



# Road King Infrastructure Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 1098)



2025  
ANNUAL REPORT



# Corporate Profile

## ROAD KING INFRASTRUCTURE LIMITED

Road King Infrastructure Limited is a prominent property developer in Mainland China and Hong Kong focusing on developing quality residential apartments and also a leading toll road investor and operator with over 30 years of experience in the industry. The Company successfully entered into the Southeast Asian market in 2019 and became the first company to invest and participate in the operation of Indonesian expressways among other Mainland China and Hong Kong toll road companies. The existing real estate portfolio is mainly located in the Yangtze River Delta Region, Bohai Rim Region and Greater Bay Area, comprising a land reserve of approximately 2.2 million square meters. As of 31 December 2025, the toll road portfolio consists of four expressways in Indonesia, all located in major economic regions and spanning approximately 335 km in total.



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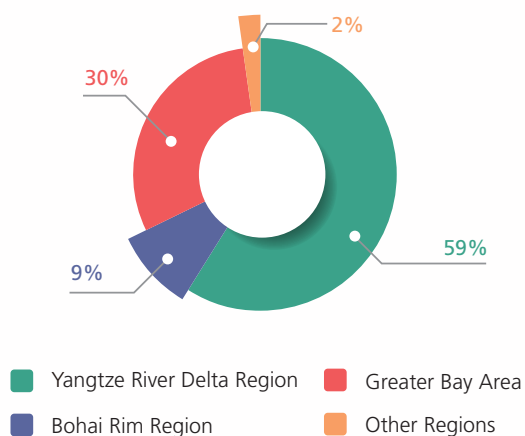
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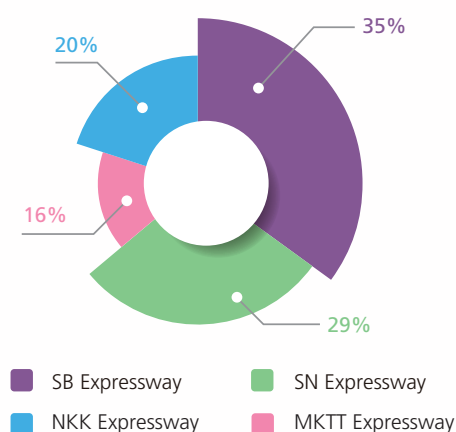
# Financial Highlights

	For the year ended 31 December				
	2025	2024	2023	2022	2021
<b>(RMB'million)</b>					
Property sales (including joint venture and associate projects)					
– Mainland China projects	<b>5,551</b>	9,279	26,555	41,710	39,562
– Hong Kong projects	<b>1,839</b>	3,183	1,095	313	12,922
	<b>7,390</b>	12,462	27,650	42,023	52,484
<b>(HK\$million)</b>					
Revenue of the Group	<b>5,322</b>	5,537	13,075	17,156	24,678
Group's share of revenue of joint ventures and associates	<b>4,585</b>	11,828	12,953	12,102	14,153
Revenue of the Group and Group's share of revenue of joint ventures and associates	<b>9,907</b>	17,365	26,028	29,258	38,831
Toll revenue from expressway projects in Indonesia	<b>1,695</b>	1,765	1,667	1,109	742
(Loss) profit for the year	<b>(5,302)</b>	(3,308)	(3,761)	459	1,984
(Loss) profit for the year attributable to owners of the Company	<b>(5,982)</b>	(4,122)	(3,962)	(495)	1,028
Equity attributable to owners of the Company	<b>5,319</b>	10,815	15,696	20,246	22,337
Total assets	<b>45,152</b>	57,513	73,146	90,002	108,236

## REVENUE CONTRIBUTION OF PROPERTY PROJECTS IN 2025 BY LOCATION (INCLUDING JOINT VENTURE AND ASSOCIATE PROJECTS)



## TOLL REVENUE CONTRIBUTION OF EXPRESSWAY PROJECTS IN INDONESIA IN 2025

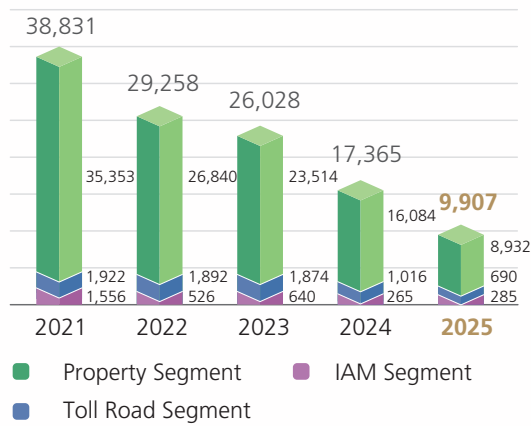


## Financial Highlights (continued)

### REVENUE

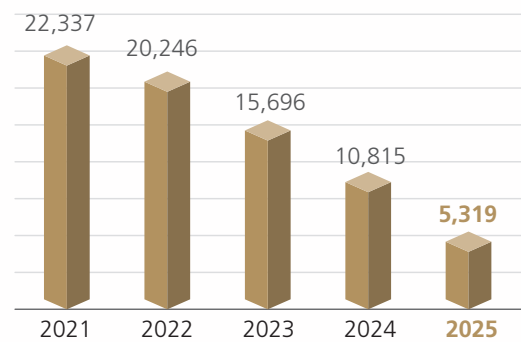
(including share of revenue of joint ventures and associates)

(HK\$'million)



### EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

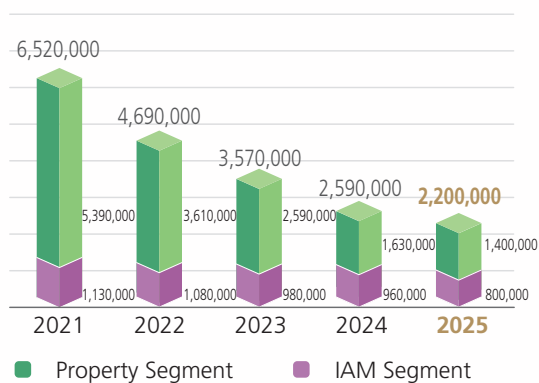
(HK\$'million)



### LAND RESERVE

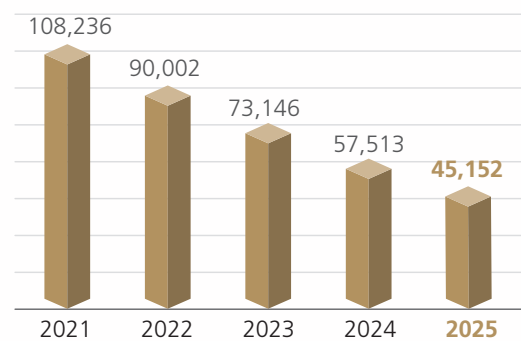
(including joint venture and associate projects)

(sqm)



### TOTAL ASSETS

(HK\$'million)



# Chairman's Statement



**Zen Wei Peu, Derek**  
*Chairman*

2025 was likely one of the most difficult years in Road King's history. Not only did we have to deal with the prolonged slump of property prices, but also our property sales declined further as our existing landbank diminished rapidly. This situation applied to both the Hong Kong and Mainland China market.

More concerning, we fully realized that Road King would not be able to repay its outstanding debts, following the failure of two series of consent solicitations conducted in June and July 2025. In order to preserve the Company's liquidity to discharge our current operational commitments to maintain going concern, and ensure fair and equitable treatment to all creditors, we decided to stop payment of all offshore debt interest, whether bond coupon or bank interest. This officially triggered our default.

## Chairman's Statement (continued)

Shortly thereafter a few bondholders formed an Ad Hoc Group ("AHG"), and together with their lawyers and financial advisors, they approached us to discuss what could be the likely final restructuring plan. Needless to say, this has been a difficult negotiation, and usually in such circumstances, the ending is a solution reluctantly accepted by both parties. This can clearly be exemplified by several similar restructurings of Chinese private developers in the past few years.

After several rounds of intense discussions, it was announced on 16 March 2026 that we had reached an in-principle agreement with a number of members of the AHG. This in-principle agreement will form the basis for further negotiations on detailed terms and long-form documentation. Please rest assured that we will inform all the Shareholders (and bondholders alike) if there is any further progress, but there is one thing for sure, we cannot expect a perfect outcome.

There was further bad news. Since Road King announced its default on payment of interest, inevitably banks both in Hong Kong and Mainland China, almost immediately cut off most of our credit lines. We are therefore solely relying on our existing resources to settle all costs and expenses, and more importantly, all taxes. For now we can still keep the Company functioning, but once our restructuring plan is accepted by requisite majority of creditors, we can then start talking about what's in front of us and how Road King can plan its path forward.

We will look to close the restructuring by the end of 2026 and hope to ensure Road King will remain in going concern through this restructuring. We were too optimistic in 2024 when we sought extending the payback time by 3 and a half years. It transpires that the real estate market deteriorated a lot more than we anticipated, so this time we are not going to agree to any terms knowing clearly that we cannot deliver, as we do not believe anyone wishes to see the Company to default again in another 3 or 4 years' time.

The Group's property sales (including joint ventures and associated projects) in 2025 shrunk to RMB7,390 million. The Group's turnover and net loss attributable to Shareholders for the year was HK\$5,322 million and HK\$5,982 million respectively.

This extremely poor performance in 2025 mainly arises from the following factors:

### **1) Property Development Business**

The market continued to deteriorate in both price and volume. Most developers made sales regardless of their loss, wishing just to get the cash flow which might help them to survive for another day. Road King had no option but to trim our sales price (though not as desperate as others), resulting in a huge loss of HK\$3,714 million in 2025.

### **2) Investment and Asset Management Business**

In 2025, Road King recorded a loss of HK\$1,756 million, comprising losses on sales of various properties, huge impairment provision and interest cost etc.

# Chairman's Statement (continued)

## BUSINESS ANALYSIS

### A) Toll Road Business

In 2025, our toll revenue in IDR from expressway projects in Indonesia remained flat as compared with 2024. The Group's share of net profit of respective Indonesia expressway joint ventures was HK\$251 million. In 2025, we received dividends from Indonesia expressway projects of HK\$85 million.

A piece of good news was that we finally got the formal approval of special toll rate adjustment of SN Expressway and SB Expressway in Indonesia (around 25.0% and 29.5% respectively) which took effect in January 2026 and March 2026 respectively. In addition, we also obtained approval for the increase in regular toll rate by approximately 4.1% for NKK Expressway which has been implemented in January 2026.

In the short term, the toll rate increase may deter some vehicles from using this expressway. Our experience is that this will gradually change back to normal after a period of 3 to 4 months.

The worldwide tariff war initiated by the United States of America naturally impacted on all countries. However, the gross domestic product of Indonesia rose by 5.2% despite the tariff. We expect this trend to continue, and will eventually push the traffic to grow as well.

As part of the restructuring, going forward, we will look to sell a 70% stake in Road King Expressway International Holdings Limited for the benefit of creditors with a remaining 5% stake to be held by the Company on an ongoing basis.

### B) Property Development Business

#### 1) Mainland China

We can all read from the news almost daily on property developers running into various troubles. Let me give you some objective figures:

- a) The entire first-hand property transaction volume in 2025 was only RMB8.3 trillion, representing 12%–13% less than 2024, and the average selling price was RMB9,500/sqm, representing 4% less than 2024. (Actually these figures were propped up by a few very expensive projects in Shanghai and Beijing.)
- b) If we compare this with 2021, where the total transaction amount was RMB18.2 trillion, with an average selling price of 10,400/sqm, we can see that the corresponding transaction amount in 2025 dropped by 55% on average compared with that of 2021, which is why there are so many debt restructurings and liquidation of property developers. Under such circumstances, Road King has optimized organizational structure of property development business and implemented cost-saving measures, including a reduction of approximately 70% in staff of this segment over the past few years, making sure Road King can survive the storm. What's more damaging is that banks are staying away from private developers, lending only to state-owned property developers.

## Chairman's Statement (continued)

As I mentioned in my last report, we have not acquired any piece of land for almost 2 years, rather we focus on developing remaining land bank, hoping that we can turn those land into cash in time.

With the significant shrinkage of our balance sheet (even more if our debt restructuring is finally completed), it is highly unlikely we can be back into property development in any meaningful scale, but only time can tell.

### **2) Hong Kong**

In 2025, we made a sale of 32 units and part of the car parks at Southland, with a gross value of about HK\$600 million. At the end of 2025, there were only a few residential units and car parks left to be sold.

For Mori in Tuen Mun, we sold a total of 317 units, with a gross value of HK\$1,450 million in 2025. At the end of 2025, there were still 116 residential units and 189 car parks unsold.

The recent market in Hong Kong seems to be active and we do hope the remaining units can be sold in 2026.

### **C) Investment and Asset Management Business**

In 2025, we have sold some of our properties at a loss, as our purchase price in previous years was way too high, plus we need cash urgently to keep going.

Also we have made a total impairment provision of HK\$1,200 million and recognized a net loss of HK\$1,756 million for this segment in 2025.

# Chairman's Statement (continued)

## OUTLOOK

The most important issue is how and when we can reach a final agreement with our bondholders. Without this being resolved, there is no point talking about future plans. As such, this will be the primary focus of both myself and the Company in the next several months.

Assuming that we can eventually settle with our creditors, going forward, we need to focus on areas we are doing, and have potential to grow and become profitable. As I mentioned above, it is unlikely that we can stay in property development in a significant way. The following are the possible courses of action (some of which I did mention in my last report).

- 1) Property Management – at this moment we are managing a total of 27 million sqm, however, the profit thus generated is minimal, mainly due to tight control of the management fee that can be levied on residents, and the ever-increasing demand for services by the residents. This is quite different from common practice in many markets outside China. One must realize that the higher level of services must go together with appropriate management fee; just keeping the management fee the same, yet demanding ever more services is logically wrong and not sustainable. In my view, this kind of practice will evolve into a more practical and sustainable model sooner or later. We will see.

The way forward for Road King is to gradually increase the total area under our management, use more IT to minimize manpower, and in some cases deploy robots to reduce cost. While easier said than done, we expect these initiatives to be implemented under our business plan.

- 2) Elderly Services – Road King provides services in two forms, the first is “Home-based elderly care” which provides services for the elderly people living in their own homes, and the second is elderly home in which we provide accommodation together with all the corresponding services. Again, this business remains challenging to make profit at this moment. After operating over the past 4 years in delivering elderly home services, we eventually are able to reach cash flow break-even (although accounting losses remain after taking construction costs into account). Hopefully over time, perhaps by partnering with some of low capital cost organizations, we may be able to supplement each other and jointly we should be able to achieve a much better result.
- 3) Commercial Property Management – Road King has quite some commercial properties across various cities, which mainly were primarily developed as conditions attached to land auctions. At the moment we have approximately 500,000 sqm of commercial area under our management and can maintain a positive cash flow for overall operations. However, there is huge competition from online ordering and delivering platforms, hence we have to lower our rental to remain competitive in the market. We might still be able to survive, but it is unlikely that we will prosper under the current atmosphere and environment.

## Chairman's Statement (continued)

There is no certainty that we will succeed in all the above ventures in next 3 to 5 years. We do know that all the above will certainly be with us for another 20 or 30 years. The only question is in which area we can excel and prosper; only time can tell.

Given the fact that we are now cash flow positive in the above operations, I am optimistic that all these businesses will become the Group's main businesses going forward. As for property development, there may be times we act as a minority player in this field, but it is extremely unlikely that we can resume our position as a major player.

### COMMUNICATION WITH SHAREHOLDERS

I have been candid with you in my reporting and I will emphasize the pluses as well as the minuses that are important in appraising the Group. I owe you nothing more than business facts that I would want to know as if our positions were reversed. There may be some queries or issues you want to raise and so I strongly encourage Shareholders to attend the 2026 AGM. This is the occasion where the management and owners of the Company can discuss the business face to face.

### DIVIDEND POLICY

Given the situation Road King is in, Shareholders will certainly understand that there will not be any dividends, probably in the next 5 years. Please rest assured that management will do our best to turn the Company around, and do our best for the betterment of all Shareholders.

### APPRECIATION

Finally, I would like to once again express my heartfelt gratitude to our Shareholders, clients, business partners, Directors and not least, to our loyal and dedicated staff for their hard work.

**Zen Wei Peu, Derek**  
*Chairman*

Hong Kong, 26 March 2026

# Chief Executive Officer's Report



**Fong Shiu Leung, Keter**  
*Chief Executive Officer*

Dear Shareholders,

## RESULTS FOR 2025

For the year ended 31 December 2025, property sales of the Group (including joint venture and associate projects) were RMB7,390 million, representing a decrease of approximately 41% as compared to last year. The Group's expressway projects in Indonesia recorded toll revenue of HK\$1,695 million in 2025, a decrease of approximately 4% compared to the previous year; excluding the impact of exchange rates, it remained flat compared to the previous year. In 2025, the Group recorded a loss after tax of HK\$5,302 million, loss attributable to Shareholders of HK\$5,982 million, and loss per Share of HK\$7.98.

# Chief Executive Officer's Report (continued)

## BUSINESS OVERVIEW

### Property Business

In 2025, the global and Mainland China macroeconomic environments continued to face multiple uncertainties. The real estate market of Mainland China remained in an adjustment phase, with no significant improvement seen in the industry's overall sales and financing environment.

As a pillar industry of the national economy, the stable operation of the real estate sector is crucial to socio-economic development. During the year, the Central Government continued to introduce policies to stabilize the market. In April, it emphasized "consolidating the stable trend of the real estate market" and "increasing the supply of high-quality housing". In June, it proposed the goal of "halting the decline and achieving stability", clarifying the systematic direction of "stabilizing expectations, expanding demand, optimising supply, and preventing risks". In October, it set the tone for "promoting the high-quality development of real estate" and in December, the Central Economic Work Conference further laid out the task of "striving to stabilize the real estate market". However, affected by the global trading environment and the overall economic downturn, coupled with the fact that expectations for personal income and housing prices have not yet fully improved, the comprehensive market recovery still faces challenges and remains in a bottoming-out phase despite continuous policy support. During the year, core cities experienced a phased recovery driven by favorable policies, but the recovery momentum weakened from the second quarter onwards, and third-tier and fourth-tier cities continued to be constrained by high inventory and downward pressure on housing prices.

Facing a challenging operating and sales environment, the Group achieved total property sales in Mainland China (including joint venture and associate projects) of RMB5,551 million in 2025, of which contracted sales amounted to RMB5,213 million and outstanding subscribed sales amounted to RMB338 million. Yangtze River Delta region was the major sales region and the average selling price was RMB14,000 per sqm.

Driven by factors such as high rental levels and interest rate cuts, properties purchase demand in the Hong Kong real estate market rebounded, with the real estate market in 2025 exhibiting a recovery trend of "a low start followed by stabilization". In the first quarter, the transaction volume of Hong Kong projects slowed down due to the sluggish market and throat-cutting promotion of competitive projects in the same district. Subsequently, Mori took the lead in launching additional residential units with preferential discounts, which was met with a positive market response and boosted the sales. The Group's three projects in Hong Kong (including Southland and Crescent Green) achieved total sales of RMB1,839 million and delivery of RMB3,095 million for the year.

The management team strictly controlled construction progress and made every effort to ensure the on-schedule delivery of projects, thereby effectively protecting the rights and interests of buyers. In 2025, the Group's total property delivery in Mainland China and Hong Kong (including joint venture and associate projects) was approximately RMB11,604 million, with an area of approximately 510,000 sqm and approximately 7,000 units. Affected by the continuous downturn in the real estate market and throat-cutting promotion of competitive projects in the same district, the Group's property sales dropped in both volume and price, resulting in a loss of HK\$3,714 million in the Property Segment during the year.

In 2025, the overall transaction volume in Mainland China land market remained at a low level with sluggish performance. Only premium land parcels in certain core cities saw relatively active bidding, SOE(s) remained the major participants in land acquisitions. In view of the significant liquidity pressure faced by the Group and the commencement of debt restructuring, participation in land auctions has been suspended in order to reserve funds to support the Group's daily operations. Therefore, no new projects or land parcels were acquired during the year. As at 31 December 2025, the Group had a total land reserve of approximately 2,200,000 sqm of which approximately 310,000 sqm was pre-sold but yet to be delivered.

# Chief Executive Officer's Report (continued)

## Toll Road Business

In 2025, the average daily traffic of the Group's Indonesian expressway projects was approximately 87,300 vehicles, a slight increase of approximately 1% compared to the previous year. The toll revenue recorded for the year was approximately HK\$1,695 million, a decrease of approximately 4% compared to the previous year. Excluding the impact of the depreciation of IDR against the Hong Kong dollar, toll revenue would have remained flat compared to the previous year. During the year, Indonesia's gross domestic product grew by approximately 5% compared to the previous year. However, affected by geopolitical tensions and changes in international trade policies, the growth of commerce and logistics along certain project routes was constrained, while local residents' willingness to travel and consume became more cautious. In addition, extreme weather and natural disasters also exerted pressure on the operational performance of the projects. Against this backdrop, the Indonesia expressway projects recorded only slight growth in traffic volume, with toll revenue remained flat compared to the previous year.

In 2025, the Group's share of profits from the joint ventures of the expressway projects in Indonesia was HK\$251 million, a decrease of HK\$72 million compared to the previous year. This was primarily due to the recognition in the previous year of an one-off accumulated unused tax losses available to offset against future profits as deferred tax assets ("Income Tax Credit Recognition"). In 2025, the profit of the Group's Toll Road Segment (net of head office expenses and taxation) was HK\$207 million, representing a decrease of HK\$1,604 million from HK\$1,811 million in the previous year. Excluding the one-off net gain after taxation of approximately HK\$1,490 million from disposal of the expressway projects in Mainland China in the previous year and their operating profit prior to the disposal and other one-off items, the core operating profit of the Toll Road Segment remained flat compared to the previous year.

According to the toll road concession agreement for each project, each project may apply to the Indonesian government for a toll rate adjustment in 2025. Among them, the SN Expressway and SB Expressway projects obtained the approval of special toll rate adjustments of approximately 25.0% and 29.5% respectively, which have been implemented in January and March 2026 respectively. In addition, the NKK Expressway project has also obtained approval for a regular tariff increase of approximately 4.1%, which has been implemented in January 2026. In the long term, the Indonesian government will strengthen the development of domestic industry and logistics. In line with Indonesia's continued economic growth, the industrial and tourism sectors are expected to see steady growth, leading to an increase in truck and passenger vehicle traffic in 2026 and beyond.

## CAPITAL AND FINANCING

In 2025, despite facing a severe market environment, the Group remained committed to maintaining stable business operations and onshore financing arrangements. In 2025, the Group repaid loans equivalent to a total of HK\$1,542 million, resulting in a decrease in its debt size. However, in view of the slower-than-expected pace of market recovery, the Group expects that it will continue to face debt repayment and liquidity pressures in the future.

In response to offshore debt pressure, the Group launched a consent solicitation in the second half of 2025 for five series of senior notes maturing between 2028 and 2030. However, as not all series of notes reached the consent threshold, the proposed amendments and waivers were ultimately not implemented. In view of this, the Group has formally commenced debt restructuring work. The Group is maintaining continuous and candid communication with its professional advisors and major creditors, striving to reach a restructuring proposal that takes into account the reasonable interests of all parties. The Company believes that the successful implementation of its offshore debt restructuring would allow the Group to right size its balance sheet and restore its capital structure to a healthy and sustainable level such that the Group's business would be able to continue as a going concern and thrive moving forward.

# Chief Executive Officer's Report (continued)

Since the beginning of 2026, the Company, the relevant creditors and their respective financial advisors have continued to engage in constructive discussions to explore a revised restructuring proposal that would be supported by the creditors. After multiple rounds of discussions, an in-principle agreement was finally reached with a number of relevant creditors in mid-March, which will form the basis for further negotiations to achieve more detailed terms and a detailed long-form documentation.

In view of the progress made in the debt restructuring negotiations, the BVI court has agreed to adjourn the hearing of the application for the appointment of provisional liquidators over New Select and the winding-up application against New Select to no earlier than 8 June, in order to facilitate the smooth conduct of negotiations with a view to formally launching the restructuring proposal to all relevant creditors as soon as practicable.

