21(b)) HK\$'000	Lease liabilities (note 27) HK\$'000	Bank borrowings (note 28) HK\$'000	Asset- backed securities (note 29) HK\$'000	Corporate bonds (note 30) HK\$'000
At 1 January 2025	174,900	2,982	2,593,105	2,136,284	-
Changes from financing cash flows:					
Proceeds from new loans	174,940	-	4,827,968	-	-
Proceeds from issuance of asset-backed securities	-	-	-	2,313,580	-
Proceeds from issuance of corporate bonds	-	-	-	-	1,094,736
Transaction costs attributable to issuance of corporate bonds	-	-	-	-	(1,362)
Repayment of loans	-	-	(2,323,425)	-	-
Repayment of asset-backed securities	-	-	-	(2,220,419)	-
Interest paid	(11,753)	(93)	(86,017)	(43,543)	-
Repayment of lease liabilities	-	(3,037)	-	-	-
Total changes from financing cash flows	163,187	(3,130)	2,418,526	49,618	1,093,374
Exchange adjustments	9,992	55	143,682	96,259	13,176
Other change:					
Interest expense	11,753	93	88,665	44,289	17,447
At 31 December 2025	359,832	-	5,243,978	2,326,450	1,123,997

24 Reconciliation of liabilities arising from financing activities (Continued)

	Loans from related parties (note 21(b)) HK\$'000	Lease liabilities (note 27) HK\$'000	Bank borrowings (note 28) HK\$'000	Asset- backed securities (note 29) HK\$'000
At 1 January 2024	165,000	6,994	3,747,903	3,006,217
Changes from financing cash flows:				
Proceeds from new loans	392,215	–	1,532,442	–
Proceeds from issuance of asset-backed securities	–	–	–	1,076,760
Repayment of loans	(379,805)	–	(2,584,678)	–
Repayment of asset-backed securities	–	–	–	(1,846,212)
Interest paid	(8,591)	(267)	(131,569)	(75,665)
Repayment of lease liabilities	–	(3,916)	–	–
Total changes from financing cash flows	3,819	(4,183)	(1,183,805)	(845,117)
Exchange adjustments	(2,422)	(96)	(102,187)	(94,965)
Other change:				
Interest expense	8,503	267	131,194	70,149
At 31 December 2024	174,900	2,982	2,593,105	2,136,284

25 Trade and other payables

	2025 HK\$'000	2024 HK\$'000
Trade and bills payables (note (a))	23,466	112,448
Other payables and accruals	72,250	73,721
Deposits received (note (b))	147,827	308,003
Accrual of construction costs	4,068	11,554
Amount due to ultimate holding company (note (c))	2,851	8,074
Amount due to immediate holding company (note (c))	–	1,691
Amounts due to fellow subsidiaries (note (c))	1,962	197
	252,424	515,688
Analysed for reporting purposes as:		
Current liabilities	222,226	300,704
Non-current liabilities (note (b))	30,198	214,984
	252,424	515,688

Notes:

- (a) Bills payables were secured by pledged bank deposits of HK\$2,214,000 (2024: HK\$nil) at 31 December 2025.

The ageing analysis of the trade and bills payables presented based on the invoice date at the end of the reporting period is as follows:

	2025 HK\$'000	2024 HK\$'000
1–30 days	22,143	106,095
31–90 days	311	6,352
Over 90 days	1,012	1
	23,466	112,448

- (b) The amounts mainly represent deposits received from customers under operating lease, finance lease and sale and leaseback arrangements which will be returned to the customers at the end of the lease terms. As at 31 December 2025, the deposits received amounting to approximately HK\$30,198,000 (2024: approximately HK\$214,984,000) are presented as non-current liabilities based on the final lease instalment due date stipulated in the finance lease and sale and leaseback agreements, which are beyond twelve months at the end of the reporting period.
- (c) The amounts due to ultimate holding company, immediate holding company and fellow subsidiaries are unsecured, interest-free and repayable on demand.

26 Contract liabilities

	2025 HK\$'000	2024 HK\$'000
Sales of properties	42,166	110,693

As at 1 January 2024, contract liabilities amounted to HK\$136,065,000. All contract liabilities arising from the Group's sales of properties are within the Group's normal operating cycle.

The following table shows how much of the revenue recognised in the current year relates to carried-forward contract liabilities:

	Sales of properties HK\$'000
For the year ended 31 December 2025	
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	68,527
For the year ended 31 December 2024	
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	53,105

As at 31 December 2025, the carrying amount of contract liabilities of HK\$42,166,000 (2024: HK\$110,693,000) represented unsatisfied performance obligations arising from property sales, of which the whole balance was expected to be recognised as income within one year.

27 Lease liabilities

	HK\$'000
Lease liabilities payable as at 31 December 2024:	
Within one year	2,982

The weighted average incremental borrowing rates applied to lease liabilities ranged from 2.27% to 7.60% per annum as at 31 December 2024.

28 Bank borrowings

	2025 HK\$'000	2024 HK\$'000
Secured	5,090,551	2,286,117
Unsecured	153,427	306,988
	5,243,978	2,593,105
Carrying amount of above borrowings are repayable:		
Within one year or on demand	2,319,669	1,602,581
After one year but within two years	1,419,756	768,617
After two years but within five years	1,504,553	221,907
	5,243,978	2,593,105
Less: Amounts shown under current liabilities	(2,319,669)	(1,602,581)
Amounts shown under non-current liabilities	2,924,309	990,524

The exposure of the Group's borrowings are as follows:

	2025 HK\$'000	2024 HK\$'000
Fixed-rate bank borrowings	4,458,013	127,017
Variable-rate bank borrowings	785,965	2,466,088
	5,243,978	2,593,105

The above variable-rate borrowings carry interest at Hong Kong Inter Bank Offered Rate for RMB and Loan Prime Rate, of which the interest is reset every six months and every year, respectively.