## WORK PLAN FOR 2026

Looking forward to 2026, the real estate market in Mainland China is expected to continue its pattern of divergent adjustment, with core cities remaining resilient but the overall market still in a bottoming-out phase. Transaction volumes are expected to contract further, with the divergence in market performance across first-tier to fourth-tier cities intensifying. A full market recovery remains dependent on an improvement in personal income of resident's expectations and the gradual resolution of the debt risks of property enterprises. In addition, as the Group is negotiating a holistic solution for its offshore debt with creditors, the Group's future investment decisions and funding arrangements will be more prudent.

As mentioned above, the economic development in Mainland China is facing challenges currently, with operational difficulties faced by enterprises. Coupled with the complex and severe international economic and political environment, especially escalating situation in the Middle East and the Trump administration, the economy of Mainland China will continue to be affected in the short term. While the outlook of the real estate market is expected to remain grim in the short term, it is generally recognised that the real estate sector in Mainland China still plays an important role in supporting economic growth. The Group stays cautious in regard to the long-term outlook of property business development in Mainland China.

Looking ahead, the Group will continue to focus on its core tasks: making every effort to advance the offshore debt restructuring; adhering to ensuring delivery, stabilizing operations and strictly controlling cash flow; while continuing to pursue sale of its expressways projects in Indonesia and expanding real estate-related businesses, including commercial and property management. The management team will adopt a prudent and pragmatic attitude, working hand in hand with all stakeholders, and strive to lead the Group through cyclical challenges, return to a path of steady development, and create long-term value for Shareholders.

## ACKNOWLEDGEMENT

We would like to thank our colleagues for their dedication and contributions and express our sincere gratitude to the customers, business partners, Shareholders and the Board for their enduring support and trust.

**Fong Shiu Leung, Keter**  
*Chief Executive Officer*

Hong Kong, 26 March 2026

# Major Awards

## ROAD KING INFRASTRUCTURE LIMITED

2025 Best 35 of China Real Estate Listed Companies with Comprehensive Strengths  
2025 Best 5 of China Real Estate Listed Companies of Risk Management

## RK PROPERTIES HOLDINGS LIMITED

2025 TOP 10 of China Foreign Real Estate Developers  
2025 TOP 30 of China Real Estate Developers with Comprehensive Strengths  
2025 TOP 100 Real Estate Influential Brand Enterprises in China  
2025 Best 50 of China Real Estate Developers Brand Value

## RK PROPERTY SERVICE HOLDINGS LIMITED

2025 TOP 100 Property Management Companies in China



# Major Awards (continued)

## PROPERTY BUSINESS

Beijing	2025 Quality Property Service in Beijing Small District – RK Noble Mansion
Shanghai	2024-2025 TOP 10 Outstanding Brands of the PRC Housing Rental Enterprises – RK Junyu 2024 TOP 10 Most Popular Elderly Care Projects in the Yangtze River Delta (TOP 1 in Shanghai) – RK Junfanghua
Changzhou	2024 Star Enterprise
Guangzhou	2025 First Class Service Standard of Guangzhou Residential Community – Phoenix Residence 2024 Popular Apartment – RK Jooyu 2024 Outstanding Property Service Enterprise

## TOLL ROAD BUSINESS

SN Expressway	Corporate Social Responsibility Award in the Ngawi area
NKK Expressway	Best Toll Road Subsidiary Best Corporate in Madiun
SB Expressway	Highest Contributor for Land and Building Tax Payer in Kendal Regency



# Management Discussion and Analysis

## PROPERTY PROJECTS

- Yangtze River Delta Region
- Bohai Rim Region
- Greater Bay Area
- Other Regions

### BOHAI RIM REGION



### OTHER REGIONS



### YANGTZE RIVER DELTA REGION



### GREATER BAY AREA



# Management Discussion and Analysis (continued)

## LAND RESERVE

As at 31 December 2025

Region	Floor Area* sqm	Proportion
Shanghai	123,000	6%
Jiangsu Province	623,000	28%
Zhejiang Province	48,000	2%
<b>Yangtze River Delta Region</b>	<b>794,000</b>	<b>36%</b>
Beijing	88,000	4%
Tianjin	230,000	10%
Hebei Province	80,000	4%
Shandong Province	26,000	1%
<b>Bohai Rim Region</b>	<b>424,000</b>	<b>19%</b>
Guangdong Province	217,000	10%
Hong Kong	17,000	1%
<b>Greater Bay Area</b>	<b>234,000</b>	<b>11%</b>
Henan Province	749,000	34%
<b>Other Regions</b>	<b>749,000</b>	<b>34%</b>
<b>Total</b>	<b>2,201,000</b>	<b>100%</b>
Of which:		
Properties for sale	1,710,000	78%
Investment properties	491,000	22%

\* Including joint venture and associate projects

# Management Discussion and Analysis (continued)

## MAJOR PROJECTS INFORMATION

### PROPERTIES FOR SALE

As at 31 December 2025

#### Yangtze River Delta Region

1								
<b>RK Sheshan Villa • Dongyuan</b>								
	Floor Area (sqm)	95,000	Nature	Residential and commercial	Stage of Completion (note)	P/S/C	Land area (sqm)	122,000
	Approximate attributable interest	100%	Target completion	2028	Location	East to Kungang Highway, West to Hexi Street, South to Mianzhanggang River and North to Wennan Road, Xiaokunshan Town, Songjiang District, Shanghai, the PRC		
2								
<b>RK Yuemao Mansion</b>								
	Floor Area (sqm)	28,000	Nature	Residential and commercial	Stage of Completion (note)	C	Land Area (sqm)	61,000
	Approximate attributable interest	93.75%	Target completion	Completed	Location	East to Hongshi Road, South to Beiqing Road, West to Baiqiang Port, North to Chenjiashan Road, Jiading District, Shanghai, the PRC		
3								
<b>Breeze Mansion</b>								
	Floor Area (sqm)	38,000	Nature	Residential	Stage of Completion (note)	S/C	Land Area (sqm)	83,000
	Approximate attributable interest	40%	Target completion	2026	Location	East to Keji Avenue, South to Yanfa Two Road, West to Development Road, North to Dongji Avenue, Jiangning District, Nanjing, Jiangsu Province, the PRC		
4								
<b>West Side Time</b>								
	Floor Area (sqm)	10,000	Nature	Residential	Stage of Completion (note)	S/C	Land Area (sqm)	50,000
	Approximate attributable interest	51%	Target completion	2026	Location	South of Juxiang Road, West of Luyang Road, Wujin District, Changzhou, Jiangsu Province, the PRC		

# Management Discussion and Analysis (continued)

## MAJOR PROJECTS INFORMATION

### PROPERTIES FOR SALE

As at 31 December 2025

#### Yangtze River Delta Region

5 Jade Residence								
	Floor Area (sqm)	77,000	Nature	Residential	Stage of Completion (note)	S/C	Land Area (sqm)	60,000
	Approximate attributable interest	95%	Target completion	2027	Location	South of Yanzheng West Avenue, East of Caoxi Road, Niutang Town, Wujin District, Changzhou, Jiangsu Province, the PRC		
6 Boyue Cloudy Yard								
	Floor Area (sqm)	94,000	Nature	Residential	Stage of Completion (note)	F/S/C	Land Area (sqm)	87,000
	Approximate attributable interest	40%	Target completion	2030	Location	East to Nanfeng River, South to Yunhe Road, West to Xinqing Road, North to Wutang Road, Zhonglou District, Changzhou, Jiangsu Province, the PRC		
7 Yunjin Oriental								
	Floor Area (sqm)	72,000	Nature	Residential	Stage of Completion (note)	C	Land Area (sqm)	54,000
	Approximate attributable interest	30%	Target completion	Completed	Location	Southwest of the intersection of 312 National Highway and Yonghui Road, Luoshe Town, Huishan District, Wuxi, Jiangsu Province, the PRC		
8 City Valley								
	Floor Area (sqm)	43,000	Nature	Residential	Stage of Completion (note)	C	Land Area (sqm)	56,000
	Approximate attributable interest	45%	Target completion	Completed	Location	West of Xingpu Road, South of Minsheng Road, Suzhou Industrial Park High Trade Zone, Suzhou, Jiangsu Province, the PRC		


# Management Discussion and Analysis (continued)

## MAJOR PROJECTS INFORMATION

### PROPERTIES FOR SALE

As at 31 December 2025

#### Bohai Rim Region

9								
	RK Yunhe Shangyuan							
	Floor Area (sqm)	25,000	Nature	Residential	Stage of Completion (note)	S/C	Land Area (sqm)	33,000
	Approximate attributable interest	100%	Target completion	2028	Location	Ligezhuang Road, Miyun District, Beijing, the PRC		
10								
	RK Sunny Town							
	Floor Area (sqm)	92,000	Nature	Residential	Stage of Completion (note)	P/S/C	Land Area (sqm)	811,000
	Approximate attributable interest	94.74%	Target completion	2026	Location	Junction of Lushan Road and Helan Road, Hedong District, Tianjin, the PRC		
11								
	Joy Meaningful Residence							
	Floor Area (sqm)	91,000	Nature	Residential	Stage of Completion (note)	S/C	Land Area (sqm)	109,000
	Approximate attributable interest	50%	Target completion	2028	Location	East of Huangzhuang Street and Quanshang Road, Wuqing District, Tianjin, the PRC		
12								
	Park Up Town							
	Floor Area (sqm)	80,000	Nature	Residential	Stage of Completion (note)	S/C	Land Area (sqm)	117,000
	Approximate attributable interest	40%	Target completion	2028	Location	South of Dafu South Road, East of Shouchuang Avenue, Dachang Hui Autonomous County, Langfang, Hebei Province, the PRC		

# Management Discussion and Analysis (continued)

## MAJOR PROJECTS INFORMATION

### PROPERTIES FOR SALE

As at 31 December 2025

#### Greater Bay Area

13	RK Yuhai Junfu							
	Floor Area (sqm)	147,000	Nature	Residential	Stage of Completion (note)	P/F/S	Land Area (sqm)	44,000
	Approximate attributable interest	90%	Target completion	2029	Location	East of Haitao Road, West of Haijing 2nd Road, Haishan Street, Yantian District, Shenzhen, Guangdong Province, the PRC		
14	The Jewel Crown							
	Floor Area (sqm)	52,000	Nature	Residential	Stage of Completion (note)	S/C	Land Area (sqm)	24,000
	Approximate attributable interest	51%	Target completion	2026	Location	West of Panyu Avenue, South of Dongxing Road, Panyu District, Guangdong Province, the PRC		
15	Southland							
	Floor Area (sqm)	2,000	Nature	Residential	Stage of Completion (note)	C	Land Area (sqm)	11,000
	Approximate attributable interest	50%	Target completion	Completed	Location	Site A of Aberdeen Inland Lot No. 467, Hong Kong		
16	Mori							
	Floor Area (sqm)	15,000	Nature	Residential	Stage of Completion (note)	C	Land Area (sqm)	12,000
	Approximate attributable interest	50%	Target completion	Completed	Location	Tuen Mun Town Lot No. 520, New Territories, Hong Kong		

# Management Discussion and Analysis (continued)

## MAJOR PROJECTS INFORMATION

### PROPERTIES FOR SALE

As at 31 December 2025

#### Other Regions

17 RK Ninth County								
	Floor Area (sqm)	506,000	Nature	Residential and commercial	Stage of Completion (note)	P/S/C	Land Area (sqm)	314,000
	Approximate attributable interest	60%	Target completion	2031	Location	East to Zhongxing Road, West to Guihua Road, South to Dongfeng Road, North to Wenbo Road, Xiaopan Zhuang, Zhongmou County, Zhengzhou, Henan Province, the PRC		
18 RK Slow City (Central China)								
	Floor Area (sqm)	137,000	Nature	Residential	Stage of Completion (note)	P/S	Land Area (sqm)	249,000
	Approximate attributable interest	100%	Target completion	2030	Location	North side of Xinmi West Railway Station, North side of Dabei Ring Planning Road, Micun Town, Xinmi City, Zhengzhou, Henan Province, the PRC		
19 RK Leader of Life (Luoyang)								
	Floor Area (sqm)	106,000	Nature	Residential	Stage of Completion (note)	P	Land Area (sqm)	54,000
	Approximate attributable interest	100%	Target completion	2028	Location	Southwest of the junction of Yanhuang Road and Tianzhong Road, Gaoxin District, Luoyang, Henan Province, the PRC		

# Management Discussion and Analysis (continued)

## MAJOR PROJECTS INFORMATION

### INVESTMENT PROPERTIES

As at 31 December 2025

#### Yangtze River Delta Region

20 RK Grand Metropolis (Changzhou)								
	Floor Area (sqm)	119,000	Nature	Commercial	Stage of Completion (note)	C	Land Area (sqm)	67,000
	Approximate attributable interest	100%	Target completion	Completed	Location	No. 33, Huayuan Street, Wujin District, Changzhou, Jiangsu Province, the PRC		
21 Meili Ancient Town								
	Floor Area (sqm)	51,000	Nature	Commercial	Stage of Completion (note)	C	Land Area (sqm)	54,000
	Approximate attributable interest	60%	Target completion	Completed	Location	Southeast of Xinhua Road and Taibo Avenue, Xinwu District, Wuxi, Jiangsu Province, the PRC		
22 RK Phoenix City (including Phoenix World and Lan Park)								
	Floor Area (sqm)	82,000	Nature	Commercial	Stage of Completion (note)	C	Land Area (sqm)	86,000
	Approximate attributable interest	100%	Target completion	Completed	Location	Junction of Zhongxin Da Road East and Xieyu Road South, Suzhou Industrial Park, Suzhou, Jiangsu Province, the PRC		
23 RK Grand Metropolis (Suzhou)								
	Floor Area (sqm)	37,000	Nature	Commercial	Stage of Completion (note)	C	Land Area (sqm)	24,000
	Approximate attributable interest	100%	Target completion	Completed	Location	No. 180, Renmin Road, Wujiang District, Suzhou, Jiangsu Province, the PRC		
24 RK XinTianDi (Ningbo)								
	Floor Area (sqm)	48,000	Nature	Commercial	Stage of Completion (note)	C	Land Area (sqm)	7,000
	Approximate attributable interest	100%	Target completion	Completed	Location	No. 32, Zhengda Lane, Jiangbei District, Ningbo, Zhejiang Province, the PRC		

# Management Discussion and Analysis (continued)


## MAJOR PROJECTS INFORMATION INVESTMENT PROPERTIES

As at 31 December 2025

### Bohai Rim Region

25 RK World Plaza								
	Floor Area (sqm)	63,000	Nature	Commercial	Stage of Completion (note)	C	Land Area (sqm)	22,000
	Approximate attributable interest	100%	Target completion	Completed	Location	West to Heying Road, East to Heying Xi Road, North to Changhuai Road Southern Line and South to Changhuai Road, Nanshao Town, Changping District, Beijing, the PRC		
10 RK Sunny Town (Joy Park)								
	Floor Area (sqm)	14,000	Nature	Commercial	Stage of Completion (note)	C	Land Area (sqm)	9,000
	Approximate attributable interest	94.74%	Target completion	Completed	Location	Junction of Longshan Road and Tianshan Bei Road, Hedong District, Tianjin, the PRC		
10 RK Sunny Town (Yudongcheng)								
	Floor Area (sqm)	33,000	Nature	Commercial	Stage of Completion (note)	C	Land Area (sqm)	13,300
	Approximate attributable interest	94.74%	Target completion	Completed	Location	Junction of Weiguo Road and Helan Road, Hedong District, Tianjin, the PRC		
26 RK Yolo Plaza								
	Floor Area (sqm)	26,000	Nature	Commercial	Stage of Completion (note)	C	Land Area (sqm)	17,000
	Approximate attributable interest	100%	Target completion	Completed	Location	South of Beiyuan Da Street and West of Erhuan East Road, Licheng District, Jinan, Shandong Province, the PRC		

### Greater Bay Area

27 RK Jooyu								
	Floor Area (sqm)	18,000	Nature	Commercial	Stage of Completion (note)	C	Land Area (sqm)	7,500
	Approximate attributable interest	100%	Target completion	Completed	Location	No.8, Yunhe North Street, Yuexiu District, Guangzhou City, Guangdong Province, the PRC		

Notes:

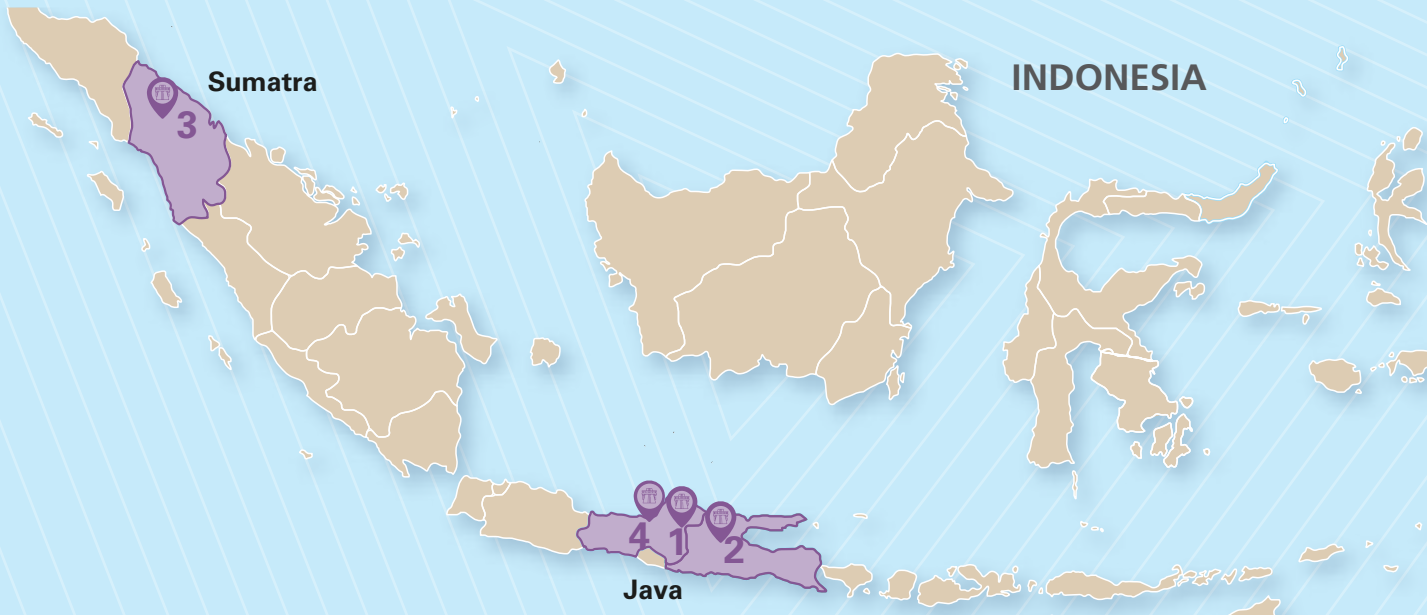
"P" denotes "Planning and design"  
"S" denotes "Superstructure"

"F" denotes "Foundation"  
"C" denotes "Completed"

# Management Discussion and Analysis (continued)



## TOLL ROAD PROJECTS







# Management Discussion and Analysis (continued)

## MAJOR PROJECTS INFORMATION

### TOLL ROAD PROJECTS

As at 31 December 2025

#### Indonesia

<b>1</b>	<b>SN Expressway</b>					
	Location	Central and East Java province	Length	91km	Equity interest (Note)	40%
	Route	Trans Java Toll Road, Solo Ngawi Section ~ 4-lane		Kings Key Limited		
<b>2</b>	<b>NKK Expressway</b>					
	Location	East Java province	Length	107km	Equity interest (Note)	40%
	Route	Trans Java Toll Road, Ngawi Kertosono Kediri Section ~ 4-lane		Kings Key Limited		
<b>3</b>	<b>MKTT Expressway</b>					
	Location	North Sumatra province	Length	62km	Equity interest (Note)	45%
	Route	Trans Sumatra Toll Road, Medan Kualanamu Tebing Tinggi Section ~ 4-lane		Kings Ring Limited		
<b>4</b>	<b>SB Expressway</b>					
	Location	Central Java province	Length	75km	Equity interest (Note)	39.77%
	Route	Trans Java Toll Road, Semarang Batang Section ~ 4-lane		Kings Bless Limited		

Note:

As at 31 December 2025, the toll road projects are indirectly held by Road King Expressway International Holdings Limited, which is 75% held by the Group.

# Management Discussion and Analysis (continued)

## BUSINESS REVIEW

For the year ended 31 December 2025, property sales of the Group (including joint venture and associate projects) were RMB7,390 million, representing a decrease of approximately 41% as compared to last year. The Group's expressway projects in Indonesia recorded toll revenue of HK\$1,695 million in 2025, a decrease of approximately 4% compared to the previous year; excluding the impact of exchange rates, it remained flat compared to the previous year. In 2025, the Group recorded a loss after tax of HK\$5,302 million, loss attributable to Shareholders of HK\$5,982 million, and loss per Share of HK\$7.98.

As of 31 December 2025, the Group had a total land reserve of approximately 2,200,000 sqm, of which the total area pre-sold but yet to be delivered was 310,000 sqm.

## BUSINESS SEGMENTS ANALYSIS

### (i) PROPERTY SEGMENT

In 2025, the real estate market in Mainland China remained sluggish and core cities have seen a temporary recovery in the market driven by the release of housing demand due to favorable policies. However, the momentum of recovery has weakened since the second quarter, and third-tier and fourth-tier cities remain constrained by high inventory levels and downward pressure on housing prices. As a pillar industry of the national economy, the stable operation of the real estate sector is crucial to socio-economic development. During the year, the Central Government continued to introduce policies to stabilize the market. In April, it emphasized "consolidating the stable trend of the real estate market" and "increasing the supply of high-quality housing". In June, it proposed the goal of "halting the decline and achieving stability", clarifying the systematic direction of "stabilizing expectations, expanding demand, optimising supply, and preventing risks". In October, it set the tone for "promoting the high-quality development of real estate" and in December, the Central Economic Work Conference further laid out the task of "striving to stabilize the real estate market". However, affected by the global trading environment and the overall economic downturn, coupled with the fact that expectations for personal income and housing prices have not yet fully improved, the comprehensive market recovery still faces challenges and remains in a bottoming-out phase despite continuous policy support. Driven by factors such as high rental levels and interest rate cuts, properties purchase demand in the Hong Kong real estate market rebounded, with the real estate market in 2025 exhibiting a recovery trend of "a low start followed by stabilization".

Facing a challenging operating and sales environment, the Property Segment achieved total property sales (including joint venture and associate projects) of RMB7,139 million in 2025, of which RMB5,300 million was achieved in Mainland China and RMB1,839 million was achieved in Hong Kong. Property sales comprised the contracted sales of RMB6,839 million and outstanding subscribed sales of RMB300 million, representing a decrease of approximately 41% as compared to 2024.

# Management Discussion and Analysis (continued)

## Property Sales and Delivery

Set out below is an analysis of the Property Segment's property sales and delivery by region (including joint venture and associate projects) for 2025:

Regions (Notes)	Sales		Delivery	
	Amount RMB'million	Area sqm	Amount RMB'million	Area sqm
Yangtze River Delta Region	2,662	189,000	6,702	273,000
Bohai Rim Region	1,464	98,000	1,094	100,000
Greater Bay Area	2,932	68,000	3,476	80,000
Other Regions	81	12,000	75	11,000
Total (2025)	7,139	367,000	11,347	464,000
Total (2024)	12,231	593,000	31,353	1,170,000

Notes:

Yangtze River Delta Region comprises Shanghai, Jiangsu Province and Zhejiang Province.

Bohai Rim Region comprises Beijing, Tianjin, Hebei Province and Shandong Province.

Greater Bay Area comprises Guangdong Province and Hong Kong.

Other Regions comprise Henan Province.

In 2025, the average selling price of properties in the Property Segment was RMB19,000 per sqm, of which the average price of properties in Mainland China was RMB15,000 per sqm and the average price of properties in Hong Kong was RMB115,000 per sqm. The Greater Bay Area and the Yangtze River Delta Region were the major sales regions, accounting for 41% and 37% of total sales respectively. As at 31 December 2025, the total area of properties pre-sold but yet to be delivered was approximately 300,000 sqm.

## Financial Review

Set out below is an analysis of the financial performance of the Group's Property Segment for 2025 and 2024:

	2025 HK\$'million	2024 HK\$'million
Revenue	5,212	5,499
Gross loss	(1,862)	(1,226)
Loss for the year	(3,714)	(2,985)

The revenue of the Group's Property Segment for 2025 was mainly derived from the delivery of properties, of which projects in the Yangtze River Delta region accounted for approximately 59% of the total delivery revenue. Affected by the continuous downturn in the real estate market and throat-cutting promotion of competitive projects in the same district, both the sales volume and prices of the Group's properties declined, and the Property Segment recorded a loss of HK\$3,714 million during the year.

# Management Discussion and Analysis (continued)

## Land Reserves

In 2025, due to factors such as the downturn in the real estate market and tight liquidity of enterprises, real estate enterprises remained cautious in land acquisitions, and the land transaction volume shrank significantly. SOE(s) were the major participants in land acquisitions. In view of the significant liquidity pressure faced by the Group and the commencement of debt restructuring, participation in land auctions has been suspended in order to reserve funds to support the Group's daily operations. Therefore, no new projects or land parcels were acquired during the year.

The Group's land reserve includes properties under planning and construction, properties held for sale and properties held for investment. As at 31 December 2025, the land reserve of the Property Segment amounted to approximately 1,400,000 sqm, which was mainly located in the Yangtze River Delta Region, accounting for over 47% of the total land reserve.

Looking forward to 2026, the real estate market in Mainland China is expected to continue its pattern of divergent adjustment, with core cities remaining resilient but the overall market still in a bottoming-out phase. As the first year of the 15th Five-Year Plan, it is expected that the Central Government will focus on stabilising the real estate market, implementing city-specific policies to control incremental supply, reduce inventory and optimise supply, including optimising the supply of affordable housing, accelerating the renovation of dilapidated and old houses, orderly promoting the construction of "Good Houses", and implementing housing quality enhancement projects and property service quality enhancement actions. At the financial level, the financing environment for real estate enterprises is expected to further improve, and mortgage rates may be moderately reduced to stimulate property purchase demand. At the same time, the land market may continue to be under pressure, with transaction volumes further contracting. The divergence in market performance across first-tier to fourth-tier cities intensifying. A full market recovery remains dependent on an improvement in personal income of resident's expectations and the gradual resolution of the debt risks of property enterprises. In addition, as the Group is negotiating a holistic solution for its offshore debt with creditors, the Group's future investment decisions and funding arrangements will be more prudent.

As mentioned above, the economic development in Mainland China is facing challenges currently, with operational difficulties faced by enterprises. Coupled with the complex and severe international economic and political environment, especially escalating situation in the Middle East and the Trump administration, the economy of Mainland China will continue to be affected in the short term. While the outlook of the real estate market is expected to remain grim in the short term, it is generally recognised that the real estate sector in Mainland China still plays an important role in supporting economic growth. The Group stays cautious in regard to the long-term outlook of property business development in Mainland China.

Looking ahead, the Group will continue to focus on its core tasks: making every effort to advance the offshore debt restructuring; adhering to ensuring delivery, stabilizing operations and strictly controlling cash flow; while expanding real estate-related businesses, including commercial and property management. The management team will adopt a prudent and pragmatic attitude, working hand in hand with all stakeholders, and strive to lead the Group through cyclical challenges, return to a path of steady development, and create long-term value for Shareholders.

In 2025, the area under construction of the Group was 860,000 sqm while the area of completed projects was 320,000 sqm. The area under construction and the area of completed projects in 2026 are expected to be 900,000 sqm and 170,000 sqm, respectively.

# Management Discussion and Analysis (continued)

## OVERVIEW OF MAJOR PROJECTS

### Yangtze River Delta Region

#### ***Atop The Cloud, Shanghai***

Atop The Cloud is located at the southern side of Zhudi Road and the western side of Hongshi Road, Juyuan Community, Jiading New Town, Jiading District. It is in close proximity to the Yuemao Mansion project and Jiading West Station of Shanghai Metro Line 11. Surrounded by developed road network and equipped with comprehensive educational and healthcare facilities, it is fit for developing into a high-quality residential project. The project has a site area of 30,000 sqm. and a floor area of 68,000 sqm.



In 2025, sales of Atop The Cloud was RMB390 million, with an average selling price of approximately RMB42,000 per sqm. In 2025, the value and area of properties delivered were RMB2,619 million and 65,000 sqm, respectively.

#### ***Breeze Mansion, Nanjing***

Located at the High-Tech Park of Jiangning District, Nanjing, south of Fangqian Road and west of Zhengfang Avenue, Breeze Mansion is situated in the area of Zhengfang New Town, Jiangning District. The project is endowed with extensive transportation network and quality educational facilities. The project has a site area of 83,000 sqm and a floor area of 177,000 sqm.



In 2025, sales of Breeze Mansion was RMB303 million, with an average selling price of approximately RMB11,000 per sqm for residential building. In 2025, the value and area of properties delivered were RMB253 million and 23,000 sqm, respectively. It is expected that a total area of 38,000 sqm will be delivered in 2026, of which 14,000 sqm had already been pre-sold as at 31 December 2025.

#### ***Boyue Cloudy Yard, Changzhou***

Boyue Cloudy Yard is located on the east side of Xinqing Road and the south side of Wutang Road in Zhonglou District, with the Beijing-Hangzhou Grand Canal on the south side and Nanfeng River on the east side. It is close to the Government of Zhonglou District. With comprehensive commercial facilities, educational resources and landscape resources, and convenient transportation, it can be developed into a high-quality residential project. The project has a site area of 87,000 sqm and a floor area of 172,000 sqm.



In 2025, sales of Boyue Cloudy Yard was RMB430 million, with an average selling price of approximately RMB16,000 per sqm for residential building. In 2025, the value and area of properties delivered were RMB396 million and 26,000 sqm, respectively. It is expected that a total area of 6,000 sqm will be delivered in 2026, of which 2,000 sqm had already been pre-sold as at 31 December 2025.

## Management Discussion and Analysis (continued)

### **City Valley, Suzhou**



City Valley is located on the south side of Minsheng Road and the west side of Xingpu Road, Shengpu Street, Suzhou Industrial Park. Adjacent to the core Hudong sector of the park and close to Sipac Zone, and with favourable living atmosphere and comprehensive commercial, educational and healthcare facilities, it is fit for developing into high-quality residential apartments. The project has a site area of 56,000 sqm and a floor area of 115,000 sqm.

In 2025, sales of City Valley was RMB401 million, with an average selling price of approximately RMB23,000 per sqm. In 2025, the value and area of properties delivered were RMB432 million and 20,000 sqm, respectively. It is expected that a total area of 17,000 sqm will be delivered in 2026, of which 4,000 sqm had already been pre-sold as at 31 December 2025.

### **Royal Harmony Residence, Suzhou**



Royal Harmony Residence is located on the east side of Wanshou Street of the Industrial Park and north side of Ruoshui Road, and situated in the Dushu Lake block, one of the regions that the Company will cultivate in a long run. The project is in proximity to the entrance and exit of Metro Line 2, and the west side is adjacent to the Dushu Lake Park, making it a residential development with panoramic lake views and beautiful scenery. With well-equipped ancillary facilities in the surrounding area and a low plot ratio, the project is fit for developing into a high-quality residence targeting at improvement needs. The project has a site area of 31,000 sqm and a floor area of 37,000 sqm.

Royal Harmony Residence was completed and delivered in the second half of 2025, with the value and area delivered amounting to RMB1,767 million and 34,000 sqm, respectively. It is expected that a total area of 3,000 sqm will be delivered in 2026, of which 1,000 sqm had already been presold as at 31 December 2025.

### **Bohai Rim Region**

#### **RK Sunny Town, Tianjin**



Located in Hedong District, Tianjin, RK Sunny Town is adjacent to the Metro line. The project has a site area of 1,070,000 sqm and a floor area of 1,780,000 sqm, and is planned to comprise nine phases of low-rise and high-rise residential buildings, coupled with 47,000 sqm of commercial complex, 8,000 sqm of a clubhouse as well as one primary school and one kindergarten.

In 2025, sales of RK Sunny Town was RMB754 million, with an average selling price of approximately RMB21,000 per sqm for residential building. It is expected that a total area of 70,000 sqm will be delivered in 2026, of which 55,000 sqm had already been presold as at 31 December 2025.

# Management Discussion and Analysis (continued)

## ***Park Up Town, Langfang***

Park Up Town is located on the south side of Dafu South Road and east side of Shouchuang Street in Dachang Hui Autonomous County. It belongs to the Xiadian area and is close to RK Grandtown. The project's surrounding area is enriched with living atmosphere and convenient transportation. It is close to Pinggu Line, Jingping Expressway, Jingha Expressway, and 5 km from Jingtang Intercity Dachang Station. It is fit for developing into a liveable quality community. The project has a site area of 117,000 sqm and a floor area of 222,000 sqm.



In 2025, sales of Park Up Town was RMB160 million, with an average selling price of approximately RMB11,000 per sqm for residential building. In 2025, the value and area of properties delivered were RMB499 million and 49,000 sqm, respectively. It is expected that a total area of 14,000 sqm will be delivered in 2026, of which 5,000 sqm had already been pre-sold as at 31 December 2025.

## **Greater Bay Area**

### ***RK Rising Star, Guangzhou***

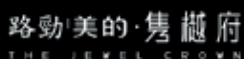
Situated on the south side of Xintang Avenue in Xintang Town, Zengcheng District, Guangzhou City, RK Rising Star is adjacent to the Shacun Station of Line 13, with convenient transportation, a strong atmosphere of human habitation in the vicinity and abundant educational resources, which is suitable for building a high-quality residential project. The project has a site area of 18,000 sqm and a floor area of 61,000 sqm.



In 2025, sales of RK Rising Star was RMB291 million, with an average selling price of approximately RMB15,000 per sqm. In 2025, the value and area of properties delivered were RMB310 million and 22,000 sqm, respectively. It is expected that a total area of 17,000 sqm will be delivered in 2026, of which 2,000 sqm had already been pre-sold as at 31 December 2025.

### ***The Jewel Crown, Guangzhou***

The Jewel Crown is located on the west side of Panyu Avenue and the south side of Dongxing Road, Panyu District. It belongs to the core area of the district government and Panyu Square, and is equipped with comprehensive commercial facilities, schools, healthcare facilities and parks. The project is close to Panyu Square Station (the interchange station of four metro lines). With favourable living atmosphere, it is fit for developing into a high-quality residence. The project has a site area of 24,000 sqm and a floor area of 52,000 sqm.



In 2025, sales of The Jewel Crown was RMB776 million, with an average selling price of approximately RMB36,000 per sqm for residential building. It is expected that a total area of 53,000 sqm will be delivered in 2026, of which 50,000 sqm had already been pre-sold as at 31 December 2025.

## Management Discussion and Analysis (continued)

### **Southland, Hong Kong**

Southland is located at Wong Chuk Hang Station of the MTR South Island line in proximity to Ocean Park and Aberdeen Marina Club, just two stations from Admiralty Station in the financial hub of Hong Kong. It was also the first high-end railway property development project on Hong Kong Island in almost 30 years. The project has a site area of 11,000 sqm and a floor area of 50,000 sqm.



In 2025, sales of Southland was HK\$600 million, with an average selling price of approximately HK\$326,000 per sqm for residential building. In 2025, the value and area of properties delivered of Southland were HK\$1,151 million and 3,000 sqm, respectively. It is expected that a total area of 1,000 sqm will be delivered in 2026, of which 500 sqm had already been pre-sold as at 31 December 2025.

### **Mori, Hong Kong**

Mori is located in So Kwun Wat, Tuen Mun, New Territories and adjacent to Hong Kong Gold Coast, and is fit for developing into a relatively high-end low-density residence. The project has a site area of 12,000 sqm and a floor area of 40,000 sqm.



In 2025, sales of Mori was HK\$1,450 million, with an average selling price of approximately HK\$100,000 per sqm for residential building. In 2025, the value and area of properties delivered were HK\$2,057 million and 20,000 sqm, respectively. It is expected that a total area of 3,000 sqm will be delivered in 2026.

# Management Discussion and Analysis (continued)

## (ii) TOLL ROAD SEGMENT

In 2025, Indonesia's full-year gross domestic product grew by approximately 5% compared to the previous year. However, affected by geopolitical tensions and changes in international trade policies, the growth of commerce and logistics along certain project routes was constrained, while local residents' willingness to travel and consume became more cautious. In addition, extreme weather and natural disasters also exerted pressure on the operational performance of the projects. In 2025, the Indonesian expressway business continued to demonstrate strong resilience amid the aforementioned challenges. In addition, the Indonesian government maintained domestic economic stability relatively well by strengthening the coordination of fiscal policies. The average daily traffic volume increased by approximately 1% compared to the previous year while the toll revenue in IDR from the Indonesia expressway projects remained flat compared to last year. However, when translated into Hong Kong dollars, the toll revenue was affected by the depreciation of IDR against the Hong Kong dollar, causing it to decrease by 4% to HK\$1,695 million (2024: HK\$1,765 million).

According to the toll road concession agreement for each project, each project may apply to the Indonesian government for a toll rate adjustment in 2025. Among them, the SN Expressway and SB Expressway projects obtained the approval of special toll rate adjustments of approximately 25.0% and 29.5% respectively, which have been implemented in January and March 2026 respectively. In addition, the NKK Expressway project has also obtained approval for a regular tariff increase of approximately 4.1%, which has been implemented in January 2026. In the long term, the Indonesian government will strengthen the development of domestic industry and logistics. In line with Indonesia's continued economic growth, the industrial and tourism sectors are expected to see steady growth, leading to an increase in truck and passenger vehicle traffic in 2026 and beyond.

The Group's Indonesian expressway projects distributed dividends totalling approximately HK\$85 million to the Group in 2025. Together with the receipt of the settlement balance of approximately HK\$97 million for the equity interest in the joint ventures of Tangjin Expressway project (the Group's toll concession right of this expressway was expired in 2023), the Group received a total distribution from joint ventures of approximately HK\$182 million for the full year.

In 2026, the Group will continue to seek opportunities to optimise its toll road business portfolio and continue to pursue sale of its expressways projects in Indonesia.

# Management Discussion and Analysis (continued)

## Financial Review

The traffic volume and toll revenue of the expressway projects in Indonesia in 2025 are as follows:

Projects	Average Daily Traffic Volume Vehicles	Increase/ (Decrease) %	Toll Revenue		Toll Revenue IDR
			HK\$'million	IDR'million	Increase/ (Decrease) %
SN Expressway	19,800	–	492	1,019,543	–
NKK Expressway	18,400	2	343	710,910	3
MKTT Expressway	21,600	(1)	269	555,904	(2)
SB Expressway	27,500	1	591	1,223,811	1
Total (2025)	87,300	1	1,695	3,510,168	–
Total (2024)	86,800		1,765	3,494,388	

In 2025, the total traffic volume of the Group's Indonesian expressway projects was 31.88 million vehicles, with an average daily traffic volume of approximately 87,300 vehicles, a slight increase of approximately 1% compared to the previous year. The toll revenue in IDR from the Indonesia expressway projects remained flat compared to last year. However, when translated into Hong Kong dollars, the toll revenue was affected by the depreciation of IDR against the Hong Kong dollar, causing it to decrease by 4% to HK\$1,695 million.

In 2025, the Group's share of profits from the joint ventures of the expressway projects in Indonesia was HK\$251 million, a decrease of HK\$72 million compared to the previous year. This was primarily due to the recognition in the previous year of an one-off accumulated unused tax losses available to offset against future profits as deferred tax assets ("Income Tax Credit Recognition"). The profit of the Group's Toll Road Segment (net of head office expenses and taxation) was HK\$207 million, a decrease of HK\$1,604 million from HK\$1,811 million in the previous year. Excluding the one-off net gain after taxation of approximately HK\$1,490 million from the disposal of expressway projects in Mainland China recognised in the previous year and their operating profit prior to the disposal, the aforementioned Income Tax Credit Recognition, and other one-off expenses, the operating profit of the Toll Road Segment in 2025 remained flat compared to the previous year.

## Overview of Projects



### SN Expressway

The average daily traffic volume and toll revenue in IDR for 2025 were basically flat year-on-year. Due to global economic instability and the implementation of tariffs by the United States of America, coupled with the closure of a large textile factory in the vicinity of the project, there was no significant growth in traffic volume. The Project successfully obtained approval for a special rate adjustment with an upward revision of approximately 25.0%, which has been implemented starting from 5 January 2026, and it is expected that toll revenue will increase in 2026.

## Management Discussion and Analysis (continued)



### ***NKK Expressway***

The average daily traffic volume and toll revenue in IDR for 2025 recorded a year-on-year increase of 2% and 3%, respectively. During the first half of the year, some sections of the national highway around the project were under repair, diverting local and short-distance vehicles to the project. Additionally, the economy within the project area was relatively stable, and the traffic volume of both local passenger vehicles and trucks increased. The project successfully obtained approval for a regular rate adjustment with an upward revision of approximately 4.1%, which has been implemented starting from 5 January 2026 and is expected to bring growth to toll revenue in 2026.

For the remaining unconstructed mainline section of the project from Kertosono to Kediri, land acquisition is currently still in progress, and the actual construction time depends on the progress of land acquisition.



### ***MKTT Expressway***

The average daily traffic volume and toll revenue in IDR for 2025 recorded a year-on-year decrease of 1% and 2%, respectively. Due to global economic instability and the implementation of tariffs by the United States of America, truck traffic volume around the project decreased. In November, the area surrounding the project was affected by a cyclonic storm, resulting in severe disasters. Multiple locations along the project were affected by floods and landslides, leading to lower traffic volume and revenue compared to the previous year. The Group expects that as the Indonesian economy gradually grows and the downstream connecting road sections of the project are successively opened to traffic, traffic volume will be driven to recover.



### ***SB Expressway***

The average daily traffic volume and toll revenue in IDR for 2025 both recorded a year-on-year increase of 1%. Manufacturers have successively moved into and commenced production in the Batang Industrial Park near the project, resulting in a year-on-year increase in truck traffic volume; however, as the special rate adjustment in the previous period represented a significant upward adjustment of 29.5%, some vehicles were also diverted to the national highway, offsetting part of the growth in traffic volume. As the Indonesian economy grows progressively, the Group expects that the number of manufacturers moving into the Batang Industrial Park will gradually increase, which will bring more traffic volume and revenue to the project in the future. The project successfully further obtained approval for a special rate adjustment with an upward revision of approximately 29.5%, which has been implemented starting from 7 March 2026, and it is expected that toll revenue in 2026 will increase.

# Management Discussion and Analysis (continued)

## (iii) IAM SEGMENT

In 2025, the property development projects of IAM Segment (including joint venture and associate projects) achieved property sales of approximately RMB251 million, comprising the contracted sales of RMB213 million and outstanding subscribed sales of RMB38 million. During the year, property delivery amount was approximately RMB257 million, with an area of approximately 40,000 sqm. As of 31 December 2025, the land reserve of IAM Segment was approximately 800,000 sqm, which was mainly located in Henan Province, and the total area of properties pre-sold but yet to be delivered was 10,000 sqm. The business scale of the original investment and asset management businesses, which mainly comprised property fund investments and cultural and tourism businesses, has been significantly reduced after restructuring and rectification, including non-core businesses closed and non-core assets sold. Going forward, the Group will continue to review the operation of its remaining businesses and take appropriate action in due course.

## FINANCIAL REVIEW OF THE GROUP

### Consolidated Statement of Profit or Loss

The table below extracted major items from the consolidated statement of profit or loss of the Group for each of the two years ended 31 December 2025 and 2024.

	2025 HK\$'million	2024 HK\$'million
Revenue	5,322	5,537
Gross loss	(2,347)	(1,390)
Interest income	17	78
Other losses, net	(1,503)	(2,183)
Selling and operating expenses	(794)	(935)
Gains on disposal of subsidiaries	–	1,869
Share of results of joint ventures and associates	(87)	(43)
Finance costs	(599)	(736)
Loss before taxation	(5,313)	(3,340)
Income tax credit	11	32
Loss for the year	(5,302)	(3,308)
(Loss) profit attributable to:		
– Owners of the Company	(5,982)	(4,122)
– Owners of perpetual capital securities	546	541
– Other non-controlling interests of subsidiaries*	134	273
	(5,302)	(3,308)

\* Including the share of net gain after tax from the disposal of equity interests in the expressway business in Mainland China of approximately HK\$373 million in 2024.

# Management Discussion and Analysis (continued)

## Revenue and Gross Loss

Revenue and gross loss of the Group for the year were mainly arisen from the Property Segment business. The details are contained in the subsection headed "Financial Review" under "Property Segment".

## Other Losses, Net

Other net loss for the year was mainly attributable to the increase in impairment provision for properties and related assets due to the continuous downturn of the real estate market.

## Selling and Operating Expenses

The decrease in expenses was mainly attributable to the decrease in property sales and the corresponding decrease in sales commission and marketing expenses of the Group. In addition, the Group continued to proactively optimise its operating costs and implement cost saving measures, resulting in a continuous decrease in overall operating expenses.

## Gains on Disposal of Subsidiaries

This mainly represented the gain on disposal before taxation of approximately HK\$1,862 million for the disposal of the Group's entire equity interest in the toll road business in Mainland China in the previous year.

## Share of Results of Joint Ventures and Associates

During the year, the Group's share of loss mainly arose from loss of approximately HK\$338 million from property and other joint ventures and associates, which were offset by profit of approximately HK\$251 million from infrastructure joint ventures, as detailed in the analysis of the respective business segments.

The Group's share of losses from property and other joint ventures and associates for the year decreased compared to last year. This was mainly due to the continuous downturn in the real estate market, which resulted in a decrease in property sales and deliveries, leading to a reduction in scale of loss on properties delivered during the year compared to last year. The Group's share of profits from infrastructure joint ventures decreased compared to the previous year. This was mainly attributable to the share of profits from expressway projects in Mainland China prior to the completion of the disposal transaction in the previous year and the Indonesian projects recognised an one-off Income Tax Credit Recognition in the previous year.

# Management Discussion and Analysis (continued)

## Consolidated Statement of Financial Position

The table below summarised the major items of the consolidated statement of financial position of the Group as at 31 December 2025 and 2024.

	2025 HK\$'million	2024 HK\$'million
Non-current assets		
– Investments in joint ventures and associates (including shareholders' loans)	<b>12,760</b>	16,215
– Investment properties	<b>4,565</b>	5,324
– Other non-current assets	<b>1,131</b>	1,398
	<b>18,456</b>	22,937
Current assets		
– Inventory of properties	<b>19,158</b>	23,732
– Bank balances and cash (including pledged bank deposits)	<b>2,599</b>	4,695
– Shareholders' loans to joint ventures and associates	<b>566</b>	1,092
– Other current assets	<b>4,373</b>	5,057
	<b>26,696</b>	34,576
Non-current liabilities		
– Bank and other borrowings	<b>(2,017)</b>	(13,315)
– Other non-current liabilities	<b>(993)</b>	(1,036)
	<b>(3,010)</b>	(14,351)
Current liabilities		
– Creditors and accrued charges	<b>(4,038)</b>	(4,602)
– Loans from joint ventures and associates	<b>(3,675)</b>	(5,386)
– Deposits from pre-sale of properties	<b>(3,753)</b>	(4,391)
– Bank and other borrowings	<b>(13,097)</b>	(2,912)
– Other current liabilities	<b>(2,546)</b>	(4,971)
	<b>(27,109)</b>	(22,262)
Total equity (including perpetual capital securities)	<b>15,033</b>	20,900

# Management Discussion and Analysis (continued)

## Investments in Joint Ventures and Associates (including Shareholders' Loans)

It mainly represented the Group's interests in infrastructure joint ventures of HK\$4,253 million (2024: HK\$4,339 million) and interests in property joint ventures and associates of HK\$9,073 million (2024: HK\$12,968 million), including shareholders' short term loans to projects (included in current assets).

## Investment Properties

It represented the carrying value of investment properties held by the Group. Details set out in note 17 of the consolidated financial statements. The fair value of investment properties decreased during the current year due to the decline in market rent. As at 31 December 2025, the total floor area of investment properties of the Group (including joint venture projects) was approximately 491,000 sqm.

## Inventory of Properties

The decrease in inventory of properties was mainly because the Group suspended participation in land auctions in order to reserve funds to support its daily operations, and therefore did not acquire new projects or land parcels during the year.

## Bank Balances and Cash (including Pledged Bank Deposits)

Bank balances and cash decreased mainly due to the Group's repayment of various bank loans of approximately HK\$1,542 million and redemption of HK\$400 million for sale loan during the year.