28 Bank borrowings (Continued)

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	2025	2024
Effective interest rate:		
Fixed-rate bank borrowings	2.48%–3.90%	2.80%–4.70%
Variable-rate bank borrowings	2.18%–5.49%	2.50%–6.02%

As at 31 December 2025, the Group's bank borrowings with carrying amount of approximately HK\$5,090,551,000 (2024: HK\$2,286,117,000) were secured by the finance lease receivables and loan receivables of the Group with an aggregate carrying amount of approximately HK\$5,670,996,000 (2024: HK\$2,636,188,000) (note 20) and trade receivables under operating lease arrangement with carrying amount of approximately HK\$316,000 (2024: HK\$123,000) (note 19).

29 Asset-backed securities

	2025 HK\$'000	2024 HK\$'000
Secured	2,326,450	2,136,284
Carrying amount of above asset-backed securities are repayable:		
Within one year	1,637,042	1,464,538
After one year but within two years	488,814	671,746
After two years but within five years	200,594	–
	2,326,450	2,136,284
Less: Amounts shown under current liabilities	(1,637,042)	(1,464,538)
Amounts shown under non-current liabilities	689,408	671,746

During the year ended 31 December 2025, the Group publicly launched two asset-backed securities scheme (2024: one asset-backed securities scheme) on the Shanghai Stock Exchange. The purpose of launching the asset-backed securities schemes is to securitise certain loan receivables and trade receivables under operating lease arrangement of the Group and to fund the expansion of the leasing business of the Group. Details of the asset-back securities schemes launched during both years are as follows:

29 Asset-backed securities (Continued)

On 17 December 2024, the Group publicly launched an asset-backed securities scheme. The total issuance of the scheme was RMB1,052,000,000 (equivalent to HK\$1,115,120,000) and the asset-backed securities are divided into (i) priority class with a total principal of RMB997,000,000 (equivalent to HK\$1,056,820,000) which are listed and traded on the Shanghai Stock Exchange with maturity date ranging from 26 May 2025 to 26 May 2027 and with coupon rate ranging from 2.00% to 2.98% per annum. The principal and interest of the priority class asset-backed securities shall be repaid quarterly; and (ii) subordinated class with a total principal of RMB55,000,000 (equivalent to HK\$58,300,000) with no coupon rate and with maturity date on 26 May 2028. The subordinated class asset-backed securities are not listed. As at 31 December 2025, the Group held all the subordinated class asset-backed securities.

On 23 September 2025, the Group publicly launched another asset-backed securities scheme. The total issuance of the scheme was RMB1,291,000,000 (equivalent to HK\$1,429,362,000) and the asset-backed securities are divided into (i) priority class with a total principal of RMB1,226,000,000 (equivalent to HK\$1,357,396,000) which are listed and traded on the Shanghai Stock Exchange with maturity date ranging from 26 January 2027 to 26 July 2029 and with coupon rate ranging from 1.95% to 2.76% per annum. The principal and interest of the priority class asset-backed securities shall be repaid quarterly; and (ii) subordinated class with a total principal of RMB65,000,000 (equivalent to HK\$71,966,000) with no coupon rate and with maturity date on 26 April 2030. The subordinated class asset-backed securities are not listed. As at 31 December 2025, the Group held all the subordinated class asset-backed securities.

On 19 December 2025, the Group publicly launched another asset-backed securities scheme. The total issuance of the scheme was RMB1,000,000,000 (equivalent to HK\$1,107,174,000) and the asset-backed securities are divided into (i) priority class with a total principal of RMB890,000,000 (equivalent to HK\$985,385,000) which are listed and traded on the Shanghai Stock Exchange with maturity date ranging from 26 October 2026 to 26 April 2028 and with coupon rate ranging from 1.90% to 2.70% per annum. The principal and interest of the priority class asset-backed securities shall be repaid quarterly; and (ii) subordinated class with a total principal of RMB110,000,000 (equivalent to HK\$121,789,000) with no coupon rate and with maturity date on 26 October 2028. The subordinated class asset-backed securities are not listed. As at 31 December 2025, the Group held all the subordinated class asset-backed securities.

As at 31 December 2025, the Group's asset-backed securities with carrying amount of approximately HK\$2,326,450,000 (2024: HK\$2,136,284,000) were collateralised by the finance lease receivables and loan receivables of the Group with an aggregate carrying amount of approximately HK\$2,902,473,000 (2024: HK\$2,074,849,000) (note 20), trade receivables under operating lease arrangements with carrying amount of approximately HK\$1,710,000 (2024: HK\$1,188,000) (note 19) and were guaranteed by CCHG, the ultimate holding company of the Company.

Since the Group holds all subordinated class asset-backed securities and substantially all the risks and rewards of ownership of the finance leases receivables and loan receivables are retained, the Group continues to recognise the finance leases receivables and loan receivables in its entirety and recognises as a financial liability for the consideration received.

The effective interest rate of the asset-backed securities ranged from 2.00% to 4.00% (2024: 2.00% to 4.00%) per annum at 31 December 2025.

30 Corporate bonds

	2025
	HK\$'000
Corporate bonds	1,123,997
Less: Amounts shown under current liabilities	(16,823)
Amounts shown under non-current liabilities	1,107,174

During the year ended 31 December 2025, the Group issued two tranches of corporate bonds each with principal amount of RMB500,000,000 (equivalent to HK\$553,587,000) at par value. The corporate bonds carry effective interest rates ranging from 2.17% to 2.18% per annum.

The term of the corporate bonds is five years and the interests are repaid annually. Below is the summary of the key terms of the corporate bonds:

Early redemption option

With proper notice to the bond holders, the issuer has the right to early redeem all outstanding corporate bonds at par value plus all accrued interests at the end of the second or fourth year from the date of issue of the corporate bonds.

Put option

With proper notice to the issuer, the bond holders have the right to sell back all or part of the outstanding corporate bonds to the issuer at par value plus all accrued interests at the end of the second or fourth year from the date of issue of the corporate bonds.

Coupon rate adjustment option

The issuer reserves the right to decide, at the end of the second or fourth year from the date of issue of corporate bonds, whether to adjust the coupon rate for subsequent years.

31 Deferred taxation

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purpose:

	2025 HK\$'000	2024 HK\$'000
Deferred tax assets	12,043	15,696
Deferred tax liabilities	(38,382)	(40,044)
	(26,339)	(24,348)

The followings are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior years:

	Expected credit loss provision HK\$'000	Revaluation of investment properties HK\$'000	Accelerated tax depreciation HK\$'000	Undistributed profits of PRC subsidiaries* HK\$'000	Fair value adjustment on other financial assets HK\$'000	Right-of-use assets HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 January 2024	16,136	(29,302)	-	(15,193)	751	(596)	580	(27,624)
Credited/(charged) to profit or loss (note 9)	150	3,043	-	(1,658)	-	358	(375)	1,518
Credited to other comprehensive income	-	-	-	-	799	-	-	799
Exchange adjustments	(590)	1,009	-	583	(43)	-	-	959
At 31 December 2024 and 1 January 2025	15,696	(25,250)	-	(16,268)	1,507	(238)	205	(24,348)
(Charged)/credited to profit or loss (note 9)	(6,854)	4,682	(1,052)	2,294	-	238	(205)	(897)
Exchange adjustments	612	(1,065)	(13)	(695)	67	-	-	(1,094)
At 31 December 2025	9,454	(21,633)	(1,065)	(14,669)	1,574	-	-	(26,339)

* Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC entities to a non-PRC holding company from 1 January 2008 onwards.

31 Deferred taxation (Continued)

The Group has estimated unused tax losses not recognised in the consolidated financial statements as follows:

	2025 HK\$'000	2024 HK\$'000
Estimated unused tax losses	238,581	232,647

No deferred tax asset in respect of the abovementioned estimated unused tax losses have been recognised due to unpredictability of future profit streams. Included in the unrecognised estimated unused tax losses are losses of approximately HK\$24,808,000 (2024: HK\$45,157,000) that will expire on various dates within five years from the reporting dates. Other estimated unused tax losses may be carried forward indefinitely.

32 Share capital

	Number of shares '000	HK\$'000
Issued and fully paid:		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	5,964,635	2,214,624

33 Reserves

The Group

Details of changes in reserves accounts of the Group are set out in the consolidated statement of changes in equity.

Capital reserve

It represents the difference between the consideration paid for and the fair value of net assets acquired by a former subsidiary of the Group from a company beneficially owned by a substantial shareholder of the Company.

Statutory reserve

It represents the Group's share of statutory reserves of the subsidiaries in the PRC, which is based on 10% profit for the year of these subsidiaries until the reserve balance reaches 50% of the registered capital. Such statutory reserve is non-distributable and shall be used to (i) make up prior years' losses or (ii) expand production operations.

33 Reserves (Continued)

The Group (Continued)

General risk reserve

Pursuant to 《北京市融資租賃公司監督管理辦法(徵求意見稿)》 issued by 北京市地方金融監督管理局 on 29 March 2022, one of the Group's subsidiaries in the PRC is required to set aside a general risk reserve through profit appropriation which should not be lower than 1% of the closing balances of its gross risk-bearing assets (i.e., all assets excluding bank balances and cash) on an annual basis. The general risk reserve balance as at 31 December 2025 amounted to HK\$115,683,000 (2024: HK\$79,502,000) which complies with the requirement.

Shares held for share award scheme

Shares held for share award scheme comprises the consideration paid for such shares.

Employee share-based compensation reserve

It represents the cumulative expenses recognised on the granting of share-based compensation to the employees over the vesting period.

Revaluation reserve

It represents the revaluation surplus upon transfer of owner-occupied properties to investment properties.

Exchange reserve

It comprises all foreign exchange differences arising on translations of foreign operations with different reporting currencies.

The Company

	Shares held for share award scheme HK\$'000	Employee share-based compensation reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2024	(6,494)	702	(104,701)	141,151	30,658
Dividend paid (note 12)	-	-	-	(20,280)	(20,280)
Expiration of share option scheme	-	(702)	-	702	-
Profit and total comprehensive income for the year	-	-	-	25,563	25,563
At 31 December 2024 and 1 January 2025	(6,494)	-	(104,701)	147,136	35,941
Dividend paid (note 12)	-	-	-	(11,929)	(11,929)
Profit and total comprehensive income for the year	-	-	-	102,119	102,119
At 31 December 2025	(6,494)	-	(104,701)	237,326	126,131

34 Related party transactions

(a) Transactions and balances with related parties

Save as disclosed elsewhere in the financial statements, during the year, the Group had also entered into the following significant transactions and balances with the following related parties:

Name of related party	Nature of transactions/balances	2025 HK\$'000	2024 HK\$'000
The ultimate holding company:			
China Chengtong Holdings Group Limited	Guarantee fee	2,344	7,613
The wholly-owned subsidiaries of the ultimate holding company:			
China Chengtong Finance Corporation Ltd. [^]	Cash and cash equivalents	341,799	-
China Huandao Group Limited [^]	Interest income	1,513	2,072
China Chengtong Hong Kong Company Limited	Interest expense	5,713	-
	Rental expense	480	-
Chengtong International Limited	Rental expense	-	1,424
China Chengtong Investment Company Limited	Interest expense	-	3,791
Chengtong (Shenzhen) Investment Co., Limited [^]	Interest expense	6,040	4,712
Chengtong Mixed Reform Private Fund Management Co., Limited [^]	Rental income	240	948
Associate of the ultimate holding company of the Company:			
Ningxia MCC Meili Cloud New Energy Co., Limited [^]	Loan receivables	-	2,394
	Interest income from loan receivables	36	399
China Railway Financial Leasing Co., Limited [^]	Interest income from loan receivables	-	221
Xinjiang Guotong Pipeline Co., Limited [^]	Interest income from loan receivables	-	298
Luoyang Zhongzhong Transportation Co., Limited [^]	Loan receivables	3,995	10,998
	Interest income from loan receivables	398	733

[^] The English names are for identification only.

Save as disclosed above, other balances and transactions with related parties at the end of the respective reporting dates or during the respective years are set out in the consolidated statement of financial position and notes 19, 21 and 25.

34 Related party transactions (Continued)

(b) Transactions and balances with other government-related entities

The Group itself is part of a larger group of companies controlled by CCHG (CCHG and its subsidiaries are referred to as the “**CCHG Group**”) which is a stated-owned enterprise under the direct supervision of the State Council of the PRC. The management consider that the Company is ultimately controlled by the government of the PRC and the Group operates in an economic environment currently dominated by entities controlled, jointly controlled or significantly influenced by the PRC government (“**government-related entities**”).

During the year ended 31 December 2025 and 2024, apart from transactions with CCHG Group disclosed above, the Group receives substantially all of its leasing income from other government-related entities. In addition, the Group’s other purchases and operating expenses with other government-related entities are individually and collectively insignificant to the operation of the Group for the year ended 31 December 2025 and 2024.

The Group also has bank deposits, loan receivables, other financial assets, trade and other receivables, trade and other payables, lease liabilities and other general financing facilities with certain entities and banks which are government-related entities in its ordinary course of business. The management are of the opinion that those government-related entities do not have the power to govern or participate in the financial and operating policies of the Group and the transactions with these entities are conducted in the ordinary course of the Group’s business. The Group believes that it has provided, at the best of its knowledge, adequate and appropriate disclosure of related party transactions as summarised above.

(c) The remunerations of key management personnel who are the directors and senior management during the year were as follows:

	2025 HK\$'000	2024 HK\$'000
Short-term employee benefits	4,037	2,510
Post-employment benefits	68	18
	4,105	2,528

35 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The Group monitors capital on the basis of the total debts to total assets ratio. This ratio is calculated as total debt divided by total assets. Total debts are calculated as loans from related parties, trade and other payables, lease liabilities, bank borrowings, asset-backed securities and corporate bonds disclosed in notes 21(b), 25, 27, 28, 29 and 30, respectively.

The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt.

The total debts to total assets ratio at the end of reporting period was as follows:

	2025 HK\$'000	2024 HK\$'000
Bank borrowings	5,243,978	2,593,105
Asset-backed securities	2,326,450	2,136,284
Corporate bonds	1,123,997	–
Lease liabilities	–	2,982
Loans from related parties	359,832	174,900
Total debts	9,054,257	4,907,271
Total assets	12,385,471	8,377,374
Total debts to total assets ratio	73.1%	58.6%

36 Financial instruments

(a) Categories of financial instruments

	2025 HK\$'000	2024 HK\$'000
Financial assets		
Equity instruments at FVTOCI	43,639	30,679
At amortised costs	11,595,756	7,648,028
	11,639,395	7,678,707
Financial liabilities		
At amortised costs	9,306,681	5,422,959

(b) Financial risk management objectives and policies

The Group's major financial instruments include other financial assets, finance lease receivables and loan receivables, trade and other receivables, loans to a related party, pledged bank deposits, bank balances and cash, trade and other payables, bank borrowings, asset-backed securities, corporate bonds, loans from related parties and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, price risk, interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risks

(i) Currency risk

As at 31 December 2025, except for the following, the Group does not have significant financial assets or financial liabilities denominated in currencies other than their functional currencies at the end of the reporting period.

36 Financial instruments (Continued)

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

Market risks (Continued)

(i) Currency risk (Continued)

The carrying amounts of the Group's financial assets including loan receivables, trade and other receivables and bank balances and cash and financial liabilities including trade and other payables denominated in currencies other than the functional currencies of the respective group companies as at 31 December 2025 and 2024 are as follows:

	2025 HK\$'000	2024 HK\$'000
Assets		
RMB	1,605	5,475
USD	45,851	78,725
Liabilities		
RMB	228,783	306,988
USD	790	275

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

Sensitivity analysis

As at 31 December 2025 and 2024, financial assets denominated in USD and RMB belongs to the group companies of which their functional currency is HK\$. As HK\$ is pegged to USD, the Group considers that the currency risk arising from transactions in USD is not significant.

36 Financial instruments (Continued)

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

Market risks (Continued)

(i) **Currency risk** (Continued)

Sensitivity analysis (Continued)

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against HK\$. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in the exchange rate between RMB and HK\$. The sensitivity analysis includes only outstanding RMB denominated monetary items and adjusts their translation at the reporting date for a 5% change in exchange rates. The analysis illustrates the impact for a 5% strengthening of RMB against the HK\$ and a positive number below indicates an increase in profit for the year. For a 5% weakening of RMB against HK\$, there would be an equal and opposite impact on the profit for the year.