## Bank and Other Borrowings

Bank and other borrowings mainly represented offshore guaranteed senior notes, syndicated bank loans and project development loans of the Group. During the year, the Group repaid loans totaling HK\$1,542 million. The decrease in total loans was mainly due to the continuous downturn in the property financing market and the fact that credit refinancing has not yet resumed.

In the second half of 2025, the Group conducted consent solicitations in June and July, respectively, regarding its five senior notes due between 2028 and 2030. However, as the consent thresholds were not met for all series of the notes, the proposed amendments and waivers were not implemented. Accordingly, the Group decided to initiate debt restructuring work and suspended payment of all principal and interest falling due on all the Group's offshore bank loans, senior notes and perpetual capital securities. This resulted in the entire principal and interest on the senior notes have become due and payable, and such amounts have been reclassified as current liabilities accordingly.

Details of the Group's loan profile are set out as follows:

	At 31 December	
	2025 HK\$'million	2024 HK\$'million
Repayable:		
Within one year or on demand	13,097	2,912
After one year but within two years	324	641
After two years but within five years	525	8,280
More than five years	1,168	4,394
Total Loans	15,114	16,227

## Management Discussion and Analysis (continued)

### Source of Loans

	2025	2024
Short term loans	87%	18%
Long term loans	13%	82%
Total	100%	100%

### Currency Profile of Loans

	2025	2024
HKD	1%	1%
RMB	19%	24%
USD	80%	75%
Total	100%	100%

### Interest Rates Basis

	2025	2024
Floating rate	22%	28%
Fixed rate	78%	72%
Total	100%	100%

### Nature of Debts

	2025	2024
Unsecured loans	81%	76%
Secured loans	19%	24%
Total	100%	100%

### Type of Loans

	2025	2024
Guaranteed senior notes*	75%	68%
Other offshore loans	6%	8%
	81%	76%
Other onshore loans	19%	24%
Total	100%	100%

\* Excluding perpetual capital securities (Classified to equity)

# Management Discussion and Analysis (continued)

Certain of the Group's borrowings bore fixed interest rates per annum, including guaranteed senior notes with an outstanding principal amount of US\$1,401 million (with interest rates ranging from 5.125% to 6.7% per annum).

In addition, the Group also issued three senior guaranteed perpetual capital securities with the outstanding principal amount of US\$890.50 million as at 31 December 2025.

As at 31 December 2025, the net gearing ratio and the net capitalisation ratio of the Group were 83% and 45% respectively. Net gearing ratio represents the difference between the Group's total interest-bearing borrowings (excluding amounts due to non-controlling interests of subsidiaries) and the bank balances and cash (including pledged bank deposits) ("Net Debt") to the total equity. The net capitalisation ratio represents the Net Debt to the sum of Net Debt and total equity.

## Consolidated Statement of Cash Flows

The table below summarised the major items of the consolidated statement of cash flows of the Group for the years ended 31 December 2025 and 2024.

	2025 HK\$'million	2024 HK\$'million
Net cash (used in) from operating activities	<b>(493)</b>	2,048
Net cash from investing activities	<b>1,826</b>	4,658
Net cash used in financing activities	<b>(2,369)</b>	(7,994)
Effect of change in exchange rates	<b>52</b>	(155)
Cash and cash equivalents at 1 January	<b>3,062</b>	4,505
Cash and cash equivalents at 31 December	<b>2,078</b>	3,062

### Net Cash (used in) from Operating Activities

The net cash used in operating activities in the current year was mainly due to the decrease in the Group's sales volume compared to the previous year, resulting in a decrease in cash generated from the pre-sale and sale of properties.

### Net Cash from Investing Activities

The significant decrease in net cash from investing activities as compared to the previous year was mainly due to the cash consideration of approximately HK\$4,902 million received from the disposal of the Group's equity interests in the expressway business in Mainland China during the previous year.

### Net Cash used in Financing Activities

The net cash flow used in financing activities decreased compared to the previous year, mainly due to the higher amount of the Group's repayment of loans and payment of dividends to other non-controlling interests of subsidiaries in the previous year.

# Management Discussion and Analysis (continued)

## Liquidity and Financial Resources

As at 31 December 2025, the equity attributable to owners of the Company was HK\$5,319 million (2024: HK\$10,815 million). Net assets per Share attributable to owners of the Company was HK\$7.10 (2024: HK\$14.43).

As at 31 December 2025, the Group's total assets were HK\$45,152 million (2024: HK\$57,513 million) and bank balances and cash were HK\$2,566 million (2024: HK\$4,274 million), of which 80% was denominated in Renminbi and the remaining 20% was mainly denominated in US dollar or Hong Kong dollar.

In 2025, despite facing a severe market environment, the Group remained committed to maintaining stable business operations and onshore financing arrangements. In 2025, the Group repaid loans equivalent to a total of HK\$1,542 million, resulting in a decrease in its debt size. However, in view of the slower-than-expected pace of market recovery, the Group expects that it will continue to face debt repayment and liquidity pressures in the future.

In response to offshore debt pressure, the Group launched a consent solicitation in the second half of 2025 for five series of senior notes maturing between 2028 and 2030. However, as not all series of notes reached the consent threshold, the proposed amendments and waivers were ultimately not implemented. In view of this, the Group has decided to suspend payments of all principal and interest on all of its offshore bank borrowings, senior notes and perpetual capital securities, and has formally commenced debt restructuring work. The Group is maintaining continuous and candid communication with its professional advisors and major creditors, striving to reach a restructuring proposal that takes into account the reasonable interests of all parties. The Company believes that the successful implementation of its offshore debt restructuring would allow the Group to right size its balance sheet and restore its capital structure to a healthy and sustainable level such that the Group's business would be able to continue as a going concern and thrive moving forward.

A winding-up petition was filed in the BVI court against New Select, the holding company of expressway projects in Indonesia under the Company and one of the guarantors of the Group's senior notes. The Company has sought advices from its financial and legal advisors and taken all appropriate measures, including filing an application with the BVI court for the appointment of provisional liquidators.

Since the beginning of 2026, the Company, the relevant creditors and their respective financial advisors have continued to engage in constructive discussions to explore a revised restructuring proposal that would be supported by the creditors. After multiple rounds of discussions, an in-principle agreement was finally reached with a number of relevant creditors in mid-March, which will form the basis for further negotiations to achieve more detailed terms and a detailed long-form documentation.

In view of the progress made in the debt restructuring negotiations, the BVI court has agreed to adjourn the hearing of the application for the appointment of provisional liquidators over New Select and the winding-up application against New Select to no earlier than 8 June, in order to facilitate the smooth conduct of negotiations with a view to formally launching the restructuring proposal to all relevant creditors as soon as practicable.

# Management Discussion and Analysis (continued)

## Charges on Assets

As at 31 December 2025, bank balances of HK\$33 million (2024: HK\$421 million) were pledged as security in favour of banks for certain mortgage facilities granted to customers of the Group's property projects and banking credit facilities granted to the Group. In addition to these pledged bank deposits, properties with carrying value of HK\$8,401 million (2024: HK\$9,493 million) were pledged as security for certain loan facilities.

As at 31 December 2025, the Group's borrowings with outstanding principal amount of HK\$393 million (2024: HK\$468 million) were secured by the pledges of the equity shares of subsidiaries of the Company.

## Exposure on Foreign Exchange Fluctuations and Interest Rates

The Group's borrowings are mainly denominated in Renminbi and US dollar but the cash flow is mainly generated from projects whose earnings are denominated in Renminbi and IDR. As a result, the Group is exposed to the foreign exchange risk on the fluctuation of Renminbi, US dollar and IDR. In 2025, the Group recorded a net foreign exchange gain of approximately HK\$133 million, which was mainly attributable to the rebound in the exchange rate of the Renminbi. The Group will pay close attention to the impact of changes in the international environment on exchange rate fluctuations and will enter into foreign currency forward contracts, when appropriate, to mitigate foreign exchange risks.

The Group's exposure to interest rate risk is mainly from fluctuation in interest rates relating to its borrowings denominated in Renminbi and US dollar. Although the monetary policies implemented by Mainland China and the US governments continue to have a major impact on the Group's results and operation, the Directors consider that the interest rate fluctuation caused by the fluidity and instability of the global economy and financial systems also has an impact on the operation of the Group.

Save for the aforesaid, the Group has no significant exposure to foreign exchange risk and interest rate risk. The Group will continue to closely monitor the above risks and may arrange hedging against the risks exposed as and when appropriate and cost effective.

## Financial Guarantee Contracts

As at 31 December 2025, the Group had provided guarantees of HK\$2,883 million (2024: HK\$4,042 million) to banks in respect of the mortgage loans of the purchasers of the Group's properties. The guarantees would be released after the purchasers have pledged their property ownership certificates as securities to the banks for the mortgage loans granted.

As at 31 December 2025, the Group had also provided guarantees of HK\$837 million (2024: HK\$2,061 million) for banking facilities granted to the joint ventures of the Group.

## Employees

The Group had 3,454 employees as at 31 December 2025. Expenditure on staff (including expenditure on staff assigned to or participated in joint ventures and associates, but excluding Directors' emoluments) amounted to HK\$718 million. Employees are remunerated according to their performance and contribution. Other employee benefits include provident fund, insurance, medical cover and training programs, as well as share option scheme. During the year, no share option was granted.

# Directors and Senior Management

## EXECUTIVE DIRECTORS

### **Mr. Zen Wei Peu, Derek**

*(aged 73, Chairman)*

Mr. Zen has been an Executive Director of the Company since its establishment and was appointed as the Chairman of the Company in January 2021. He is the Chairman of the Nomination Committee, a member of the Remuneration Committee of the Company and a director of various companies of the Group. He is also the Chairman and the Chief Executive Officer of Wai Kee Holdings Limited (HK stock code: 610) and the Chairman, Chief Executive Officer and Managing Director of Build King Holdings Limited (HK stock code: 240). He is a Director of Emmaus Life Sciences, Inc., whose shares are traded on the OTC Market in the United States of America. He holds a Bachelor of Science degree in Engineering and a Master of Business Administration degree. He is a Chartered Engineer, a member of the Institution of Civil Engineers, the United Kingdom and a fellow of The Institute of Quarrying, the United Kingdom. Mr. Zen has over 50 years of experience in civil engineering industry.

### **Mr. Fong Shiu Leung, Keter**

*(aged 63, Chief Executive Officer)*

Mr. Fong is the Chief Executive Officer of the Company and a director of various companies of the Group. He was appointed as an Executive Director of the Company in 2000 and re-designated as the Chief Executive Officer of the Company in 2021. Mr. Fong holds a Bachelor of Arts degree in Accountancy. He is a Certified Practising Accountant in Australia and a fellow of the Hong Kong Institute of Certified Public Accountants. He has over 40 years of experience in auditing, accounting and business advisory profession. Prior to joining the Company, he was an audit principal of an international accounting firm.

### **Mr. Ng Fun Hung, Thomas**

*(aged 53, Chief Financial Officer and Company Secretary)*

Mr. Ng, joined the Group in 2011 and was appointed as Executive Director of the Company in February 2022. He is also the Chief Financial Officer and Company Secretary of the Company and a director of various companies of the Group. He holds a Bachelor of Business Administration degree and a Master of Applied Finance degree. He is a fellow of both the Association of Chartered Certified Accountants of the United Kingdom and the Hong Kong Institute of Certified Public Accountants, a Chartered Financial Analyst of the United States, a Certified Information System Auditor of the United States and a Chartered Governance Professional of the United Kingdom and Hong Kong. Mr. Ng has over 30 years of experience in accounting, assurance and financial management. Prior to joining the Group, Mr. Ng worked for an international accounting firm and was previously the financial controller of a listed company in Hong Kong.

# Directors and Senior Management (continued)

## NON-EXECUTIVE DIRECTORS

### **Mr. Yan Zhongyu**

(aged 51)

Mr. Yan has been appointed as a Non-executive Director of the Company since September 2025. He is an executive director and vice president of Shenzhen Investment Limited (HK stock code: 604) ("Shenzhen Investment", a substantial shareholder of the Company), a vice president of Shum Yip Holdings Company Limited and a deputy general manager of 深業集團有限公司 (Shum Yip Group Limited\*, the ultimate holding company of Shenzhen Investment). He is currently a director of Shahe Industrial Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 000014.SZ). Mr. Yan was the deputy executive general manager of Shenzhen Great Ocean Shipping Co., Ltd., the head of the strategic development department and the capital market department of Shenzhen Investment Holdings Co., Ltd. Mr. Yan graduated from Wuhan University with a master's degree in Business Administration. He has extensive experience in project investment and financing, corporate management and capital operation.

### **Ms. Deng Hongyu**

(aged 43)

Ms. Deng has been appointed as a Non-executive Director of the Company since September 2025. She is a general manager of the commercial asset management department of 深業集團有限公司 (Shum Yip Group Limited\*, the ultimate holding company of Shenzhen Investment). She previously served as a supervisor of Shahe Industrial Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 000014.SZ), a general manager of the risk management department and a deputy general manager of the finance management department of 深業集團有限公司 (Shum Yip Group Limited\*). Prior to joining Shum Yip Group, Ms. Deng worked for an international accounting firm, Shenzhen Branch. Ms. Deng graduated from South China University of Technology with a master's degree in Management. She is a member of the Hong Kong Institute of Certified Public Accountants and a non-practicing member of the Chinese Institute of Certified Public Accountants. She has extensive experience in auditing, accounting, risk management and asset management.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

### **Mr. Wong Wai Ho**

(aged 76)

Mr. Wong has been appointed as an Independent Non-executive Director of the Company since May 2014. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company. He resigned as an Independent Non-executive Director of Hang Chi Holdings Limited (HK stock code: 8405, which was delisted on 4 March 2025) with effect from 15 March 2025. He was a consultant of Jumbo Land Resources Limited. Moreover, Mr. Wong was appointed by Jardine Fleming responsible for the management of the world's first ever direct investment focusing on finding investment opportunities in the Greater China region and was appointed by Kleinwort Benson and Advent International Corporation as a director and a managing director respectively. Prior to that, he worked for the Hong Kong Trade Development Council responsible for the promotion of Hong Kong's external trade for 13 years. Mr. Wong has been involved in the public services; he is currently a director of the Ling College, The Chinese University of Hong Kong (Shenzhen); he was a member of the Board of Trustees of Chung Chi College, The Chinese University of Hong Kong and a member of The Chinese History and Culture Educational Foundation for Youth. In the Expo 2010 Shanghai, Mr. Wong was appointed as the deputy pavilion director of the World Trade Centers Association Pavilion. Mr. Wong holds a Bachelor degree in Business Administration (major in accounting) from The Chinese University of Hong Kong and a Master in Law degree from the People's University of China (also known as Renmin University of China). He has extensive experience in trade promotion, fund investment and investment consultancy.

\* For identification purpose only

## Directors and Senior Management *(continued)*

### INDEPENDENT NON-EXECUTIVE DIRECTORS *(continued)*

#### **Mr. Cheung Hon Kit, Edwin**

*(aged 72)*

Mr. Cheung has been appointed as an Independent Non-executive Director of the Company since June 2023. He is a member of the Audit Committee and the Remuneration Committee of the Company. Mr. Cheung is the chairman and an executive director of ITC Properties Group Limited (HK stock code: 199) and was an independent non-executive director of Future Bright Holdings Limited (HK stock code: 703). He graduated from the University of London with a Bachelor of Arts Degree. Mr. Cheung has over 47 years of experience in real estate development, property investment and corporate finance, holding key executive positions in various leading property development companies in Hong Kong. On 15 November 2005, the Securities and Futures Commission of Hong Kong (the "SFC") criticised the then board of directors of ITC Corporation Limited ("ITC Corporation", now known as PT International Development Corporation Limited) for breaching Rule 21.3 of The Hong Kong Code on Takeovers and Mergers in respect of the dealing in the securities of Hanny Holdings Limited (now known as Master Glory Group Limited (in liquidation)) by ITC Corporation during an offer period without the consent of the executive director of the Corporate Finance Division of the SFC. Mr. Cheung was a director of ITC Corporation at that time.

#### **Mr. Ho Tai Wai, David**

*(aged 77)*

Mr. Ho has been appointed as an Independent Non-executive Director and the Chairman of the Audit Committee of the Company since May 2024. Mr. Ho is an independent non-executive director of Left Field Printing Group Limited (HK stock code: 1540), Lion Rock Group Limited (HK stock code: 1127) and Build King Holdings Limited (HK stock code: 240), a non-wholly owned subsidiary of the Company's controlling shareholder, Wai Kee Holdings Limited (HK stock code: 610). He has over 55 years of experience in finance and accounting and held management positions in various companies prior to his retirement in 2007. He is a fellow member of the Association of Chartered Certified Accountants of the United Kingdom, The Hong Kong Institute of Certified Public Accountants and CPA Australia. He holds a Master of Business Administration Degree from The Chinese University of Hong Kong.

#### **Ms. Lam Man Kuen, Phyllis**

*(aged 61)*

Ms. Lam has been appointed as an Independent Non-executive Director and a member of the Nomination Committee of the Company since May 2025. Ms. Lam is currently an independent non-executive director of CircuTech International Holdings Limited (HK stock code: 8051). She has served as a consultant at Hau, Lau, Li & Yeung, Solicitors since 2002. She is a qualified solicitor in Hong Kong and has over 30 years of experience in legal practice focusing on corporate and commercial matters and civil litigation. Between 2010 and 2019, Ms. Lam also acted as executive director in different non-Hong Kong companies including a coal-mining company listed at Australian Securities Exchange. She has contributed to public services in Hong Kong during her years of legal practice and served as Board-appointed Member of Disciplinary Committee of Estate Agents Authority and legal advisor of various organizations including Building Management Resource Centre of Home Affairs Department and China Trade & Investment Resource Centre of Hong Kong Trade Development Council. Ms. Lam holds a Bachelor of Laws from The University of Hong Kong and a Higher Diploma in PRC Law from The China University of Political Science and Law.

# Directors and Senior Management (continued)

## SENIOR MANAGEMENT

### **Mr. Li Wanle**

*(aged 55)*

Mr. Li, joined the Group in 2021, is the Chief Operating Officer of the property development group and the regional Director in the Guangdong region responsible for overseeing the PRC property development projects. He holds a Master degree in Business Administration, a Bachelor degree in Engineering Management and a Bachelor degree in Industrial and Civil Engineering. Prior to joining the Group, Mr. Li worked for several renowned property developers and has 33 years of experience in property development and operation in the PRC.

### **Mr. Zhang Nan**

*(aged 53)*

Mr. Zhang, joined the Group in 2007, is the Regional Director of the property development projects in Suzhou, Wuxi, Zhenjiang and Henan Regions and oversees the residential and commercial property management function of the whole Group. He holds a Bachelor of Engineering Management degree and an Executive Master of Business Administration degree, and is a Registered Costing Engineer in the PRC. Mr. Zhang has over 30 years of experience in property development and management in the PRC.

### **Ms. Diao Lu, Amy**

*(aged 51)*

Ms. Diao, joined the Group in 2007, is the Regional Director of the property development projects in Beijing, Hebei and Shandong, and oversees the corporate communication function of the Group. She holds a Bachelor of International Finance degree and an Executive Master of Business Administration degree. Ms. Diao has substantial years of experience in managerial positions in property development companies as well as Fortune 500 multinational companies, in particular, in the area of human resources and corporate communication and public affairs.

### **Dr. Fung Tat Sun, Patrick**

*(aged 54)*

Dr. Fung is the Chief Executive Officer – Toll Road Operations of the Group and a Director of Road King Expressway International Holdings Limited. He joined the Group in 2021. He holds a Bachelor of Computing (Information Systems), a Bachelor of Business (Accounting), a Master of Science in Financial Management, and a Doctor of Business Administration. Prior to joining the Group, Dr. Fung held senior positions with financial institutions, financial advisory firms, and mass transportation operators across Southeast Asia and Hong Kong. He has accumulated over 32 years of experience in project financing, public-private partnerships (PPP), and infrastructure mergers and acquisitions, with a particular focus on the road and transportation sectors. Throughout his career, Dr. Fung has played a key role over 160 projects in structuring and executing infrastructure transactions, contributing to the development and growth of transportation networks in the region.

### **Mr. Gao Da Peng**

*(aged 48)*

Mr. Gao, joined the Group in 2001, is the Regional Director of property development projects in Shanghai, Tianjin and Zhejiang and the Senior Vice President of the Group overseeing the sales and marketing function. He holds an Executive Master of Business Administration degree. Mr. Gao has 26 years of experience in property development, operation and sales management in the PRC.

## Directors and Senior Management *(continued)*

### SENIOR MANAGEMENT *(continued)*

**Mr. Chen Xue Ming**

*(aged 50)*

Mr. Chen, joined the Group in 2019, is the Regional Director of the property development projects in Nanjing and Changzhou regions and the Senior Vice President of the Group overseeing the production function of the whole Group. He holds a Master of Business Administration degree. Prior to joining the Group, Mr. Chen worked for several renowned property developers and has 29 years of experience in property development, operation and sales management in the PRC.

**Mr. He Peiyong**

*(aged 55)*

Mr. He, joined the Group in 2021, is the Chief Operating Officer – Toll Road operations of the Group. He holds a Bachelor of Highway and Urban Road degree and a Master of Civil Engineering degree. Prior to joining the Group, Mr. He has over 31 years of experience in toll road investment and operation in the PRC, among which he worked in a Hong Kong listed toll expressway operation and management company for 10 years.

**Mr. Wong Heng Choon, Stanley**

*(aged 46)*

Mr. Wong, joined the Group in 2019, is the Chief Financial Officer – Toll Road operations of the Group. He holds a Bachelor of Commerce in Accounting and Finance degree and a Master of Business Administration degree. He is a fellow of Certified Practising Accountant in Australia and fellow of Hong Kong Institute of Certified Public Accountants, ASEAN Chartered Professional Accountant and Chartered Accountant in Malaysia. Prior to joining the Group, Mr. Wong worked for international accounting firms and was previously the chief financial officer and company secretary of a listed company in Hong Kong. Mr. Wong has over 25 years of experience in accounting, assurance, corporate and project financing and compliance services.

**Mr. Choi Hung Fat, Allen**

*(aged 64)*

Mr. Choi, joined the Group in 2021, is the Regional Director – Indonesia of Toll Road operations of the Group. He holds a Bachelor of Business Administration – Banking and Finance degree and a Master of Business Administration degree. Prior to joining the Group, Mr. Choi worked in several well-known conglomerate and financial institutions in Indonesia and Hong Kong with over 28 years of experience in business development, toll road projects management and operations in Indonesia, Hong Kong and the PRC.

# Directors' Report

The Directors present herewith the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2025.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Group, including the joint ventures and associates, are the operation of property development, investment and asset management businesses in Mainland China and Hong Kong and the investment in, development, operation and management of toll road projects in Southeast Asia. Details of the Group's principal subsidiaries, joint ventures and associates are set out in notes 49, 19 and 18 to the consolidated financial statements respectively.

## RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income on pages F-4 and F-5 respectively.

No interim dividend was paid to the Shareholders during the year. The Board does not recommend the payment of final dividend for the year ended 31 December 2025.

## CLOSURE OF REGISTER OF MEMBERS

To determine the eligibility to attend and vote at the 2026 AGM, the register of members of the Company will be closed from Tuesday, 19 May 2026 to Friday, 22 May 2026, both dates inclusive, during which period no transfer of Shares will be registered. All transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:00 p.m. on Monday, 18 May 2026 for registration.

## BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2025 is set out in the sections headed "Financial Highlights", "Chairman's Statement", "Chief Executive Officer's Report", "Management Discussion and Analysis", "Corporate Governance Report", "Consolidated Financial Statements" and "Financial Summary" on pages 2 to 3, pages 4 to 9, pages 10 to 13, pages 16 to 44, pages 64 to 81, pages F-4 to F-127 and page F-128 respectively. Description of the principal risks and uncertainties facing the Group can be found throughout this annual report.

## SHARE CAPITAL AND SHARE OPTIONS

Details of the share capital and share options of the Company during the year are set out in notes 27 and 28 to the consolidated financial statements respectively.

During the year, there was no movement in the share capital and share options of the Company.

## RESERVES

Movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on pages F-8 to F-9 of this annual report.

## DISTRIBUTABLE RESERVES OF THE COMPANY

In addition to the accumulated profits, under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution to the Shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus, if:

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

The reserves of the Company which were available for distribution to the Shareholders as at 31 December 2025 were approximately HK\$1,778 million.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

## INVESTMENT PROPERTIES AND PROPERTIES FOR SALE

Details of the movements in the investment properties of the Group during the year are set out in note 17 to the consolidated financial statements. Particulars of the investment properties and properties for sale are shown under the section headed "Major Projects Information" of "Management Discussion and Analysis".

## BANK AND OTHER BORROWINGS

Particulars of the bank and other borrowings of the Group are set out in note 29 to the consolidated financial statements.

## RETIREMENT BENEFIT PLANS

Particulars of the retirement benefit plans of the Group are set out in note 37 to the consolidated financial statements.

## FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page F-128 of this annual report.

## MAJOR SUPPLIERS AND CUSTOMERS

During the year, the aggregate amount of purchases and revenue from property business attributable to the Group's five largest suppliers and customers were less than 30% of the total value of the Group's purchases and revenue from property business respectively.

# Directors' Report (continued)

## DIRECTORS

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

### Executive Directors:

Zen Wei Peu, Derek (*Chairman*)  
Fong Shiu Leung, Keter (*Chief Executive Officer*)  
Ng Fun Hung, Thomas (*Chief Financial Officer*)

### Non-executive Directors:

Cai Xun (*resigned with effect from 23 September 2025*)  
Xu Enli (*resigned with effect from the conclusion of the 2025 AGM*)  
Yuan Yang (*appointed with effect from the conclusion of the 2025 AGM and resigned with effect from 23 September 2025*)  
Yan Zhongyu (*appointed with effect from 23 September 2025*)  
Deng Hongyu (*appointed with effect from 23 September 2025*)

### Independent Non-executive Directors:

Wong Wai Ho  
Hui Grace Suk Han (*retired with effect from the conclusion of the 2025 AGM*)  
Cheung Hon Kit, Edwin  
Ho Tai Wai, David  
Lam Man Kuen, Phyllis (*appointed with effect from the conclusion of the 2025 AGM*)

Pursuant to Bye-law 86(2), the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any such Director appointed by the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. Accordingly, Ms. Lam Man Kuen, Phyllis, being an Independent Non-executive Director appointed by the Board with effect from the conclusion of the 2025 AGM, Mr. Yan Zhongyu and Ms. Deng Hongyu, both being Non-executive Directors appointed by the Board with effect from 23 September 2025, will retire, and being eligible, offer themselves for re-election at the 2026 AGM.

Pursuant to Bye-law 87, at least one-third of the Directors for the time being shall retire from office by rotation at each annual general meeting, such Directors will be eligible for re-election. In this connection, Mr. Zen Wei Peu, Derek and Mr. Wong Wai Ho will retire from office by rotation at the 2026 AGM, and being eligible, will offer themselves for re-election at the 2026 AGM.

## DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the 2026 AGM has a service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

There were no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws, every Director and everyone of their heirs, executors and administrators, shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts.

The Company had maintained appropriate directors and officers liability insurance coverage for its Directors and officers throughout the year and remained in effect up to the date of this report.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, the following Directors are considered to have interests in the business which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules:

Name of Directors	Name of entities	Description of principal activities	Nature of interest of the Directors in the entities
Cai Xun*	Shenzhen Investment group of companies (including its holding companies)	Property development, investment and management in the PRC	Director
Yan Zhongyu**	Shenzhen Investment group of companies (including its holding companies)	Property development, investment and management in the PRC	Director
	Shahe Industrial Co., Ltd.	Property development, investment and management in the PRC	Director

\* Ms. Cai Xun resigned as a Non-executive Director of the Company with effect from 23 September 2025.

\*\* Mr. Yan Zhongyu was appointed as a Non-executive Director of the Company with effect from 23 September 2025.

# Directors' Report (continued)

## DISCLOSURE OF INTERESTS

### Directors' Interests and Short Positions

As at 31 December 2025, the interests and short positions of the Directors 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 by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

#### (I) Shares

Name of Directors	Nature of interest	Notes	Number of Shares held		Percentage of holding <small>(Note 3)</small> %
			Long position	Short position	
Zen Wei Peu, Derek	Personal	1 & 2	24,649,000	–	3.29
Fong Shiu Leung, Keter	Personal	1	260,000	–	0.03

Notes:

1. Long position in the Shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. Included in the balance is 1,000,000 Shares held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.
3. The percentage was calculated based on 749,336,566 Shares in issue as at 31 December 2025. The Company held no treasury share as at 31 December 2025.

#### (II) Underlying Shares – Share Options

The Share Option Scheme was adopted by the Company on 24 May 2023. Particulars of the Share Option Scheme are set out in note 28 to the consolidated financial statements.

As at 31 December 2025, there were no outstanding share options. During the year ended 31 December 2025, no share options were granted, exercised, lapsed or cancelled under the Share Option Scheme.

## Directors' Report (continued)

### (III) Debentures of Associated Corporations

Name of Directors	Name of companies	Nature of interest	Type of debentures	Principal amount held
Zen Wei Peu, Derek	RKI Overseas Finance 2017 (A) Limited	Personal	US\$300 million 7% senior guaranteed perpetual capital securities ("7% Securities")	US\$800,000 <sup>(Note 1)</sup> (long position)
	RKPF Overseas 2019 (E) Limited	Personal	US\$300 million 7.75% senior guaranteed fixed-spread perpetual capital securities ("7.75% Securities")	US\$46,450,000 <sup>(Note 2)</sup> (long position)
	RKP Overseas Finance 2016 (A) Limited	Personal	US\$300 million 7.95% senior guaranteed perpetual capital securities ("7.95% Securities")	US\$4,050,000 (long position)
	RKPF Overseas 2019 (A) Limited	Personal	US\$480 million 6.7% guaranteed senior notes due 2028 (the "March 2028 Notes")	US\$2,495,446 <sup>(Note 3)</sup> (long position)
	RKPF Overseas 2019 (A) Limited	Personal	US\$300 million 5.9% guaranteed senior notes due 2028 (the "September 2028 Notes")	US\$1,767,242 <sup>(Note 4)</sup> (long position)
	RKPF Overseas 2019 (A) Limited	Personal	US\$415.6 million 6% guaranteed senior notes due 2029 (the "March 2029 Notes")	US\$9,094,656 <sup>(Note 5)</sup> (long position)
Wong Wai Ho	RKI Overseas Finance 2017 (A) Limited	Personal	7% Securities	US\$200,000 (long position)

# Directors' Report (continued)

## Notes:

1. A principal amount of US\$400,000 of 7% Securities was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.
2. A principal amount of US\$1,300,000 of 7.75% Securities was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek. A principal amount of US\$2,150,000 of 7.75% Securities was held by Prepared Club Company Limited, which is wholly-owned by Mr. Zen Wei Peu, Derek.
3. A principal amount of US\$2,495,446 of the March 2028 Notes was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.
4. A principal amount of US\$883,621 of the September 2028 Notes was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.
5. A principal amount of US\$1,765,953 of the March 2029 Notes was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.

Save as disclosed above, none of the Directors had or deemed to have any interests or short positions in any Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, none of the Directors or their spouses or children under 18 years of age was granted or had exercised any rights to subscribe for any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

## EQUITY-LINKED AGREEMENTS

Other than the Share Option Scheme as mentioned earlier, no equity-linked agreement had been entered into during the year or subsisted at the end of the year.

## ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Scheme as mentioned earlier, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable any Director to acquire benefits by means of the acquisition of the Shares in, or debentures of, the Company or any other body corporate.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2025, the interests or short positions of every person, other than the Directors, in the Shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of Shareholders	Nature of interest	Number of shares held		Percentage of holding % <small>(Note 11)</small>
		Long position <small>(Note 1)</small>	Short position	
Wai Kee <small>(Note 2)</small>	Interest in controlled corporation	336,608,428	–	44.92
Wai Kee (Zens) Holding Limited <small>(Note 3)</small>	Interest in controlled corporation	336,608,428	–	44.92
Groove Trading Limited <small>(Note 4)</small>	Beneficial owner	81,880,000	–	10.93
Wai Kee China Investments (BVI) Company Limited <small>(Note 4)</small>	Interest in controlled corporation	251,728,428	–	33.59
Wai Kee China Investments Company Limited <small>(Note 5)</small>	Interest in controlled corporation	251,728,428	–	33.59
ZWP Investments Limited <small>(Note 6)</small>	Beneficial owner	251,728,428	–	33.59
深業集團有限公司 (Shum Yip Group Limited*) <small>(Note 7)</small>	Interest in controlled corporation	202,334,142	–	27.00
Shum Yip Holdings Company Limited <small>(Note 8)</small>	Interest in controlled corporation	202,334,142	–	27.00
Shenzhen Investment <small>(Note 9)</small>	Interest in controlled corporation	202,334,142	–	27.00
Brightful Investment Holding Limited <small>(Note 10)</small>	Beneficial owner	202,334,142	–	27.00

# Directors' Report (continued)

## Notes:

1. Long position in the Shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. Wai Kee is deemed to be interested in the Shares through its interests in (i) its wholly-owned subsidiaries, namely Wai Kee (Zens) Holding Limited, Groove Trading Limited, Wai Kee China Investments (BVI) Company Limited, Wai Kee China Investments Company Limited, ZWP Investments Limited and Top Horizon Holdings Limited; and (ii) its subsidiaries, namely Build King Holdings Limited, Top Tactic Holdings Limited, Amazing Reward Group Limited, Build King Management Limited and Build King Civil Engineering Limited, which beneficially held 3,000,000 Shares. Mr. Zen Wei Peu, Derek is a director of Wai Kee.
3. Wai Kee (Zens) Holding Limited is a direct wholly-owned subsidiary of Wai Kee. Mr. Zen Wei Peu, Derek is a director of Wai Kee (Zens) Holding Limited.
4. Groove Trading Limited and Wai Kee China Investments (BVI) Company Limited are direct wholly-owned subsidiaries of Wai Kee (Zens) Holding Limited. Mr. Zen Wei Peu, Derek is a director of Groove Trading Limited and Wai Kee China Investments (BVI) Company Limited.
5. Wai Kee China Investments Company Limited is a direct wholly-owned subsidiary of Wai Kee China Investments (BVI) Company Limited. Mr. Zen Wei Peu, Derek is a director of Wai Kee China Investments Company Limited.
6. ZWP Investments Limited is a direct wholly-owned subsidiary of Wai Kee China Investments Company Limited. Mr. Zen Wei Peu, Derek is a director of ZWP Investments Limited.
7. 深業集團有限公司 (Shum Yip Group Limited\*) (incorporated in the PRC) is deemed to be interested in the Shares through its 90% interests in Shum Yip Holdings Company Limited (incorporated in Hong Kong).
8. Shum Yip Holdings Company Limited (incorporated in Hong Kong) is deemed to be interested in the Shares through its approximately 63.19% interests in Shenzhen Investment.
9. Shenzhen Investment is deemed to be interested in the Shares through its interests in its wholly-owned subsidiary, namely Brightful Investment Holding Limited. Mr. Yan Zhongyu is a director of Shenzhen Investment.
10. Brightful Investment Holding Limited is a direct wholly-owned subsidiary of Shenzhen Investment.
11. The percentage was calculated based on 749,336,566 Shares in issue as at 31 December 2025. The Company held no treasury share as at 31 December 2025.

Save as disclosed above, no other person (other than the Directors) had an interest or a short position in the Shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

\* for identification purpose only

## REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE GROUP

Neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Group's listed securities during the year ended 31 December 2025.

## DONATIONS

During the year, donations made by the Group were approximately HK\$9.72 million.

## PRE-EMPTIVE RIGHTS

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

## SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

## EMOLUMENT POLICY

The emolument policy of the employees of the Group is set by the Remuneration Committee of the Company on the basis of merit, qualification and competence.

The emoluments of all Executive Directors are decided by the Remuneration Committee of the Company, having regard to the Company's performance, individual performance and comparable market statistics.

The Company has adopted the Share Option Scheme as an incentive to the Directors and eligible employees, details of the Share Option Scheme are set out in note 28 to the consolidated financial statements.

# Directors' Report (continued)

## CONTINUING DISCLOSURE OF THE LISTING RULES

In compliance with continuing disclosure obligations of the Listing Rules, the following information is disclosed:

### 1. Pursuant to Rule 13.22 of the Listing Rules:

- (a) A summary of aggregate financial information of the affiliated companies, based on the financial statements prepared under the accounting principles generally accepted in Hong Kong, as at 31 December 2025, is as follows:

	At 31 December 2025 HK\$'million
<b>Statement of Financial Position</b>	
Non-current assets	12
Current assets	14,202
Current liabilities	(10,178)
Net current assets	4,024
Non-current liabilities	(5,730)
Net liabilities	(1,694)

## Directors' Report (continued)

(b) Details of the affiliated companies are as follows:

	The Group's attributable interest in the affiliated companies	Amount of guarantee given by the Group HK\$' million	Amount of commitment for amounts advanced or to be advanced by the Group HK\$' million
常州新雋捷房地產開發有限公司 Changzhou Xinjunjie Properties Developments Co., Ltd.*	40%	–	655
佛山市啟輝房地產有限公司 Foshan Qihui Properties Co., Ltd.*	49%	–	350
杭州鑫堯置業有限公司 Hangzhou Xinyao Real Estate Co., Ltd.*	30%	–	183
南京中勁房地產開發有限公司 Nanjing Zhongjin Properties Developments Co., Ltd.*	40%	48	119
Shum King Company Limited	50%	–	1,677
蘇州勁湖房地產開發有限公司 Suzhou Jinhui Properties Developments Co., Ltd.*	5%	–	12
蘇州瑞茂房地產開發有限公司 Suzhou Ruimao Properties Developments Co., Ltd.*	49%	–	122
蘇州新晨捷置地有限公司 Suzhou Xinchenjie Real Estate Co., Ltd.*	3%	–	21
天津雋達企業管理有限公司 Tianjin Junda Corporate Management Co., Ltd.*	50%	–	632
天津雋泰房地產開發有限公司 Tianjin Juntai Properties Developments Co., Ltd.*	50%	264	–
無錫鑫昇置業有限公司 Wuxi Xincheng Real Estate Co., Ltd.*	30%	26	166
		338	3,937

\* for identification purpose only

# Directors' Report (continued)

## 2. Pursuant to Rule 13.18 of the Listing Rules:

### **Guaranteed Senior Notes and Senior Guaranteed Perpetual Capital Securities**

The Company is obliged to make an offer to repurchase and redeem the following guaranteed senior notes and senior guaranteed perpetual capital securities then outstanding at a rate equal to 101% of the principal amount, plus accrued and unpaid interest, if any, up to (but not including) the date of repurchase, and together with any distribution accrued to the date fixed for redemption, including any deferred distribution and any additional distribution payable on it, respectively upon the occurrence of a change of control triggering event and a decline in the rating of the notes and the securities:

- (a) March 2028 Notes (issued in September 2019);
- (b) September 2028 Notes (issued in March 2020);
- (c) March 2029 Notes (issued in September 2020);
- (d) US\$500 million 5.2% guaranteed senior notes due 2029 (issued in January 2021);
- (e) US\$500 million 5.125% guaranteed senior notes due 2030 (issued in July 2021);
- (f) 7.95% Securities (issued in February 2017);
- (g) 7% Securities (issued in June 2017); and
- (h) 7.75% Securities (issued in November 2019).

For details of the guaranteed senior notes and senior guaranteed perpetual capital securities issued, redeemed or repurchased during the year ended 31 December 2025, please refer to the section headed "Repurchase, Sale or Redemption of Listed Securities of the Group" of this report and notes 29 and 36 to the consolidated financial statements.

### 3. Pursuant to Rule 13.51B(1) of the Listing Rules:

Upon specific enquiry by the Company, save as disclosed below, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published interim report:

Name of Directors	Details of changes
Mr. Zen Wei Peu, Derek	Mr. Zen entered into a service contract with the Company commencing from 1 April 2026 to 31 March 2029. He is entitled to receive an annual emoluments of HK\$4,816,800.
Mr. Fong Shiu Leung, Keter	Mr. Fong entered into a service contract with the Company commencing from 1 April 2026 to 31 March 2029. He is entitled to receive an annual emoluments of HK\$9,000,400.
Mr. Ng Fun Hung, Thomas	Mr. Ng entered into a service contract with the Company commencing from 1 April 2026 to 31 March 2029. He is entitled to receive an annual emoluments of HK\$5,000,000.
Ms. Cai Xun	Ms. Cai resigned as a Non-executive Director of the Company with effect from 23 September 2025 due to her personal work arrangement.
Mr. Yuan Yang	Mr. Yuan resigned as a Non-executive Director of the Company with effect from 23 September 2025 due to his personal work arrangement.
Mr. Yan Zhongyu	Mr. Yan was appointed as a Non-executive Director of the Company with effect from 23 September 2025.
Ms. Deng Hongyu	Ms. Deng was appointed as a Non-executive Director of the Company with effect from 23 September 2025.
Ms. Lam Man Kuen, Phyllis	Ms. Lam was appointed as an Independent Non-executive Director of CircuTech International Holdings Limited (HK stock code: 8051) on 4 December 2025.

Save as disclosed above, there is no other continuing disclosure required to be made by the Company pursuant to Chapter 13 of the Listing Rules.

### AUDITOR

Messrs. Deloitte Touche Tohmatsu shall retire as auditor of the Company upon the expiration of its current term of office with effect from the conclusion of the 2026 AGM. A resolution for the re-appointment or appointment of auditor of the Company will be proposed at the 2026 AGM.

On behalf of the Board  
**Zen Wei Peu, Derek**  
*Chairman*

Hong Kong, 26 March 2026

# Corporate Governance Report

## CORPORATE GOVERNANCE CODE

The Company is dedicated to maintaining a high standard of corporate governance as it believes that good corporate governance practices are fundamental to the smooth and effective operation of a company and can enhance the shareholders' value as well as safeguard the shareholders' interests. The Company places strong emphasis on an effective Board, accountability, sound internal control, appropriate risk-assessment, monitoring procedures and transparency to all the Shareholders and stakeholders.

Throughout 2025, the Company has complied with all the applicable code provisions set out in the CG Code.

## CORPORATE CULTURE

The Board leads the management in defining the mission, values and strategic direction of the Group and in fostering a culture that enable the Company to generate sustainable long-term value for the Shareholders, provide employees with career development opportunities and fulfil its role as a responsible corporate citizen.

### Our Mission & Values

Mission	Values
To become one of the best performing investors and operators in the PRC	Managing our business with: <ul style="list-style-type: none"><li>• Excellence</li><li>• Collaboration</li><li>• Proactivity</li><li>• Integrity</li></ul>

The desired culture is developed and reflected consistently in the operating procedures of the Group, workplace policies and practices as well as relations with the Shareholders and stakeholders. The Board and the management create a culture of attaining high standards of corporate governance and maintaining sound and well-established corporate governance practices for the interest of the Shareholders and stakeholders. The Board considered and satisfied itself that our strategy and culture continued to be aligned.

# Corporate Governance Report (continued)

## THE BOARD

### Composition

The Board has a balanced composition of members to ensure independent viewpoints in all discussions. During the year ended 31 December 2025 and up to the date of this annual report, the Board comprises the following Directors:

Board		
Executive Directors	Non-executive Directors	Independent Non-executive Directors
Zen Wei Peu, Derek ( <i>Chairman</i> )	Cai Xun <small>(Note 1)</small>	Wong Wai Ho
Fong Shiu Leung, Keter ( <i>Chief Executive Officer</i> )	Xu Enli <small>(Note 2)</small>	Hui Grace Suk Han <small>(Note 5)</small>
Ng Fun Hung, Thomas ( <i>Chief Financial Officer</i> )	Yuan Yang <small>(Note 3)</small>	Cheung Hon Kit, Edwin
	Yan Zhongyu <small>(Note 4)</small>	Ho Tai Wai, David
	Deng Hongyu <small>(Note 4)</small>	Lam Man Kuen, Phyllis <small>(Note 6)</small>

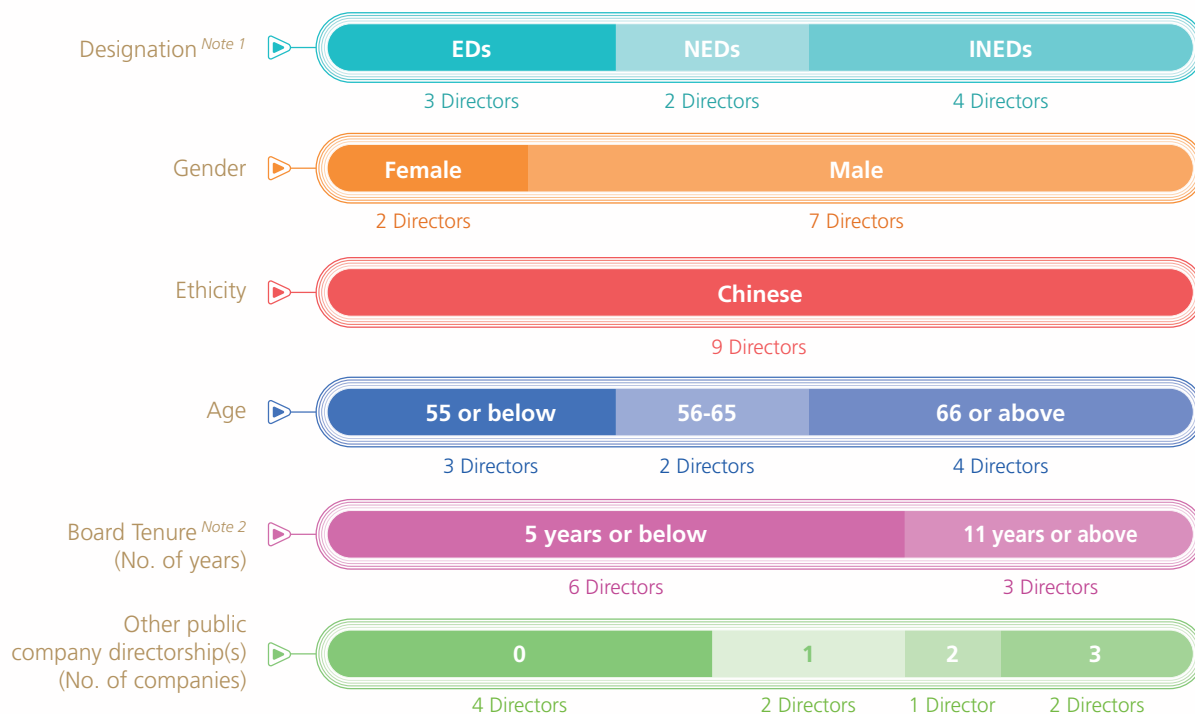
Notes:

- 1 Ms. Cai Xun resigned as a Non-executive Director of the Company with effect from 23 September 2025.
- 2 Mr. Xu Enli resigned as a Non-executive Director of the Company with effect from the conclusion of the 2025 AGM.
- 3 Mr. Yuan Yang was appointed as a Non-executive Director of the Company with effect from the conclusion of the 2025 AGM and resigned as a Non-executive Director of the Company with effect from 23 September 2025.
- 4 Mr. Yan Zhongyu and Ms. Deng Hongyu were appointed as Non-executive Directors of the Company with effect from 23 September 2025.
- 5 Ms. Hui Grace Suk Han retired as an Independent Non-executive Director of the Company with effect from the conclusion of the 2025 AGM.
- 6 Ms. Lam Man Kuen, Phyllis was appointed as an Independent Non-executive Director of the Company with effect from the conclusion of the 2025 AGM.

As at the date of this annual report, the Board comprises nine Directors including three Executive Directors, two Non-executive Directors and four Independent Non-executive Directors. With the expertise contributed by each of the Directors, the Board has a wide spectrum of valuable business experience, knowledge and professionalism for its efficient and effective functioning. Biographical details of the Directors are set out in the section headed "Directors and Senior Management" of this annual report. An updated list of the Directors and their respective roles and functions are maintained on the Company's website and the HKEXnews website of Hong Kong Exchanges and Clearing Limited (the "HKEXnews website").

# Corporate Governance Report (continued)

## Board Diversity



Notes:

- EDs: Executive Directors  
NEDs: Non-executive Directors  
INEDs: Independent Non-executive Directors
- None of the Directors is included in the range of 6-10 years for Board Tenure

During the year ended 31 December 2025, there is no relationship (including financial, business and family relationship or other material relevant relationships) between members of the Board, and between the Chairman and the Chief Executive Officer.