	2025 HK\$'000	2024 HK\$'000
Impact to the profit for the year	(9,485)	(12,588)

(ii) **Price risk**

Certain of the Group's other financial assets are measured at fair value at the end of each reporting date. Therefore, the Group is exposed to equity price risk and the management of the Group will monitor the price movements and take appropriate actions when is required.

Sensitivity analysis is performed by management to assess the exposure of the Group's financial results to price risks of other financial assets at the end of each of the reporting period. Sensitivity analyses for unquoted equity securities with fair value measurement categorised within Level 3 were disclosed in note 36(c)(i). For sensitivity analysis of equity securities with fair value measurement categorised within Level 1, if the prices of the respective instruments held by the Group had been 5% (2024: 5%) higher/lower as at 31 December 2025, the other comprehensive income for the year would have been approximately HK\$2,159,000 (2024: HK\$1,511,000) higher/lower respectively.

36 Financial instruments (Continued)

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

Market risks (Continued)

(iii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to bank balances, pledged bank deposits, variable-rate finance lease receivables and loan receivables, and variable-rate bank borrowings. The Group is also exposed to fair value interest rate risk in relation to fixed-rate finance lease receivables and loan receivables, loans to/(from) related parties, lease liabilities, fixed-rate bank borrowings, asset-backed securities and corporate bonds. The Group currently does not have an interest rate hedging policy. However, the management of the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group has exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2024: 50 basis points) increase or decrease is used which represents management's assessment of the reasonably possible change in interest rates.

If interest rates on the interest-bearing instruments had been 50 basis points higher/lower and all of other variables were held constant, the Group's post-tax profit for the year ended 31 December 2025 would increase/decrease by approximately HK\$36,243,000 (2024: HK\$15,736,000).

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and other receivables, finance lease receivables and loan receivables, loans to related parties, pledged bank deposit and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risks associated with finance lease receivables and loan receivables are mitigated because they are secured over the machineries and equipment and settlement of certain trade receivables are backed by bills issued by reputable financial institution.

In order to monitor the credit risk, the management of the Group has reviewed the recoverable amount of each aforesaid individual assets at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

36 Financial instruments (Continued)

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

Credit risk and impairment assessment (Continued)

Impairment and provision policies

The Group's policy requires the review of individual outstanding amounts at least monthly or more regularly depending on individual circumstances or market condition.

The Group's impairment requirements are based on an ECL model. The Group applies simplified approach to measure ECL on trade and bills receivables; and general approach to measure ECL on deposits and other receivables, finance lease receivables and loan receivables, loans to related parties, pledged bank deposits and bank balances. Under the simplified approach, the Group measures the loss allowance at an amount equal to lifetime ECL. Under the general approach, financial assets migrate through the following three stages based on the change in credit risk since initial recognition: Stage 1: 12-month ECL, Stage 2: Lifetime ECL – not credit-impaired and Stage 3: Lifetime ECL – credit-impaired.

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full; or (ii) the financial asset is 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Information such as failure to make payments of principal or interest on their contractually due dates, an actual or expected significant deterioration in the operating results of the debtor and an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if any) will be taken into account when assessing whether credit risk has increased significantly since initial recognition.

For other receivables, financial lease receivables and loan receivables, the number of days past due ("DPD") and loan-to-collateral value ("LTV") will be used to determine significant increase in credit risk.

Based on DPD, LTV and internally derived credit ratings, deposits and other receivables, loan receivables, other financial assets measured at amortised cost, loans to related parties, pledged bank deposit and bank balances are classified into 3 stages.

When estimating the ECL on loan and advances to customers, the Group has incorporated forward-looking economic information through the use of industry trend and experienced credit judgement to reflect the qualitative factors.

36 Financial instruments (Continued)

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

Credit risk and impairment assessment (Continued)

Impairment and provision policies (Continued)

As at 31 December 2025 and 2024, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group arising from the amount of financial guarantees provided by the Group is disclosed in note 37.

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except for the credit risks associated with finance lease receivables and loan receivables as disclosed in note 20. The Group considers that the credit risk arising from the finance lease receivables and loan receivables is significantly mitigated by the leased equipment and facilities, buildings from the related party of the lessee, and/or deposits received from customers held as collaterals, with reference to the estimated value of the collaterals at the end of each reporting period.

Financial assets with credit risk exposure

Trade and bills receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The Group does not have significant credit risk exposure as all of the Group's trade and bill receivables balance are not past due as at the reporting date.

Finance lease receivables and loan receivables

Before accepting any new lessee under leasing arrangement, the Group assesses the credit quality of each potential lessee and defined limits for each lessee. The Group also demands certain lessees to provide corporate guarantees from their respective shareholders or related parties or other assets as collateral to the Group at the time the leasing arrangement is entered into. In addition, the Group has reviewed the repayment history of leasing payments from each lessee to determine the recoverability of the loan receivables. Also, the Group takes into account information specific to the customers as well as pertaining to the economic environment in which the customers operate.

Pledged bank deposits and bank balances

As at 31 December 2025 and 2024, the Group has pledged bank deposits and bank balances in certain corporations and banks in the PRC and Hong Kong. The credit risk on these deposits is insignificant as the counterparties are financial institutions with high credit-rating or with good reputation.

36 Financial instruments (Continued)

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

Credit risk and impairment assessment (Continued)

Financial assets with credit risk exposure (Continued)

Loans to related parties

For the loans to related parties, the management considered the related parties do not have significant credit risk due to the past payment history and also taking into account of the sound financial performance and position of its holding company to meet contractual cash flow obligation. No impairment had been provided under 12-month ECL assessment.