## Appointment and Re-election

Pursuant to the Bye-laws, the Board may appoint a director either to fill a casual vacancy or as an addition to the Board from time to time during the year following the recommendation from the Nomination Committee of the Company. Any Director appointed by the Board to fill a casual vacancy and any Director appointed by the Board as an addition to the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. In addition, at each annual general meeting, at least one-third of the Directors for the time being shall retire from office by rotation and are eligible for re-election.

All the Non-executive Directors and Independent Non-executive Directors entered into letters of appointment separately with the Company for a specific term of not more than three years, subject to re-election at the annual general meeting pursuant to the Bye-laws and the prevailing Listing Rules.

# Corporate Governance Report (continued)

## Board Independence

Independent Non-executive Directors represent more than one-third of the Board which facilitates in bringing to the Board independent advice and judgement. During the year ended 31 December 2025, the Company has complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules which require the appointment of at least three Independent Non-executive Directors including at least one of the Independent Non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise and the number of Independent Non-executive Directors must representing at least one-third of the Board.

The Company has received written confirmation of independence from each of the Independent Non-executive Directors in accordance with the Listing Rules and the Board considers them to be independent in accordance with Rule 3.13 of the Listing Rules.

The Nomination Committee confirmed that all Independent Non-executive Directors provided a strong independent element on the Board, were freed from any business, financial or other relationship which could materially interfere with the exercise of their judgement, and remained independent for the year ended 31 December 2025.

The Board has established mechanisms to ensure independent views are available to the Board. A summary of which is set out below:

### Nomination and appointment process

- The Nomination Committee of the Company must adhere to the Nomination Policy (details please refer to the paragraph of "Nomination Policy" and "Nomination Procedures" under section headed "Nomination Committee") and the independence assessment criteria as set out in the Listing Rules.

### Ongoing process

- Each Independent Non-executive Director is required to inform the Company as soon as practicable if there is any change in his or her personal particulars that may affect his or her independence.
- Directors (including Independent Non-executive Directors) are entitled to seek further information and documentation from the management on the matters to be discussed at Board meetings.
- Directors (including Independent Non-executive Directors) or any of his or her close associates (as defined in the Listing Rules) has a material interest in a contract or arrangement, shall not vote or be counted in the quorum on any Board resolution approving the same.

### Annual assessment

- Each Independent Non-executive Director is required to confirm with the Company his or her independence in accordance with Rule 3.13 of the Listing Rules.
- The Nomination Committee assesses and reviews the independence of Independent Non-executive Directors annually.

# Corporate Governance Report (continued)

## Role and Delegation

The primary role of the Board is to protect and enhance long-term Shareholders' value. It assumes the responsibility for providing effective and responsible leadership and control of the Company, and directing and supervising the Company's affairs in pursuit of the Group's strategic objectives.

The Board, led by the Chairman, approves and monitors the Group's strategies and policies, evaluates the performance of the Group and supervises the management. In addition, the Board reserved for its decisions of all major matters of the Company, including approval and monitoring of budgets, internal control and risk management systems, dividend payout, material transaction (in particular those may involve conflict of interests), preparation and release of financial information, appointment of Directors, replenishment of land reserves, other significant financial and operational matters.

In order to enhance efficiency, the Board has delegated to the Chief Executive Officer the day-to-day leadership and management of the business of the Group.

The Board also ensures that good corporate governance policies and practices are implemented within the Group and is responsible for performing the corporate governance duties including the following:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of the Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct manual applicable to employees and the Directors; and
- to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the year ended 31 December 2025 and up to the date of this annual report, the Board reviewed the Company's compliance with the CG Code for the years ended 31 December 2024 and 2025 together with six months ended 30 June 2025, and the Company's disclosures in the Corporate Governance Reports for the years ended 31 December 2024 and 2025.

The Group has adopted a number of policies and procedures, all of which have been documented and communicated to the Directors and employees via Employees' Handbooks and individual departmental handbooks to ensure good corporate governance practices and high standard of business conducts and ethics of the Group. The effectiveness of these policies is reviewed on a regular basis.

# Corporate Governance Report (continued)

## Board Meetings

The Board meets regularly at least four times each year. In addition, ad hoc Board meetings are held for major and important matters in which Board resolutions are required. The Directors play an active role in participating the Company's meetings through contribution of their professional opinions and active participation in discussion.

During the year ended 31 December 2025, the Company held six Board meetings. Directors' attendance records at Board and Board Committee meetings and the 2025 AGM are set out below:

Name of Directors	Meetings attended/held				2025 AGM
	Board	Audit Committee	Nomination Committee	Remuneration Committee	
<b>Executive Directors</b>					
Zen Wei Peu, Derek	6/6	–	3/3	1/1	1/1
Fong Shiu Leung, Keter	6/6	–	–	–	1/1
Ng Fun Hung, Thomas	6/6	–	–	–	1/1
<b>Non-executive Directors</b>					
Cai Xun <i>(Note 1)</i>	1/6	–	–	–	1/1
Xu Enli <i>(Note 2)</i>	0/3	–	–	–	0/1
Yuan Yang <i>(Note 3)</i>	2/3	–	–	–	–
Yan Zhongyu <i>(Note 4)</i>	–	–	–	–	–
Deng Hongyu <i>(Note 4)</i>	–	–	–	–	–
<b>Independent Non-executive Directors</b>					
Wong Wai Ho	6/6	2/2	3/3	1/1	1/1
Hui Grace Suk Han <i>(Note 5)</i>	3/3	1/1	2/2	–	1/1
Cheung Hon Kit, Edwin <i>(Note 6)</i>	5/6	1/1	–	1/1	0/1
Ho Tai Wai, David	6/6	2/2	–	–	1/1
Lam Man Kuen, Phyllis <i>(Note 7)</i>	3/3	–	1/1	–	–

Notes:

- 1 Ms. Cai Xun resigned as a Non-executive Director of the Company with effect from 23 September 2025.
  - 2 Mr. Xu Enli resigned as a Non-executive Director of the Company with effect from the conclusion of the 2025 AGM.
  - 3 Mr. Yuan Yang was appointed as a Non-executive Director of the Company with effect from the conclusion of the 2025 AGM and resigned as a Non-executive Director of the Company with effect from 23 September 2025.
  - 4 Mr. Yan Zhongyu and Ms. Deng Hongyu were appointed as Non-executive Directors of the Company with effect from 23 September 2025.
  - 5 Ms. Hui Grace Suk Han retired as an Independent Non-executive Director of the Company and ceased to be a member of the Audit Committee and the Nomination Committee of the Company with effect from the conclusion of the 2025 AGM.
  - 6 Mr. Cheung Hon Kit, Edwin was appointed as a member of the Audit Committee of the Company with effect from the conclusion of the 2025 AGM.
  - 7 Ms. Lam Man Kuen, Phyllis was appointed as an Independent Non-executive Director and a member of the Nomination Committee of the Company with effect from the conclusion of the 2025 AGM.
- "–": Not Applicable

# Corporate Governance Report (continued)

Notice of regular Board meetings is given to all Directors at least 14 days before each meeting, and all Directors are given the opportunity to include matters in the agenda for discussion at the Board meetings. The agenda and meeting materials, including relevant background information and supporting analysis, are normally sent to all Directors at least three days before the regular Board meetings (and so far as practicable for such other Board meetings) to ensure that they have sufficient time and attention to the affairs of the Company.

In order to have an effective Board, all Directors are provided with information on activities and developments in the Group's business on a monthly basis to keep them apprised of the latest developments of the Group. They have full access to information on the Group and are able to invite management and professional advisers, where appropriate, to attend Board meetings.

All Directors have direct access to the Company Secretary who is responsible for advising the Board on corporate governance and compliance issues. The Company Secretary is also responsible for taking minutes of the Board and Board Committees' meetings. Such minutes are open for inspection by the Directors.

Each Director is required to make disclosure of his interests or potential conflict of interests, if any, in any proposed transactions or issues discussed by the Directors at the Board and Board Committees' meetings. Any Director shall not vote on any resolution of the Board and Board Committees approving any contract or arrangement or any other proposal in which he/she (or his/her close associate (has the meaning ascribed to it under the Listing Rules)) is materially interested nor shall he/she be counted in the quorum present at such meeting.

## Induction and Continuous Professional Development

Directors should keep abreast of their collective responsibilities. Each newly appointed Director would receive a comprehensive induction package covering the Group's business and the statutory and regulatory obligations of a director of a listed company. During the year ended 31 December 2025, the Company arranged induction packages to the newly appointed Directors, namely Ms. Lam Man Kuen, Phyllis, Mr. Yuan Yang, Mr. Yan Zhongyu and Ms. Deng Hongyu, including legal advice from a firm of solicitors qualified to advise on Hong Kong law referred to in Rule 3.09D of the Listing Rules as regards the requirements under the Listing Rules that are applicable to them as a Director of the Company and the possible consequences of making a false declaration or giving false information to the Stock Exchange. Each of Ms. Lam Man Kuen, Phyllis, Mr. Yuan Yang, Mr. Yan Zhongyu and Ms. Deng Hongyu confirmed that their understanding of their obligations as a Director of the Company on 29 April, 15 May, 23 September and 23 September 2025 respectively.

The Group also provides seminars and trainings to develop and refresh the Directors' knowledge and skills. The Group continuously updates the Directors on the latest developments regarding the Listing Rules and applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. During the year ended 31 December 2025, the Group provided seminars, training courses and site visits to the Directors and management.

# Corporate Governance Report (continued)

All Directors are requested to provide the Company with their respective training records pursuant to the CG Code. According to the training records maintained by the Company, the trainings received by each of the existing Directors during the year ended 31 December 2025 are summarised as follows:

Name of Directors	Type of continuous professional development
<b>Executive Directors</b>	
Zen Wei Peu, Derek	A, B
Fong Shiu Leung, Keter	A, B
Ng Fun Hung, Thomas	A, B
<b>Non-executive Directors</b>	
Yan Zhongyu	A, B
Deng Hongyu	A, B
<b>Independent Non-executive Directors</b>	
Wong Wai Ho	A, B
Cheung Hon Kit, Edwin	B
Ho Tai Wai, David	A, B
Lam Man Kuen, Phyllis	A, B

A: attending seminars and/or conferences and/or forums and/or site visits

B: reading newspapers, newsletters, journals and updates relating to the economy, general business, real estate, laws, rules and regulations, etc.

## Directors' and Officers' Liability Insurance and Indemnity

The Company has arranged appropriate Directors' and Officers' Liability Insurance for its Directors and officers covering the costs, losses, expenses and liabilities arising from the performance of their duties. The insurance policy covers legal action against its Directors and officers to comply with the requirement of the CG Code. During the year ended 31 December 2025, no claim was made against the Directors and officers of the Company.

## Chairman and Chief Executive Officer

The Chairman and the Chief Executive Officer of the Company are Mr. Zen Wei Peu, Derek and Mr. Fong Shiu Leung, Keter respectively.

To ensure a balance of power and authority, the roles of the Chairman and the Chief Executive Officer of the Company are performed by different individuals with separate duties. The division of responsibilities between the Chairman and the Chief Executive Officer is clearly established and set out in writing.

The role of the Chairman is to oversee the functioning of the Board and ensure the establishment of strategic direction of the Group. The Chairman provides leadership for the Board and ensures that the Company establishes sound corporate governance practices and procedures. He also encourages all Directors to make a full and active contribution to the affairs of the Board.

The Chief Executive Officer is responsible for implementing the Board's approved strategies and policies, and focuses on handling the day-to-day operations of the Group.

Detailed duties and responsibilities of the Chairman and the Chief Executive Officer are available on the website of the Company.

# Corporate Governance Report (continued)

## Board Diversity Policy

The Board adopted a Board Diversity Policy in 2013 which was revised and amended in 2022. The Policy aims to set out the approach to achieve diversity of the Board to ensure that the Board has the balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board is committed to maintain the proportion of female Directors of no less than 15% and to increase the proportion of female Directors as and when suitable candidates are identified. As at the date of this annual report, the Board maintains two female Board members or 22% of the Board.

During the year ended 31 December 2025, the Nomination Committee and the Board had taken into account of, among others, the Board Diversity Policy and the Nomination Policy when considering the appointments of Mr. Yuan Yang, Mr. Yan Zhongyu and Ms. Deng Hongyu as Non-executive Directors and Ms. Lam Man Kuen, Phyllis as an Independent Non-executive Director of the Company. The Nomination Committee and the Board formed the view that, with their different backgrounds and expertise, the newly appointed Directors mentioned above would be a valuable addition to the Board and would further enrich the spectrum of skills, experience and diversity of perspectives of the Board apposite to the leading and overseeing of the Company's business.

In striving to maintain gender diversity, similar considerations are used when recruiting and selecting key management and other personnel across the Group's operations. As at 31 December 2025, the ratio of female to male in the workforce (excluding Directors) was 37:63. For details of gender distribution, please refer to the section headed "Environment, Social and Governance Report" in this annual report. Notwithstanding the above, gender diversity for the Group's property development segment may be less relevant due to the nature of work.

## BOARD AND MANAGEMENT COMMITTEES

To facilitate the work of the Board, the Board has delegated responsibilities to three Board Committees, namely Audit, Nomination and Remuneration Committees, to oversee particular aspects of the Company's affairs, and Property Business Management Committee to deal with the day-to-day operations of property development business of the Group. The terms of reference of the Audit, Nomination and Remuneration Committees are available on the Company's website and the HKEXnews website.

### Audit Committee

#### Composition

The Audit Committee currently comprises three members, namely Messrs. Ho Tai Wai, David (Chairman of the Audit Committee), Wong Wai Ho and Cheung Hon Kit, Edwin. Mr. Cheung Hon Kit, Edwin was appointed as a member of the Audit Committee in replacement of Ms. Hui Grace Suk Han after the conclusion of the 2025 AGM. All members of the Audit Committee are Independent Non-executive Directors.

#### Role and Function

The main responsibilities of the Audit Committee are to review the consolidated financial statements and the auditor's report, and to monitor the integrity of the consolidated financial statements. It also assists the Board to oversee risk management and internal control systems, and internal and external audit functions. The Committee meets at least twice a year with the Company's external auditor to discuss the audit process and accounting issues.

# Corporate Governance Report (continued)

## Summary of Work Done

The following is a summary of major work performed by the Audit Committee during the year ended 31 December 2025 and up to the date of this annual report:

- Approval of the remuneration and terms of engagement of the external auditor;
- Review of the annual consolidated financial statements of the Group for the years ended 31 December 2024 and 2025, and the interim consolidated financial statements of the Group for the six months ended 30 June 2025;
- Review of the Group's financial information, financial reporting procedures, risk management and internal control systems, and financial and accounting policies and practices;
- Review of external auditor's independence and objectivity and the effectiveness of the audit process, and review of policy on engaging the external auditor to supply non-audit services;
- Review of the audit plan for financial year ended 31 December 2025;
- Review of adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting and internal audit functions;
- Review of internal/external auditor's significant findings and recommendations, and monitoring of the subsequent implementation;
- Recommendation to the Board to re-appoint/appoint the external auditor at the 2025 AGM and the 2026 AGM;
- Review of the effectiveness of the internal audit function of the Company;
- Approval of the 2026 internal audit plan;
- Review of the findings in the internal control report;
- Review of reporting mechanism for employees to raise concerns about possible improprieties in financial reporting, internal control or other matters related to the Company;
- Meetings with the external auditor, in the absence of Executive Directors and management; and
- Review of Risk Management Report.

## Nomination Committee

### Composition

The Nomination Committee currently comprises three members, namely Mr. Zen Wei Peu, Derek (Chairman of the Nomination Committee), Mr. Wong Wai Ho and Ms. Lam Man Kuen, Phyllis. Ms. Lam Man Kuen, Phyllis was appointed as a member of the Nomination Committee in replacement of Ms. Hui Grace Suk Han after the conclusion of the 2025 AGM. Except for Mr. Zen Wei Peu, Derek, an Executive Director, all other members of the Nomination Committee are Independent Non-executive Directors.

### Role and Function

The Nomination Committee was established to ensure that there are deliberative, considered and transparent procedures for the appointment of the Directors. The duties of the Committee include reviewing the structure, size and diversity (including without limitation, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) of the Board and the Nomination Policy at least annually, and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become Directors and selecting, or making recommendations to the Board on the selection of individuals nominated for directorships. In identifying suitable candidates, the Committee shall consider candidates on merit and against the objective criteria with due regard for benefits of diversity of the Board.

# Corporate Governance Report (continued)

## Summary of Work Done

The following is a summary of the work performed by the Nomination Committee during the year ended 31 December 2025 and up to the date of this annual report:

- Review of the structure, size and diversity (including without limitation, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) of the Board;
- Assessment of the independence of the Independent Non-executive Directors;
- Review of the Nomination Policy and Board Diversity Policy (the "Policies");
- Review the measurable objectives of gender diversity at the Board level and across the Group's workforce;
- Identify and select individuals nominated for directorship; make recommendations to the Board on the appointments of Mr. Yuan Yang, Mr. Yan Zhongyu and Ms. Deng Hongyu as Non-executive Directors and Ms. Lam Man Kuen, Phyllis as an Independent Non-executive Director after taking into account of the Policies; and
- Determination of the rotation of the Directors at the 2025 AGM and 2026 AGM.

## Nomination Policy

The Company has a Nomination Policy for the nomination of Directors. The Policy aims to set out the approach to guide the Nomination Committee in relation to the identification of individuals suitably qualified to become Directors and selection or making recommendation to the Board on the selection of individuals nominated for directorships and re-election.

## Nomination Procedures

Appointment of new Directors is first considered by the Nomination Committee. In considering the appointment of a Director, the Committee applies criteria such as relevant experience, professional and educational background, reputation for integrity and independence as well as the diversity of the Board as mentioned in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service.

For the retiring Directors to be re-elected at annual general meeting, other than the consideration of selection criteria and the diversity of the Board mentioned above, the Committee will evaluate their overall contribution and service to the Company.

The recommendation of the Nomination Committee is then put to the Board for consideration and approval. Thereafter, any Director appointed by the Board is subject to re-election by the Shareholders at the next annual general meeting after his/her appointment.

# Corporate Governance Report (continued)

## Remuneration Committee

### Composition

The Remuneration Committee currently comprises three members, namely Messrs. Wong Wai Ho (Chairman of the Remuneration Committee), Zen Wei Peu, Derek and Cheung Hon Kit, Edwin. Except for Mr. Zen Wei Peu, Derek, an Executive Director, all other members of the Remuneration Committee are Independent Non-executive Directors.

### Role and Function

The Remuneration Committee has been established to ensure that there are formal and transparent procedures to assist the Board in determining the remuneration policy of the Company and structuring the remuneration of all Directors and senior management. The Committee is responsible for making recommendation to the Board on the Company's policy and structuring for all Directors' and senior management's remuneration, and reviewing and approving the management's remuneration proposal with reference to the Board's corporate goals and objectives. It also determines, with delegated responsibility, remuneration packages of individual Executive Directors and senior management, and makes recommendations on the remuneration of Non-executive Directors and Independent Non-executive Directors.

### Summary of Work Done

The following is a summary of the work performed by the Remuneration Committee during the year ended 31 December 2025 and up to the date of this annual report:

- Review and approval of the Company's remuneration policy for 2025 and 2026;
- Approval of emoluments of the Executive Directors (where Mr. Zen Wei Peu, Derek abstained from voting in determining his own remuneration) and senior management;
- Approval of remuneration package of the Executive Directors;
- Review of remuneration and allowances policy of senior management; and
- Approval of salary adjustment of staff.

### Remuneration Policy

The Company ensures that the remuneration offered is appropriate for the duties, in line with market practice and pay levels, and effective in attracting, retaining and motivating employees (including Executive Directors). For Non-executive Directors, the Company ensures that they are sufficiently but not excessively compensated for their efforts and time dedicated to the Company. No individual determines his/her own remuneration.

The remuneration of a Director is determined with reference to his/her duties and responsibilities with the Company and the prevailing market situation. Details of the emoluments of the Directors during the year ended 31 December 2025 are set out in note 11 to the consolidated financial statements of this annual report. The emoluments paid/payable to the senior management for the year ended 31 December 2025 were within the following bands:

	Number of Senior Management
Up to HK\$2,000,000	1
HK\$2,000,001 to HK\$3,000,000	5
HK\$3,000,001 to HK\$4,000,000	3

# Corporate Governance Report (continued)

## Property Business Management Committee

### Composition

As at the date of this annual report, the Property Business Management Committee currently comprises eight members, including three Executive Directors, namely Messrs. Zen Wei Peu, Derek, Fong Shiu Leung, Keter (Convenor of the Property Business Management Committee) and Ng Fun Hung, Thomas and five members of senior management, namely Mr. Li Wanle, Mr. Zhang Nan, Ms. Diao Lu, Amy, Mr. Gao Da Peng and Mr. Chen Xue Ming.

### Role and Function

The Property Business Management Committee was formed in 2006 to supervise, monitor and handle major matters arising from the daily operations of the property development business in various cities in Mainland China.

In order to cope with the competitive and complex nature of the business, functional sub-committees, namely Market, Engineering and Property Service, were established to provide professional recommendations and solutions to the Property Business Management Committee for major matters as well as to execute and make decisions in areas delegated by the Property Business Management Committee.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct regarding securities transactions by the Directors. All the Directors have confirmed, following specific enquiry, that they have complied with the Model Code throughout the year ended 31 December 2025.

The Company has also adopted a code of conduct, on terms no less exacting than the Model Code, governing securities transactions by relevant employees who are likely to be in possession of unpublished inside information in relation to the Group or its securities because of their offices or employment.

Formal notifications are sent by the Company to all Directors and relevant employees before commencement of "black out period" specified in the Model Code to remind them not to deal in the securities of the Group. No incident of non-compliance with the Model Code by the Directors or relevant employees was noted by the Company during the year ended 31 December 2025.

# Corporate Governance Report (continued)

## DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility, with the support from the Finance and Accounting Department, to prepare the consolidated financial statements of the Group in accordance with statutory requirements and applicable accounting standards.

The Directors are aware of the requirements under the applicable Listing Rules and statutory regulations with regard to the timely and proper disclosure of inside information, announcements and financial disclosures and authorises their publication as and when required.

## DISCLAIMER OF OPINION REGARDING THE COMPANY'S ABILITY TO CONTINUE AS A GOING CONCERN

As a result of the matters described in the section headed "Basis for Disclaimer of Opinion" as set out in the Independent Auditor's Report on pages F-1 to F-3 of this annual report, the Company's external auditor, Deloitte Touche Tohmatsu ("Deloitte"), did not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2025 ("Disclaimer of Opinion"). Pursuant to code provision D.1.3 of the CG Code, the Board would like to provide additional details on the Disclaimer of Opinion regarding the Company's ability to continue as a going concern.

As described in note 3.1 to the consolidated financial statements ("Note 3.1"), the Group incurred a loss of HK\$5,302,164,000 and a net operating cash outflow of HK\$492,581,000 for the year ended 31 December 2025. In addition, in August 2025, the Group decided to suspend payment of all principal and interest on its senior notes, offshore bank loans and perpetual capital securities. The suspended payment has triggered events of default under certain financing arrangements and may lead to certain creditors of the Group demanding accelerated repayment of the Group's offshore bank loans and senior notes and/or taking enforcement action pursuant to the relevant terms. In October 2025, certain creditors of the Group have exercised such rights, accelerating repayment of a portion of the Group's offshore bank and other borrowings and taking enforcement actions. As at 31 December 2025, the Group's offshore bank loans of HK\$913,512,000 and senior notes of US\$1,456,692,000 (equivalent to HK\$11,332,475,000) have become repayable on demand prior to their contractual maturity dates. Accordingly, senior notes that were originally due over one year and classified as non-current liabilities have been reclassified as current liabilities. The existence of these events or conditions may cast doubt on the Group's ability to continue as a going concern. For further details of the multiple material uncertainties relating to continue as a going concern as well as the basis to the Disclaimer of Opinion, please refer to the Independent Auditor's Report as well as Note 3.1.

## View of the Management

The management of the Group has given careful consideration to the Disclaimer of Opinion and the basis thereof and has had continuous discussions with Deloitte during the preparation of the Group's consolidated financial statements for the year ended 31 December 2025. The management of the Group understands that the Disclaimer of Opinion itself does not have any material impact on the Group's financial position. It relates solely to the realisation of going concern assumption, on which the Group's consolidated financial statements for the year ended 31 December 2025 have been prepared and which depends upon the successful implementation of certain plans and measures, which are in turn subject to multiple uncertainties. Further details on the uncertainties relating to the Group's going concern are set out in Note 3.1.

The Board has discussed the going concern basis with the Group's management. Taking into account the restructuring proposal, significant progress on debt restructuring (being that the Company has reached an in-principle agreement with a proportion of its creditors) and considering the underlying bases of management's cash flow projection, the Board are of the opinion that the Group will have funds available to meet its financial obligations as and when they fall due within the next twelve months from 31 December 2025. Accordingly, the Directors consider it is appropriate to prepare the Group's consolidated financial statements on a going concern basis.

# Corporate Governance Report (continued)

## View of the Audit Committee

The Audit Committee has also discussed with the management of the Company, reviewed the Group's cash flow projections prepared by management and the measures stated above, and agrees with the management's position and basis, especially on matters involving management's substantial judgments. The Audit Committee agrees that the Group's measures as referred to above are carefully planned and closely monitored, which will improve the Group's financial position if successfully implemented. The Audit Committee also concurs with the Directors' view as to the preparation of the consolidated financial statements of the Company on a going concern basis with uncertainties disclosed.

The Audit Committee also discussed and understood the concerns of Deloitte that uncertainties exist as to whether the Group's management will be able to achieve its plans and measures. There is no disagreement by the Board, the Group's management nor the Audit Committee with the position taken by Deloitte regarding the going concern assumption and the basis of preparation of the consolidated financial statements.

## Plans to Address the Disclaimer of Opinion

In order to further improve the liquidity and cash flows of the Group, the Group proactively formulated a number of plans and measures as further detailed in Note 3.1. In particular, the Company has reached an in-principle agreement with a proportion of its creditors in mid-March 2026 after multiple rounds of discussions, which will form the basis for further negotiations to achieve more detailed terms and a detailed long-form documentation. Further information on the progress of the offshore debt restructuring and the key terms of the in-principle agreement are also set out in announcement of the Company dated 16 March 2026.

## EXTERNAL AUDITOR'S REMUNERATION AND REPORTING RESPONSIBILITIES

Deloitte had been re-appointed as the Company's external auditor at the 2025 AGM until the conclusion of the next annual general meeting.

The fees paid/payable to external auditor for audit and non-audit services for the year ended 31 December 2025 are as follows:

Type of Services	Fee paid/payable HK\$
Audit fee	4,647,000
Non-audit services	
Interim review fee	1,780,000
Other services	775,000
Total	<u>7,202,000</u>

The statement of the Company's external auditor, Deloitte, regarding their reporting responsibilities is set out in the "Independent Auditor's Report" on pages F-1 to F-3.

# Corporate Governance Report (continued)

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and maintaining sound and effective risk management and internal control systems (including reviewing their effectiveness) to safeguard Shareholders' investment and the Company's assets. The Group has established and developed the risk management system, which is defined by the Risk Management Policy comprising the roles and responsibilities of the Audit Committee, approach and methodology in establishing the risk assessment mechanism with references to international standards and best market practices. A Risk Management Taskforce (the "RMTF") has been set up to oversee the risk management program and assesses the program processes and makes decisions on risk management issues.

The Company has adopted the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO") 2013 framework. The management allocates resources for the internal control and risk management systems compatible with the COSO to provide reasonable, though not absolute, assurance against material misstatement or loss and to manage rather than eliminate the risk of failure to achieve business objectives. The risk assessment comprises five core stages including risk identification, risk assessment and prioritization, risk response, risk monitoring and risk reporting.

The Audit Committee, which was delegated by the Board, assisted by the RMTF has reviewed and evaluated the effectiveness of the Group's risk management system for the year ended 31 December 2025. The Audit Committee considered the risk management system of the Group was effective and adequate.

The internal control system comprises a defined organisational structure and comprehensive policies and standards. Responsibilities of each business and operational unit are defined to ensure effective check and balance.

The Audit Committee, which was delegated by the Board, has reviewed and evaluated, via the internal audit team, the effectiveness of the Group's internal control system put in place by management covering all material controls, including financial, operational and compliance controls as well as risk management functions of the Group for the year ended 31 December 2025. The Audit Committee considered the internal control system of the Group was effective and adequate.

During the year, the internal audit team conducts systematic reviews of the Group's internal control system by using a risk-based audit approach and reviews the effectiveness of the Group's system of internal control against the COSO 2013 framework in order to provide reasonable assurance of the effectiveness of the system. The team reports directly to the Audit Committee and has free access to review all aspects of the Group's activities and controlling system. The team summarises audit findings and control weaknesses and reports to the Audit Committee on a quarterly basis.

## POLICIES FOR WHISTLEBLOWING AND ANTI-CORRUPTION

The Company has established a platform for employees whom in confidence to raise their concerns about possible improprieties in financial, reporting, internal control or other matters and the relevant details are set out in the Staff Handbook. All reported cases are directly addressed to the Chairman of the Audit Committee and the Chief Executive Officer and investigated by independent investigation work force. Internal Audit Department monitors and reports cases to the Audit Committee on a quarterly basis.

Moreover, the Staff Handbook contains our anti-corruption and bribery policy which provide guidance to our employees on how to recognize and deal with corruption and bribery. Every employee has a duty to report any potential violations of the policy to the Company.

# Corporate Governance Report (continued)

## SHAREHOLDERS' RIGHTS

The Board and management shall ensure Shareholders' rights and all Shareholders are treated equitably and fairly. Pursuant to the Bye-laws, any Shareholder entitled to attend and vote at a general meeting of the Company is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. Shareholders holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition. In addition, Shareholders holding not less than one-twentieth of the total voting rights or not less than 100 Shareholders may submit a written request to the Company stating the resolution intended to be proceeded at the annual general meeting.

Any vote of the Shareholders at a general meeting must be taken by poll (other than procedural matters). Voting results are posted on the Company's website and the HKEXnews website on the day of the general meeting. The Company has not made any change to its Bye-laws during the year ended 31 December 2025. The consolidated versions of the memorandum of association of the Company and the Bye-laws are available on the Company's website and the HKEXnews website.

Detailed procedures for the Shareholders to convene a special general meeting, putting forward proposals at a general meeting and proposing a person for election as a Director are also available on the website of the Company.

## COMMUNICATION WITH SHAREHOLDERS

The Board has established a Shareholders' Communication Policy setting out various channels of communication, with the objective of enabling the Shareholders to assess the Company's overall performance, exercise their rights in an informed manner and engage actively with the Company.

The Company regards its Shareholders' meeting as an important means of communication with the Shareholders in which the Shareholders will be able to have an open dialogue with the Board. The Board members, in particular, the Chairmen of the Board Committees and appropriate management executives are available to answer questions of the Group's business at the annual general meetings. External auditor also attends the Company's annual general meetings and addresses queries from the Shareholders relating to the conduct of the audit and the preparation and content of its auditor's report.

Apart from holding Shareholders' meeting, the Company also endeavours to maintain effective communication with all Shareholders through other channels such as publication of annual and interim reports, announcements and circulars so as to provide extensive information on the Group's activities, business strategies and developments, and financial position. Such information is also available on the Company's website and the HKEXnews website.

Shareholders are also provided with contact details of the Company, such as telephone hotline, fax number, email address and postal address, to enable them to make any queries or comments on the Company at any time.

## DIVIDEND POLICY

The Company has adopted a Dividend Policy. It aims to provide Shareholders with stable and sustainable returns. In proposing any dividend payout, the Board shall take into account, inter alia, the Group's financial condition, working capital requirements and future expansion plans, actual operations and liquidity position, the Company's retained earnings, distributable reserves and cash flow situation, general economic condition and other factors that the Board considers appropriate.

# Corporate Governance Report (continued)

## INVESTOR RELATIONS

The Company pursues a proactive policy of promoting investor relations and communications with the Shareholders. To this end, the Company maintains an open dialogue with the Shareholders and investors through the Company's financial reports, press releases, road shows, conferences, annual general meetings and general meetings that may be convened, as well as making available all the disclosures submitted to the Stock Exchange to provide regular and timely public disclosures on the Company's operating performance and corporate developments.

The Company has issued newsletters on a quarterly basis. These newsletters set out the latest developments of the Group's projects, and the quarterly performance of property sales and toll road projects. All the newsletters and publications of the Company issued in 2025 can be retrieved from the website of the Company. Going forward, the Company will continue to enhance its transparency to ensure the Shareholders and investors are kept abreast of the Company's latest development on a timely basis.

During the year ended 31 December 2025, the Company's investor relations team arranged regular meetings and interviews with the Shareholders and investors.

## SOCIAL RESPONSIBILITY

The Group is committed to make contributions to the community since its establishment. In addition to fulfilling corporate responsibility in its day to day operations, the Group also proactively participates in social welfare activities. For details, please refer to the subsection headed "Community Investment" under "Building Sustainable Community" of the "Environmental, Social and Governance Report" of this annual report.

# Environmental, Social and Governance Report

## ABOUT THIS ESG REPORT

This publication marks the Group's tenth environmental, social and governance ("ESG") report (the "ESG Report"). It presents the Group's ESG performance and progress, while also reflecting how our development philosophy and operational strategy are aligned with our ESG approach and strategy. The Group seeks to integrate sustainable development considerations into our operations by maintaining consistent service quality and paying due regard to ESG-related risks and impacts relevant to our business activities. These efforts contribute to the Group's ongoing objective of delivering long-term value to our stakeholders.

This ESG Report is prepared in both Chinese and English, and is available on the websites of the Hong Kong Exchanges and Clearing Limited (the "Stock Exchange") and the Company. In the event of any inconsistency between the two versions, the English version shall prevail.

## Reporting Scope

The ESG Report provides an overview of the ESG progress of the Group, including policies, measures and performance, for the period from 1 January 2025 to 31 December 2025 (the "Reporting Period", "2025"). Unless otherwise specified, the ESG Report defines our reporting scope based on an assessment of the Group's business entities and operations in accordance with the materiality principles and reporting requirements of the Stock Exchange. The ESG Report primarily covers our principal business operations, including property development and property management businesses in Mainland China and Hong Kong.

## Reporting Standard

The ESG Report has been prepared in accordance with the mandatory disclosure requirements and the "Comply or Explain" provisions of the Environmental, Social and Governance Reporting Code as set out in Appendix C2 to the Listing Rules of the Stock Exchange ("Stock Exchange Reporting Code"). Additionally, it references the United Nations' 17 Sustainable Development Goals ("SDGs"). The ESG Report has been reviewed and approved by the board of directors (the "Board") of the Company.

# Environmental, Social and Governance Report (continued)

## Reporting Principles

The preparation of the ESG Report is guided by the four reporting principles established within the Stock Exchange Reporting Code – materiality, quantitative, balance, and consistency:

### Materiality

Important and relevant information to stakeholders on different ESG aspects is covered in this ESG report. Relative importance of ESG topics has been determined through materiality assessment and approved by the Board for disclosure of their key points.

### Quantitative

Quantitative information with appropriate annotated and comparative data is provided in this ESG report to assist readers in interpreting the data and assess the Group's ESG performance objectively and, where practicable, comparisons with past performance are also provided.

### Balance

Unbiased information is provided in this ESG Report, without the inappropriate use of selections, omissions and presentation formats that would mislead the readers.

### Consistency

Consistent methodologies (as previous reports) are used to prepare and present ESG data provided in this ESG Report, unless otherwise specified.

# Environmental, Social and Governance Report (continued)

## ESG PERFORMANCE HIGHLIGHT

The Group remains dedicated to advancing sustainable development. Despite a business environment filled with challenges and uncertainties, the Group continued to deliver high quality products and services while actively enhancing our ESG performance across multiple areas. Key achievements during the Reporting Period include:

### EMPHASISE ENVIRONMENTAL PROTECTION

Installed **2** energy recovery elevators, saving approximately **4,500** kWh of electricity

A total of **21,290** energy saving lamps were replaced, resulting in an impressive reduction of **1.46** million kWh in energy consumption

Adopted rainwater harvesting technology, saving approximately **3,200** tons of water annually

### FOCUS ON STAFF TRAINING AND DEVELOPMENT

Achieved an overall satisfaction score of **89.2** points in the 2025 third-party survey

Established **35** "Red Property Management" projects

Provided **18** job opportunities for people with disabilities

### COMMITTED TO COMMUNITY CONTRIBUTION AND INVESTMENT

Established the "Jingfanghua" elderly care service brand and Jingfanghua Elderly Care Service Co., Ltd. to coordinate and promote the elderly care service business of Road King Group

Supported approximately **2,700** community and elderly care activities, with a total of **79,536** participants

# Environmental, Social and Governance Report (continued)

## OUR ESG MANAGEMENT APPROACH

### ESG Goals

The Group set a series of environment related objectives in 2021 to support the monitoring and enhancement of our environmental performance, all of which were successfully achieved by 2023. The Group is currently developing a set of environmental targets to further strengthen our ESG performance. The Group has committed to replacing at least 30,000 energy saving lamps each year through 2026. In 2025, a total of 21,290 energy saving lamps were replaced, resulting in an impressive reduction of 1.46 million kWh in energy consumption. For comprehensive details on emission reduction, waste management, energy efficiency, and water conservation initiatives, please refer to the “Environmentally Friendly Workplace” section of the ESG Report. The Group remains committed to implementing these measures to achieve our ongoing objectives.

Beyond environmental goals, the Group has established targets aimed at enhancing our social and governance performance.

Category	2026 Goals	Progress in 2025
Training	To provide training to at least 80% of employees annually until 2026	89% of employees trained
Community Service	To ensure that at least 150,000 individuals benefit from our community service initiatives each year until 2026	187,000 people received community service
Intelligentisation	To drive intelligent IoT transformation for a minimum of 100 elevator systems annually through 2026	Upgraded 637 elevators with IoT

# Environmental, Social and Governance Report (continued)

## ESG Framework

The Group recognises that robust corporate governance is vital to sustaining long-term business development. To support this, the Group has adopted a forward looking sustainability strategy that proactively manages ESG related risks and opportunities at the corporate level, enabling long term growth while protecting environmental and social interests. A comprehensive sustainability governance framework is also in place to ensure this philosophy is effectively implemented.

The Board bears overall responsibility for identifying ESG risks and ensuring that robust risk management and internal control systems are maintained. It receives regular updates on ESG developments both internally and externally which enables it to make strategic decisions aligned with the Group's sustainability objectives, market trends, regulatory requirements, and evolving ESG best practices.

To strengthen governance, the Group has also adopted a Board Diversity Policy designed to ensure a balanced mix of skills, experience, and perspectives among Board members. The Board comprises individuals from diverse backgrounds, including gender, age, culture, education, professional expertise, and tenure. This diversity broadens strategic discussions and supports informed decision making. The Group is committed to maintaining at least 15% female representation on the Board. During the Reporting Period, female directors represented 22% of the Board, with two female members serving as directors.

Additionally, the Board acts as the overall convener and has established an ESG Working Group to support the management of daily ESG matters across the Group.



# Environmental, Social and Governance Report (continued)

## ESG Risk Management

The Group has established a robust risk management framework as a fundamental component of our corporate governance approach. This framework is guided by formal risk management policies that define the responsibilities of the Audit Committee and outline the methodologies and standards for conducting risk assessments in line with international practices. In support of responsible governance, the Board places strong emphasis on ESG related risks and has integrated them into the overall corporate risk management system. This integration enables the Board to evaluate and determine the level of risk it is willing to assume while pursuing our strategic objectives.

To further strengthen the process, the Group appoints an external adviser each year to conduct an independent risk assessment, identifying and prioritising key business and operational risks, including ESG and climate-related risks. Designated risk owners are assigned to each major risk, and corresponding mitigation measures are developed to ensure effective management. The outcomes of the risk assessment are subsequently reviewed and confirmed by both Management and the Board.

## Stakeholder Engagement

The Group recognises that our operations influence different stakeholder groups and that these stakeholders, in turn, play an important role in shaping the Group's development. Committed to transparency and collaboration, the Group actively seeks to understand stakeholder expectations and concerns. Management identifies key stakeholder groups based on their level of influence on, and dependence upon, the Group. Through the various engagement channels outlined below, the Group gathers meaningful insights that inform our sustainability priorities and guide our business decisions.

Types of stakeholder group	Communication channels
<b>Investors and shareholders</b>	<ul style="list-style-type: none"><li>• Annual General Meeting</li><li>• Analyst Briefings and Announcements</li></ul>
<b>Customers</b>	<ul style="list-style-type: none"><li>• Corporate Website</li><li>• Surveys</li><li>• Property Sales Activities</li><li>• Property Management Works</li></ul>
<b>Employees</b>	<ul style="list-style-type: none"><li>• Meetings and Briefings</li><li>• Training Sessions</li><li>• Internal Emails and Publications</li><li>• Employee Activities</li><li>• Surveys and Interviews</li></ul>
<b>Suppliers and business partners</b>	<ul style="list-style-type: none"><li>• Screening and Assessments</li><li>• Business Meetings</li><li>• Surveys</li></ul>
<b>Government authorities and regulators</b>	<ul style="list-style-type: none"><li>• Consultations</li></ul>
<b>Communities</b>	<ul style="list-style-type: none"><li>• Community Events</li></ul>
<b>Media</b>	<ul style="list-style-type: none"><li>• Press Releases</li></ul>

Going forward, the Group will continue to maintain open and transparent communication with our key stakeholders regarding ESG strategy and related initiatives. Stakeholder feedback will remain an important reference point, and the Group will refine our policies and strategies accordingly to ensure stronger alignment with stakeholder expectations.

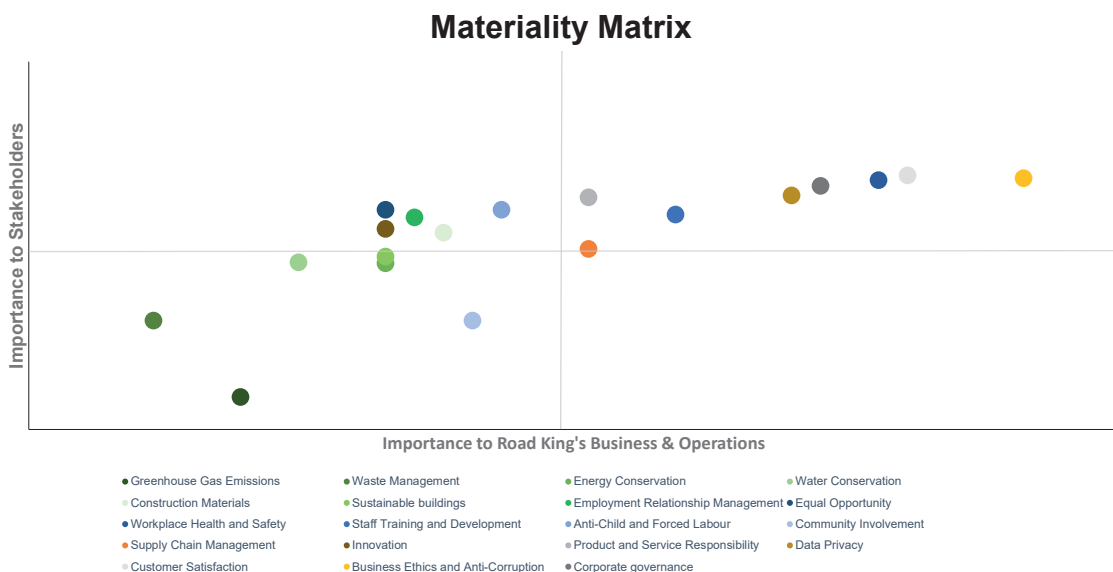
# Environmental, Social and Governance Report (continued)

## Materiality Assessment

To identify the Group’s material ESG issues and develop appropriate ESG strategies, an independent consultant was engaged during the Reporting Period to conduct a materiality assessment through an online questionnaire. The assessment was completed in four key stages:

- 1 Issue Identification**  
 Evaluation of ESG issues pertinent to the Group’s operations was conducted with reference to previous stakeholders’ feedback, market research, peers benchmarking and the Stock Exchange Reporting Code. A refined list with 19 key ESG issues was established and approved by the Board during the Reporting Period.
- 2 Stakeholders Questionnaire**  
 Online questionnaires were distributed to key stakeholder groups as identified by Management. The key stakeholder groups refer to those who have a certain degree of dependency or influence on the Group’s operations. Both internal and external stakeholders were invited to participate, scoring the 19 identified ESG issues based on their relevance and importance to the Group’s business operations and to the stakeholders themselves.
- 3 Materiality Ranking**  
 Consolidated the questionnaire results and prepared the materiality ranking of the ESG issues.
- 4 Confirmation**  
 The Board and the Management reviewed the materiality ranking and confirmed the final results.

The 2025 materiality assessment results are mapped into the following materiality matrix:



# Environmental, Social and Governance Report (continued)

Among the 19 ESG topics identified, 7 were assessed as highly material and have been designated as priority areas for the Group. A further 6 topics were classified as medium materiality, while the remaining 6 were considered low materiality. Detailed discussions of each topic can be found in the subsequent sections of the ESG Report.

## ESG Approach

The Group is a leading property developer in Mainland China and Hong Kong, overseeing 38 diversified projects across 15 cities. With a significant role in driving regional economic development, the Group not only delivers high quality residential and commercial properties but also creates extensive employment opportunities. In response to increasing public expectations around corporate social responsibility, the Group has adopted a sustainable business model. By integrating sustainability into strategic decision making, the Group strives to balance commercial performance with social responsibility, promote inclusivity, and support sustainable development in the communities we serve.

To guide these efforts, the Group has defined an ESG approach built around three key pillars:



# Environmental, Social and Governance Report (continued)

## I. OFFERING QUALITY PROPERTIES AND SERVICES

From the initial planning of each property development project through to its completion, we embed environmental and social responsibility into every stage. This includes adopting energy efficient technologies, selecting sustainable building materials and conducting careful supplier assessment and monitoring. We remain dedicated to delivering high quality developments and outstanding services to our customers.

In our property management operations, we place strong emphasis on tenant convenience and safety by incorporating digital technologies into day to day management. We also prioritise active engagement with residents, ensuring their feedback is valued and fostering vibrant, thriving communities.

During the Reporting Period, the Group recorded no material instances of non compliance related to environmental protection, labour health and safety, or product responsibility. Our production processes, sales practices and the products and services we provide complied with all relevant local environmental, labour, product and customer related laws and regulations.

Issues Covered in This Section	SDG Issues Involved			
<ul style="list-style-type: none"> <li>• Sustainable Buildings</li> <li>• Providing Quality Services</li> <li>• Property Quality Management</li> <li>• Supply Chain Management</li> <li>• Responding to Climate Change</li> </ul>				
				

# Environmental, Social and Governance Report (continued)

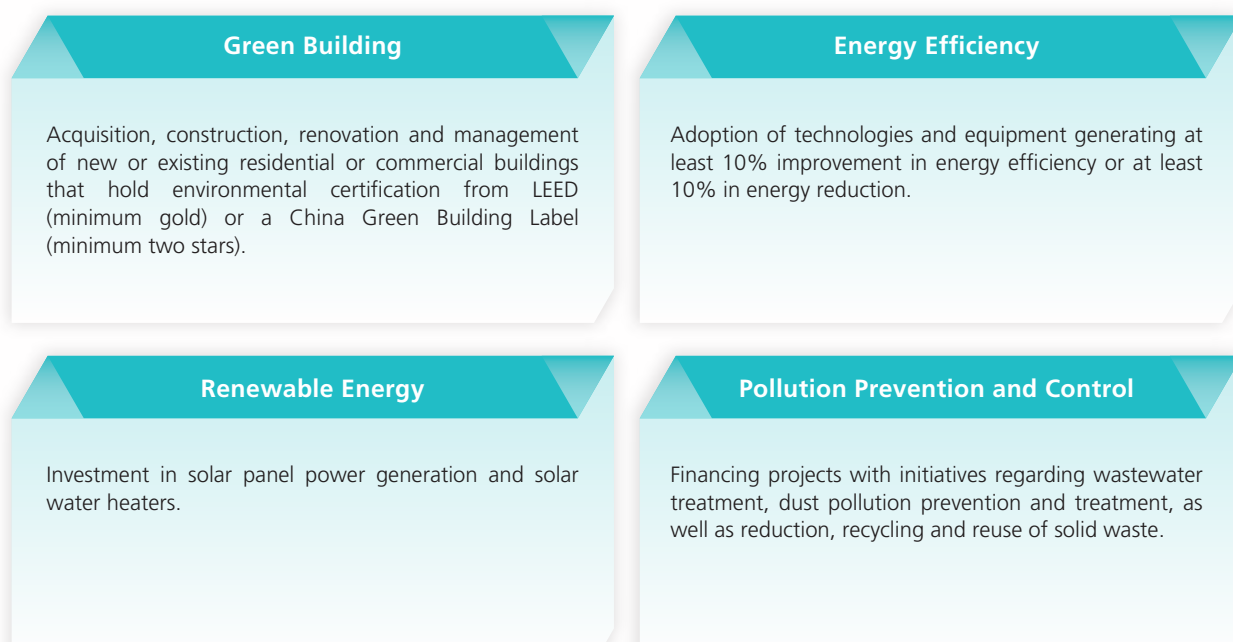
## Sustainable Buildings

### Green Finance

Sustainability continues to shape the property development landscape. To support that, we have established a Green Bond Framework that aligns with the Green Bond Principles issued by the International Capital Market Association and the 2021 Green Loan Principles of the Loan Market Association. Independently reviewed to ensure adherence to these leading industry standards, the framework provides clear guidance for our green bond issuances.