Movement in the loss allowance account during the year is as follows:

	2025 HK\$'000	2024 HK\$'000
At 1 January	62,981	64,857
Impairment losses (reversed)/provided during the year:		
– Trade and bills receivables	–	(1)
– Finance lease receivables and loan receivables and other receivables	5,723	480
Write-offs	(33,134)	–
Exchange adjustments	2,441	(2,355)
At 31 December	38,011	62,981

As at 31 December 2025, credit risk of the Group was concentrated on 73 lessees from 134 leasing arrangements, with aggregated amount of finance lease receivables and loan receivables of HK\$10,491,349,000.

As at 31 December 2024, credit risk of the Group was concentrated on (a) loans to related parties of HK\$26,500,000; and (b) 72 lessees from 110 leasing arrangements, with aggregated amount of finance lease receivables and loan receivables of HK\$6,568,841,000.

The significant changes in the gross carrying amounts of trade and bill receivables and finance lease receivables and loan receivables and other receivables contributed to the increase in the loss allowance resulting in a increase in loss allowance of HK\$5,723,000 (2024: HK\$480,000).

36 Financial instruments (Continued)

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

Credit risk and impairment assessment (Continued)

Financial assets with credit risk exposure (Continued)

Loans to related parties (Continued)

To monitor the credit risk exposure, the management of the Group has reviewed the recoverability of each debtor periodically.

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

Internal credit rating	Description	Trade and bills receivables	Other financial assets/other items
Performing	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Special Mention	Debtors frequently repay after due dates but usually settle in full	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Sub-standard	There have been significant increases in credit risk since initial recognition through information developed from internal or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

36 Financial instruments (Continued)

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

Credit risk and impairment assessment (Continued)

Financial assets with credit risk exposure (Continued)

Loans to related parties (Continued)

The table below details the credit risk exposures of the Group's financial assets, including trade and bills receivables, other receivables, finance lease receivables and loan receivables, loans to related parties, pledged bank deposits and bank balances, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount		
					2025 HK\$'000	2024 HK\$'000	
Financial assets at amortised cost							
Trade and bills receivables	19	N/A	Note (i)	Lifetime ECL (collective assessment)	7,719	2,760	
Other receivables	19	N/A	Performing	12m ECL	39,831	16,000	
Finance lease receivables	20	N/A	Performing	12m ECL	-	10,132	
Loan receivables	20	N/A	Performing	12m ECL	10,181,253	6,258,036	
				Special Mention	Lifetime ECL (not credit-impaired)	311,717	294,555
				Loss	Lifetime ECL (credit-impaired)	36,204	68,913
Loans to a related party	21(a)	N/A	Performing	12m ECL	-	26,500	
Pledged bank deposits	23	Aa3-A1	Performing	12m ECL	2,756	2,634	
Bank balances	23	Aa3-Baa3	Performing	12m ECL	1,054,287	1,031,160	

Note:

- (i) For trade and bills receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the ECL on these items on a collective basis, grouped by past due status.

36 Financial instruments (Continued)

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

Credit risk and impairment assessment (Continued)

Financial assets with credit risk exposure (Continued)

Loans to related parties (Continued)

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers which are grouped by different segments in relation to its operations because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade and bills receivables which are assessed on a collective basis by using provision matrix within lifetime ECL (not credit-impaired). None of the debtors is classified as doubtful or loss.

	2025		2024	
	Average loss rate	Trade and bills receivables HK\$'000	Average loss rate	Trade and bills receivables HK\$'000
Gross carrying amount				
Current (not past due)	0.01%	7,719	0.02%	2,760

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific trade and bills receivable is updated.

During the year ended 31 December 2025, the Group provided HK\$nil (2024: reversed HK\$1,000) impairment allowance for trade and bills receivables, based on collective assessment.

36 Financial instruments (Continued)

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

Credit risk and impairment assessment (Continued)

Financial assets with credit risk exposure (Continued)

Loans to related parties (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade and bills receivables under simplified approach.

	Lifetime ECL (not credit- impaired) HK\$'000
As at 1 January 2024	1
Impairment losses reversed, net	(1)
As at 31 December 2024, 1 January 2025 and 31 December 2025	–

36 Financial instruments (Continued)

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

Credit risk and impairment assessment (Continued)

Financial assets with credit risk exposure (Continued)

Loans to related parties (Continued)

The following table shows reconciliation of loss allowances that have been recognised for other receivables and finance lease receivables and loan receivables.

	12m ECL HK\$'000	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
As at 1 January 2024	2,774	16,909	45,173	64,856
Changes due to financial instruments recognised as at 1 January 2024:				
– Impairment losses (reversed)/recognised, net	(1,602)	(3,622)	4,898	(326)
New financial assets originated net of those derecognised due to settlement	806	–	–	806
Exchange adjustments	(73)	(548)	(1,734)	(2,355)
As at 31 December 2024	1,905	12,739	48,337	62,981
Changes due to financial instruments recognised as at 1 January 2025:				
– Impairment losses recognised/(reversed), net	(595)	4,137	(1,060)	2,482
New financial assets originated net of those derecognised due to settlement	3,241	–	–	3,241
Write-offs	–	–	(33,134)	(33,134)
Exchange adjustments	109	619	1,713	2,441
As at 31 December 2025	4,660	17,495	15,856	38,011

36 Financial instruments (Continued)

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

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank loans and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be demanded for repayment. The table includes both interest and principal cash flows.

Liquidity table

At 31 December 2025

	Weighted average interest rate per annum	Within 1 year or on demand HK\$'000	After 1 year but within 2 years HK\$'000	After 2 years but within 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
Trade and other payables	-	222,226	3,914	26,284	252,424	252,424
Bank borrowings	2.77%	2,695,959	1,482,759	1,540,532	5,719,250	5,243,978
Asset-backed securities	2.13%	1,662,262	501,547	211,061	2,374,870	2,326,450
Corporate bonds	2.13%	16,823	1,113,035	-	1,129,858	1,123,997
Loans from related parties	3.75%	372,812	-	-	372,812	359,832
		4,970,082	3,101,255	1,777,877	9,849,214	9,306,681
Financial guarantee contracts						
Maximum amount guaranteed		82,626	-	-	82,626	-

36 Financial instruments (Continued)

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

Liquidity risk (Continued)

Liquidity table (Continued)

At 31 December 2024

	Weighted average interest rate per annum	Within 1 year or on demand HK\$'000	After 1 year but within 2 years HK\$'000	After 2 years but within 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
Trade and other payables	–	300,704	188,701	26,283	515,688	515,688
Bank borrowings	3.05%	1,670,714	790,239	226,757	2,687,710	2,593,105
Asset-backed securities	2.93%	1,506,114	680,336	–	2,186,450	2,136,284
Loans from related parties	3.50%	6,122	180,099	–	186,221	174,900
Lease liabilities	5.38%	2,987	–	–	2,987	2,982
		3,486,641	1,839,375	253,040	5,579,056	5,422,959
Financial guarantee contracts						
Maximum amount guaranteed		230,470	–	–	230,470	–

(c) Fair value measurements of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation.

36 Financial instruments (Continued)

(c) Fair value measurements of financial instruments (Continued)

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Fair value hierarchy as at 31 December 2025

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets:				
Equity instruments at FVTOCI				
– unlisted equity investments	–	–	459	459
– shares listed in Hong Kong	43,180	–	–	43,180
	43,180	–	459	43,639

Fair value hierarchy as at 31 December 2024

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets:				
Equity instruments at FVTOCI				
– unlisted equity investments	–	–	453	453
– shares listed in Hong Kong	30,226	–	–	30,226
	30,226	–	453	30,679

36 Financial instruments (Continued)

(c) Fair value measurements of financial instruments (Continued)

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis
(Continued)

Valuation techniques and inputs used in Level 3 fair value measurements:

	Valuation techniques	Significant unobservable inputs	Range
Financial assets:			
Other financial assets:			
- Financial assets measured at FVTOCI: unlisted equity investments	Discounted cash flow	Discount rate and discount for lack of marketability	Discount rate: 19.89% (2024: 18.46%); Discount for lack of marketability: 15.60% (2024: 15.70%)

An increase in the discount rate used in isolation would result in a decrease in the fair value measurement of the unlisted equity investments, and vice versa. A 5% increase/decrease in the discount rate holding all other variables constant would decrease/increase the carrying amount of unlisted equity investments by HK\$1,000 and HK\$1,000 respectively (2024: HK\$1,000 and HK\$1,000 respectively).

There were no transfers amongst Level 1, Level 2 and Level 3 in the fair value hierarchy during both years.

36 Financial instruments (Continued)

(c) Fair value measurements of financial instruments (Continued)

(ii) Reconciliation of Level 3 fair value measurements

	2025 HK\$'000	2024 HK\$'000
At 1 January	453	4,656
Fair value loss in other comprehensive income	(14)	(4,110)
Exchange adjustments	20	(93)
At 31 December	459	453

(iii) Fair values of financial assets and liabilities carried at other than fair value

The directors of the Company consider that the carrying amounts of the Group's financial instruments not measured at fair value are stated approximately to their fair values as at 31 December 2025 and 2024.

37 Contingent liabilities

As at 31 December 2025, the Group had contingent liabilities in relation to guarantees of approximately HK\$82,626,000 (2024: HK\$230,470,000) given to banks in respect of mortgage loans granted to purchasers of certain property units of CCT-Champs-Elysses project.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with any accrued interest and penalty owed by the defaulted purchasers to the banks, and the Group is entitled to take over the legal title and possession of the related properties.

In the opinion of the directors of the Company, the financial impact arising from providing the above financial guarantees is insignificant and accordingly, they were not accounted for in these consolidated financial statements.

As at 31 December 2025 and 2024, the Group was not involved in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the directors of the Company to be pending or threatened against the Group.

38 Commitments

(a) Capital commitments

	2025 HK\$'000	2024 HK\$'000
Contracted but not provided for:		
Purchase of property, plant and equipment	–	135

(b) Operating lease arrangement – where the Group as a lessor

The Group has contracted with tenants for the following future minimum lease receivables:

Investment properties	2025 HK\$'000	2024 HK\$'000
Within one year	1,785	1,155
In more than one year but not more than two years	1,601	265
In more than two years but not more than three years	263	–
	3,649	1,420

Leases are negotiated for terms ranging from 3 to 10 years (2024: 3 to 10 years).

Machineries and equipment and containers	2025 HK\$'000	2024 HK\$'000
Within one year	120,351	80,447
In more than one year but not more than two years	30,442	–
In more than two years but not more than three years	28,711	–
In more than three years but not more than four years	26,939	–
In more than four years but not more than five years	25,102	–
After five years	105,537	–
	337,082	80,447

Leases are negotiated for terms ranging from 1 to 12 years (2024: 1 year).

39 Statement of financial position of the Company

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment		21	1,476
Interests in subsidiaries		20	20
Amounts due from subsidiaries		1,069,354	1,073,186
		1,069,395	1,074,682
Current assets			
Other receivables, prepayments and deposits		1,487	2,426
Amounts due from subsidiaries		1,479,969	1,477,492
Bank balances and cash		26,588	11,496
		1,508,044	1,491,414
Current liabilities			
Other payables		3,020	2,198
Lease liabilities		–	1,244
Tax payables		5,276	5,052
Bank borrowings		45,394	306,988
Loan from a related party		182,994	–
		236,684	315,482
Net current assets		1,271,360	1,175,932
Total assets less current liabilities		2,340,755	2,250,614
Non-current liabilities			
Deferred tax liabilities		–	49
Net assets		2,340,755	2,250,565
Capital and reserves			
Share capital	32	2,214,624	2,214,624
Reserves	33	126,131	35,941
Total equity		2,340,755	2,250,565

Approved and authorised for issue by the board of directors on 13 March 2026 and signed on its behalf by:

Sun Jie
Director

Chen Jianying
Director

PRINCIPAL PROPERTIES

A. Investment Properties

Location	Group's effective interest	Approximate site area (sq. m.)	Approximate gross floor area (sq. m.)	Usage	Category of lease
Phase I, CCT-Champs-Elysees No. 1 Mizhou West Road, Zhucheng City, Shandong Province, the PRC	100%	<i>Note (a)</i>	2,373	Commercial	-
Phase III, CCT-Champs-Elysees No. 1 Mizhou West Road, Zhucheng City, Shandong Province, the PRC	100%	<i>Note (a)</i>	40	Commercial	-
Kindergarten, CCT-Champs-Elysees No. 1 Mizhou West Road, Zhucheng City, Shandong Province, the PRC	100%	<i>Note (a)</i>	2,896	Commercial	Medium-term lease
Hainan Building, No.5 Guoxing Avenue, Haikou City, Hainan Province, the PRC	100%	27,590	1,339	Commercial	Medium-term lease

B. Properties Held for Sale

Location	Group's effective interest	Approximate site area (sq. m.)	Approximate gross floor area (sq. m.)	Usage
CCT-Champs-Elysees, No. 1 Mizhou West Road, Zhucheng City, Shandong Province, the PRC	100%	<i>Note (a)</i>	16,311	Residential and commercial

Note (a): The properties are part of a parcel of land designated as No. 01213003 and located on the northern side of Mizhou West Road Eastern Section, Zhucheng City, Shandong Province, the PRC, with a total site area of 146,006 sq.m..

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the year ended 31 December 2025 and the last four financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out below. This summary does not form part of the audited financial statements.

	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Results					
Revenue	578,995	552,637	740,011	1,277,390	1,172,679
Profit attributable to owners of the Company	47,851	38,633	68,003	76,066	104,222
Assets and liabilities					
Non-current assets					
Property, plant and equipment	633,392	468,564	577,482	702,054	307,371
Investment properties	33,503	64,045	80,993	85,096	99,255
Deposits paid	–	–	–	–	1,015
Finance lease receivables and loan receivables	4,103,676	3,313,009	4,904,640	4,989,666	3,911,695
Other financial assets	459	453	4,656	8,477	11,658
Loans to related parties	–	–	27,500	–	36,600
Deferred tax assets	12,043	15,696	16,136	3,958	–
Current assets					
Properties held for sale	53,031	134,666	198,869	63,927	130,438
Properties under development	–	–	–	182,767	143,793
Inventories	3,879	3,724	3,848	6,861	23,332
Trade and other receivables	53,310	29,776	52,899	108,326	79,888
Finance lease receivables and loan receivables	6,387,673	3,255,832	3,963,122	3,227,908	1,953,411
Other financial assets	43,180	30,226	27,686	60,706	69,850
Tax recoverable	4,282	1,089	1,814	1,528	2,628
Pledged bank deposits	2,756	2,634	11,972	61,709	4,413
Bank balances and cash	1,054,287	1,031,160	698,579	472,852	1,380,259
Loans to related parties	–	26,500	–	33,900	12,200
Total assets	12,385,471	8,377,374	10,570,196	10,009,735	8,167,806

FINANCIAL SUMMARY

	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Current liabilities					
Trade and other payables	(222,226)	(300,704)	(239,374)	(390,832)	(373,865)
Contract liabilities	(42,166)	(110,693)	(136,065)	(139,246)	(136,724)
Tax payables	(52,145)	(34,168)	(31,589)	(25,699)	(35,622)
Lease liabilities	–	(2,982)	(3,767)	(3,874)	(3,098)
Bank borrowings	(2,319,669)	(1,602,581)	(2,018,666)	(1,969,931)	(1,374,675)
Asset-backed securities	(1,637,042)	(1,464,538)	(1,510,200)	(1,472,916)	(1,267,068)
Loans from related parties	(359,832)	–	(165,000)	(101,700)	(47,556)
Corporate bonds	(16,823)	–	–	–	–
Non-current liabilities					
Asset-backed securities	(689,408)	(671,746)	(1,496,017)	(1,229,353)	(1,665,539)
Bank borrowings	(2,924,309)	(990,524)	(1,729,237)	(1,197,074)	(67,100)
Lease liabilities	–	–	(3,227)	(4,399)	–
Deferred tax liabilities	(38,382)	(40,044)	(43,760)	(49,632)	(54,857)
Other payables	(30,198)	(214,984)	(333,191)	(252,529)	–
Loans from related parties	–	(174,900)	–	(237,300)	–
Corporate bonds	(1,107,174)	–	–	–	–
Total liabilities	(9,439,374)	(5,607,864)	(7,710,093)	(7,074,485)	(5,026,104)