The implementation of this framework marks a significant advancement in our sustainability agenda and lays a strong foundation for future green financing activities. Our overarching objective is to direct capital toward projects that contribute to the development of environmentally responsible and sustainable properties. To achieve this, our ESG working group plays a central role in identifying and assessing eligible projects, conducting periodic reviews and overseeing the allocation of proceeds.

All funds raised under our Green Finance Framework are exclusively designated for the financing or refinancing of eligible projects, in full or in part. Our green finance initiatives are centered around four priority areas:



In 2025, the Group did not issue any green loans or green bonds, and there were no further disclosures regarding the green senior notes first issued in 2021. Nevertheless, we remain committed to advancing the sustainable development of environmentally responsible properties through future green financing opportunities.

# Environmental, Social and Governance Report (continued)

## Sustainable Building Design

The Group integrates sustainability stewardship throughout our property development activities, prioritising resource efficiency and minimising environmental impact while upholding stringent quality and safety requirements. Since 2019, all new development projects have been designed in accordance with national and industry recognised green architecture standards, such as the Assessment Standard for Green Building and the Green Building Design Standards.

We actively embed sustainable features in our designs, with a particular focus on safety, durability, occupant well being and environmental performance. Key green design elements include the installation of solar panels and solar water heating systems to enhance energy efficiency, alongside the adoption of the “Sponge City” concept to strengthen urban water management.

We further advance energy performance by optimising passive design measures. This includes careful consideration of building form, window to floor ratios and natural ventilation pathways. Our approach is strengthened through the use of advanced insulation materials, such as foamed cement boards and inorganic thermal insulation, supported by high performance aluminium alloy doors and windows. Additional sustainable provisions include sunshade blinds, high airtightness building enclosures, reinforcement of structural weak points with adhesives and films, and the incorporation of capillary radiant cooling, floor radiant heating and sophisticated fresh air and dehumidification systems. High efficiency lighting, lift systems and hot water supply installations also contribute to improving overall building performance.

To support continual enhancement, we align with globally recognised green building standards, including LEED, WELL, BEAM Plus and the China Green Building Evaluation Label, and encourage all development projects to pursue certification under these schemes.

Reflecting our commitment to harmonising built environment, ecology and community well being, the Group has achieved notable progress in recent years, with 38 projects successfully obtaining green building certifications.

### Three-Star Green Buildings

- Bright Mansion, Shanghai
- Jinmao Palace, Changzhou

### Two-Star Green Buildings

- Atop The Cloud, Shanghai
- City Valley, Suzhou
- Dazzling Jiangnan, Nanjing
- Jade Residence, Changzhou
- Lan Ting Long Yue Hua Yuan (Phase I), Kunshan
- Park Mansion, Beijing
- RK City, Zhenjiang
- RK Fabulous Community, Tianjin
- RK One More Time, Suzhou
- RK Royal Bay, Changzhou
- RK Sheshan Villa • Dongyuan, Shanghai
- Sipac Zone, Suzhou
- Time Boutique, Wuxi

# Environmental, Social and Governance Report (continued)

## **One-Star Green Buildings**

- Bamboo Grove One, Changzhou
- Elite's Mansion, Foshan
- Guo Shi Jiu Li, Changzhou
- Hill Mansion I, Nanjing
- Lakeside Mansion, Nanjing
- Land Parcel No. A4, Sunny Town, Tianjin
- Lanshi Li, Hangzhou
- Park Up Town Phase I, Beijing
- RK Mont Panorama, Guangzhou
- RK Noble Mansion, Beijing
- RK Rivage Panorama, Guangzhou
- RK Royal Yard, Beijing
- RK Shanghai Villa, Shanghai
- RK Yuemao Mansion, Shanghai
- RK Yunhe Shangyuan, Beijing
- Shanyu Mansion, Nanjing
- West Side Time, Changzhou
- RK City Boyue, Changzhou
- Boyue Cloud Yard, Changzhou

## **Basic Grade Green Buildings**

- RK Rising Star, Guangzhou

## **BEAM Plus New Building (V1.2) Final Gold**

- The Southland

## Environmental, Social and Governance Report (continued)

The Group's commitment to designing green buildings has garnered recognition. Below is an example that showcase our approach to sustainability and environmental responsibility in real estate development:

### Royal Harmony Residence, Suzhou

The project is located in Suzhou Industrial Park with a gross floor area of approximately 60,000 sqm. In alignment with national green building development policies, the project strictly adheres to national and provincial guidelines, including the China Green Building Assessment Standard and Jiangsu Province's Green Building Design Standard. Comprehensive green building measures are implemented across key aspects: safety and durability, health and comfort, convenience of living, resource conservation, and environmental liveability. These initiatives ensure true harmony among buildings, ecology, and people.



The project is designed to achieve Two-Star Green Building certification. The building envelope meets Two-Star thermal performance requirements. Safety features include protective glass in designated areas and anti-pinch doors at community facility entrances. Bathrooms and shower rooms incorporate waterproof flooring, with moisture-proof layers on walls and ceilings.

Solar water heating is integrated as a renewable energy source, covering 99.68% of residential buildings to significantly reduce energy consumption and support China's dual carbon goals. Through optimised site planning and roof rainwater management, the project controls total annual runoff discharge, achieving a 55% annual runoff total control rate for effective stormwater management and reduced environmental impact.

Outdoor amenities include two sports courts, two children's activity areas, and a 150 m car-free landscape walking path, fully supporting outdoor fitness, walking, jogging, and children's play.

These features underscore the project's commitment to sustainable, low-carbon development in line with ESG principles.



## Jade Residence, Changzhou

Jade Residence Changzhou, located in Wujin District with a permissible floor area of 119,730 sqm, is designed as a liveable, ecological and senior-friendly community. The development features 15 high-rise residential buildings of 15–18 stories, a central grand garden, and a garden-style public facility, arranged in a clear **residential–amenities–green** space layout.



Residential buildings meet Two-Star Green Building standards, while the senior care centre achieves Three-Star certification. Green concepts are integrated from the outset, focusing on safety, comfort, convenience, resource conservation, and environmental liveability through rational planning and advanced technologies. Building design optimises views, orientation, and airflow through simulation and refinement of building massing, window-to-wall ratios, and fenestration. Renewable energy systems, including solar panels and air-source heat pumps, support senior care operations.

Indoor air quality exceeds national standards, and building envelopes outperform energy-saving requirements by 10% for residential buildings and 20% for senior care facilities.

Landscape design incorporates native plants, multi-layered greenery, and permeable paving, with rainwater collected for irrigation. Unconventional water usage such as landscape irrigation, garage/road washing, and car washing, comprise at least 40% of total water use, supported by efficient sprinkler systems and automated controls. These measures reinforce the project's commitment to sustainable development, resource efficiency, and ESG principles, delivering a resilient, low-carbon, and senior-friendly environment.



# Environmental, Social and Governance Report (continued)

## Sustainable Construction

### Air Emissions

Recognising the significant impact that dust and air pollutants can have on both environmental quality and community wellbeing, the Group has instituted rigorous control measures to reduce and manage emissions throughout the construction process. To advance cleaner and more sustainable construction practices, we require contractors to adopt emission free electric machinery wherever possible and prioritise the use of cleaner fuels, including ultra low sulphur diesel.

To ensure compliance with stringent environmental standards, such as BEAM Plus requirements and the regulatory frameworks of the Atmospheric Pollution Prevention and Control Law of the People's Republic of China ("PRC") and Hong Kong's Air Pollution Control Ordinance (Chapter 311), we have deployed comprehensive monitoring systems across our construction sites. These include CCTV surveillance and air quality sensors, enabling continuous oversight of environmental performance.

Our operational guidelines also reinforce proactive dust management. Contractors are mandated to implement industry best practices to minimise dust generation, ensuring that mitigation measures are planned, executed and monitored throughout the construction lifecycle.

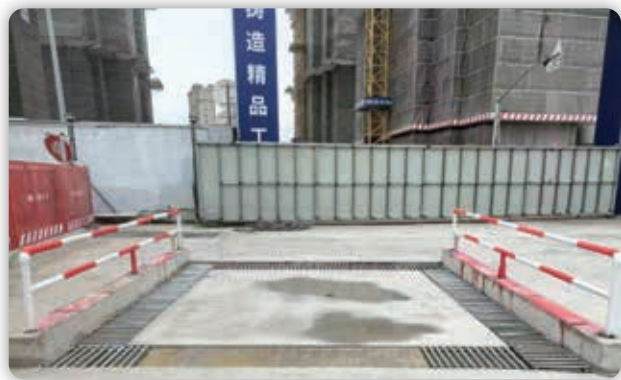
### Preventing Dust Dispersion

We prohibit on site mortar mixing and instead require contractors to use pre mixed commercial mortar to minimise dust emissions. Contractors are also responsible for implementing a comprehensive dust monitoring system, supported by stringent oversight to ensure full execution of the following control measures:

- Cover the cargo compartments of trucks before they leave construction sites
- Install physical barriers to contain construction zones and newly reclaimed areas
- Maintain pavements properly and ensure ground surfaces are hardened
- Apply water sprinkling on exposed soil areas and along key transportation routes
- Suspend dust generating activities during periods of strong winds



*Hardening of pavements*



*Vehicle wheel wash system*



*Sprinkling system surrounding construction zone*



*Covering of exposed earth*

# Environmental, Social and Governance Report (continued)

## *Water Management*

Before commencing any project, we require all contractors to implement comprehensive water conservation measures that minimise environmental impact and enhance resource efficiency. This includes the installation of sewage sedimentation tanks and reflux pipelines to facilitate the collection, treatment and reuse of both engineering and domestic wastewater, as well as rainwater. The reclaimed grey water is directed into dedicated storage tanks for reuse in applications such as washing construction vehicles and suppressing dust through sprinkler systems.

We enforce a strict prohibition on illegal wastewater discharge to protect surrounding ecosystems. In full compliance with local regulations, including the Water Pollution Prevention and Control Law of the People's Republic of China and Hong Kong's Water Pollution Control Ordinance, we have established standards to make sure our contractors' operations fulfil our requirements. Contractors are required to discharge only treated water into authorised drainage systems and must secure the necessary permits from relevant authorities for any discharges.

To ensure effective wastewater treatment, contractors are encouraged to adopt a three tier control system comprising a drainage network, a storage tank and a sedimentation tank. Regular sediment tank maintenance and routine on site inspections are mandatory, ensuring continuous adherence to strict water quality requirements.

## *Sustainable Materials and Waste Management*

Throughout the construction phase, we place strong emphasis on effective waste management by implementing structured systems to classify, handle and dispose of construction waste responsibly. We actively support the reuse of recyclable materials and work with licensed third party contractors to ensure the safe and compliant treatment of hazardous waste.

To uphold these standards, all contractors are required to implement comprehensive waste control measures in accordance with our management systems and technical specifications. Contractors must properly collect and dispose of flammable waste as instructed, and burning waste onsite is strictly prohibited. We further encourage the selection of materials that prioritise resource conservation, favouring options that are recyclable or that offer environmental and human health benefits.

# Environmental, Social and Governance Report (continued)

Our construction waste management framework consists of several core components:



We continually review and strengthen our operational practices to ensure full alignment with applicable environmental laws and regulatory frameworks, including the Environmental Protection Law of the PRC, the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes, and Hong Kong's Waste Disposal Ordinance (Chapter 354).

# Environmental, Social and Governance Report (continued)

## Prefabricated Building

Prefabricated building technology improves efficiency by unified planning and design of different parts of a building. Such dry construction methods reduce sand, mud, and lime by nearly 30% compared to traditional cast-in-place buildings. It also minimises noise, dust, and water pollution. Engineers can monitor quality during production, ensuring faster and more compact installations than traditional methods, enhancing overall building quality, and ensuring safety.

The Group actively adopts prefabricated buildings, focusing on fabrication technologies and training professional talent. This reduces energy and resource consumption while minimising waste production and environmental pollution. Compared to traditional methods, prefabricated buildings reduce water consumption by about 60%, energy by about 30%, wood by about 80%, plastering mortar by about 55%, and construction waste by about 80%.

In 2025, all the projects have applied prefabricated building technology.

## Recyclable Materials for Construction



*Climbing scaffolding*

The Group utilises ring lock scaffolding as formwork scaffolding and climbing scaffolding as high-rise external scaffolding; in other cases, ring lock scaffolding is used. The formwork materials include fixed steel, aluminium formwork, and silicon ink, which are recyclable and reusable construction materials. For beams, steel waler or timber waler is used. Our Panyu project in Guangzhou adopts aluminium formwork, climbing scaffolding technology, and railing assembly technology.



*Aluminium formwork*

# Environmental, Social and Governance Report (continued)

## *Managing Other Environmental Impact*

The Group oversees our contractors' environmental performance to ensure that construction activities minimise impacts on neighbouring communities and the surrounding natural environment. All contractors are required to implement robust environmental risk prevention and control measures in accordance with prevailing national standards, covering key areas such as noise and light pollution management.

To mitigate noise disturbances, contractors must continuously monitor sound levels throughout the construction process and obtain formal approval for any night time works that may exceed local noise thresholds. We further enforce a strict no honking policy for all site vehicles to reduce unnecessary disturbance to nearby residents.

We also place strong emphasis on managing light pollution. Site lighting is carefully controlled by adjusting the angle and direction of lamps to avoid unnecessary spillover. Iodine tungsten lamps are deliberately positioned to minimise glare, and physical barriers are installed to ensure illumination remains contained within the project boundary. These measures ensure that lighting requirements for safety and operations are met without imposing adverse effects on the environment or nearby communities.

Our commitment to reducing noise and light impacts is embedded in our project planning processes, ensuring full compliance with the Noise Limits for Construction Sites (GB12523-90) and reinforcing our ongoing dedication to responsible and community conscious construction practices.

During the Reporting Period, the following projects were awarded the Safe and Civilised Construction Sites designation and the Construction Site Star Award by relevant authorities in recognition of their efforts in environmental protection:

1. Royal Harmony Residence, Suzhou
2. Atop The Cloud, Shanghai

## **Efficient Use of Resources for Properties under Management**

### *Water Management*

To enhance overall resource efficiency, the Group places strong emphasis on improving water conservation across both our managed properties and office operations. At several of our property management projects, such as RK Mont Panorama in Guangzhou, we have adopted intelligent greening spray irrigation systems. These systems monitor soil moisture in real time and activate automated sprinklers only when required, conserving approximately 24,000 tons of water each year while resolving inefficiencies associated with traditional manual irrigation.

Within our offices, we have introduced multiple water saving initiatives, including the installation of water efficient faucets and sensor activated devices to reduce excessive water use. Routine inspections of plumbing systems help ensure timely repair of leaks, while prominently displayed educational posters remind employees of the importance of responsible water consumption. We also collect and analyse water use data to further optimise our management practices.

In addition, we actively encourage the use of rainwater harvesting systems to meet non potable water needs, such as cleaning activities and landscape irrigation. This not only reduces reliance on freshwater supplies but also strengthens the resilience and sustainability of our water management strategy across the Group.

# Environmental, Social and Governance Report (continued)

## Waste Management

Waste management remains a key priority for the Group, and we follow the 4R principle: “reduce, reuse, recycle and replace” to drive responsible resource use. Across the properties under our management, we have implemented 94 waste sorting programmes, which include the installation of sorting bins and ongoing awareness initiatives to encourage proper waste separation. To strengthen waste handling efficiency and reduce pollution, certified cleaning partners are engaged to manage waste sorting and recycling processes.

Within our office operations, paper continues to be the predominant waste stream, followed by other non hazardous items such as ink cartridges and cardboard. To address this, we have digitised administrative processes, promoted electronic approvals and encouraged double sided printing. Single sided sheets are collected for reuse, and colour printing is restricted to essential documents only. Dedicated recycling bins located near printers and workstations support convenient waste segregation, and all recyclable materials are transferred to certified contractors while we maintain records to monitor progress and identify opportunities for further improvement.

We also promote a culture of waste reduction among employees by encouraging the use of durable, reusable food containers and utensils, reducing dependence on single use disposables. Employee engagement plays an essential role in the success of our waste management initiatives, and we continue to foster awareness and participation through education, communication campaigns and workplace practices that reinforce sustainable habits.



Our Hong Kong office participated in the New Year Waste Reduction Programme organised by Wharf Estates Limited in 2025.

# Environmental, Social and Governance Report (continued)

## Providing Quality Services

### Responsible Sales Practices

Integrity is a cornerstone of the Group's values, forming the basis of our long standing relationships with clients. In line with our commitment to responsible and ethical sales conduct, the Group and all entities strictly comply with all applicable laws governing advertising and product labelling, including the Residential Properties (First hand Sales) Ordinance (Chapter 621 of the Laws of Hong Kong). All promotional materials undergo rigorous internal review prior to release to ensure accuracy, legality and transparency. We expressly forbid the use of any materials that contain false or misleading statements, improper marketing tactics, or content that promotes discrimination, prejudice, sensitive issues or violence.

Our dedication to customer satisfaction continues well beyond the completion of a sale. To support new homeowners, we provide complimentary post sale services that cover repairs for designated items and components exhibiting quality defects under normal use within a specified period. This commitment reflects our focus on delivering exceptional service and ensures that customers can enjoy their new homes with confidence and peace of mind.

### Managing Tenant Satisfaction

In response to the growing adoption of the Internet of Things, the Group has enhanced our property management operations by implementing an intelligent management model supported by a centralised digital service-sharing platform, integrating artificial intelligence ("AI") into key operational processes to improve efficiency and service quality.

Key digital initiatives include the implementation of a WeChat based service platform, the deployment of intelligent cleaning robots, and the adoption of AI enabled video surveillance and analytics systems. These technologies have enhanced operational efficiency, optimised service delivery to residents, and strengthened professional and consistent property management practices. The Group leverages technology to support service quality and operational resilience, contributing to sustainable long-term development.

Artificial Intelligence (AI) Video Monitoring Analysis	<p><b>What is the initiative?</b></p> <ul style="list-style-type: none"><li>• AI-enabled video surveillance and analytics technology that embeds AI algorithms into existing security infrastructure</li><li>• The system monitors over 80 scenarios, including entrance and exit access control, perimeter intrusion, illegal parking, e-bike elevator entry warnings, and monitoring room duty checks to enhance smart governance</li><li>• Integrated with the smart community platform to create a closed-loop process whereby anomalies trigger real-time alerts, followed by work order handling and data analysis</li><li>• Rolled out nationwide in 2025, with a total of 38 AI devices deployed across projects for integration with routine quality inspections</li><li>• Formulated a standard guideline for future projects, recommending two AI devices for projects sized between 150,000 and 250,000 square meters, to ensure efficient resource allocation</li></ul> <p><b>Benefits of the initiative</b></p> <ul style="list-style-type: none"><li>• Enhanced security accuracy</li><li>• Strengthened compliance and risk management</li><li>• Supporting the digital transformation of property services</li><li>• Creating long-term value for residents and communities</li></ul>
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# Environmental, Social and Governance Report (continued)

<p>Smart Cleaning Robots</p>	<p><b>What is the initiative?</b></p> <ul style="list-style-type: none"> <li>• Deployment of intelligent cleaning robots together with a “machine + human” collaborative cleaning approach to handle repetitive tasks</li> <li>• Achieved approximately double the operational efficiency compared with traditional manual cleaning methods</li> <li>• Nationwide expansion launched in 2025, with four intelligent cleaning robots deployed across the Shanghai-Zhejiang and the Suzhou-Wuxi-Zhenjiang regions</li> <li>• Planned deployment of an additional six smart cleaning robots across projects nationwide in 2026, tailored to specific operational needs</li> </ul> <p><b>Benefits of the initiative</b></p> <ul style="list-style-type: none"> <li>• Reduced frontline staff workload and improved workforce efficiency</li> <li>• Enhanced consistency, standardisation and quality of cleaning services</li> <li>• Optimised resource utilisation and reduced operational waste</li> <li>• Supporting the transition towards more sustainable and resilient property management services</li> </ul>
<p>WeChat for Business</p>	<p><b>What is the initiative?</b></p> <ul style="list-style-type: none"> <li>• Creation of an efficient digital communication channel with homeowners through platform-based interaction and data-enabled service management</li> <li>• Phase 1 of the platform development has been completed. The platform currently delivers core modules including property authentication, intelligent work order processing, customer needs analysis, and AI-powered customer service</li> <li>• Nationwide rollout commenced in 2025, focusing on homeowners’ core needs to support systematic and refined service upgrades</li> <li>• As of December 2025, the platform achieved full nationwide coverage, with 364 customer management personnel actively using the platform and a homeowner WeChat integration rate of 73.24%</li> </ul> <p><b>Benefits of the initiative</b></p> <ul style="list-style-type: none"> <li>• Improved customer service quality and service response speed</li> <li>• Enhanced efficiency in demand handling and issue resolution</li> <li>• Strengthened homeowner trust, communication and community harmony</li> <li>• Enabled a standardised and replicable digital service model to support continuous improvement across projects nationwide</li> </ul>

The Group has put in place comprehensive guidelines to foster a responsive, supportive and customer centric environment that prioritises tenant satisfaction and timely resolution of their needs. Tenants are encouraged to share their views through multiple communication channels, including WeChat, interviews and service hotlines, which help ensure their voices are consistently heard. To further strengthen engagement and convenience, we introduced the “Road King Housekeeper” digital platform. This system enables tenants to access services, submit requests and communicate directly with property management teams. It is enhanced by sensors and smart equipment that support remote monitoring and control of building facilities.

Beyond engagement, our property management teams take a proactive approach to maintaining and enhancing the quality of the properties under our care. The Quality Operations Department reviews findings from routine patrols to identify improvement opportunities, while quarterly meetings with owners’ committees keep both owners and tenants informed about progress, upcoming works and how emerging issues will be addressed.

# Environmental, Social and Governance Report (continued)

Our staff are trained to manage tenant requests professionally and efficiently. When complaints arise, a structured escalation framework assigns responsibilities at each management level. The Quality Operations Department systematically analyses and categorises all feedback received and prepares Corrective Action Reports to ensure follow up actions are executed promptly. This ensures issues are addressed effectively, supporting continuous service improvement and strengthening tenant satisfaction.

To assess our service performance and understand evolving tenant expectations, the Group conducts at least one tenant satisfaction survey annually. The survey covers a wide range of service areas– including customer service, community activities, maintenance, cleanliness, vehicle management, landscaping and elderly care services. In 2025, the Group achieved a satisfaction score of 91.2, reflecting significant progress in enhancing the overall quality of services we provide.

## Protection of Customer Interests

At the core of our operations, the Group places the utmost importance on maintaining the security, confidentiality and lawful handling of our customers’ personal data. To uphold this commitment, we follow six foundational data protection principles that govern how personal information is collected, accessed, used and managed across our business. These principles ensure that data is obtained through fair and lawful means, protected with appropriate security measures, kept accurate and retained only as long as necessary, used strictly for the purposes communicated to customers, disclosed transparently, and made accessible for review or correction upon request.

Six Data Protection Principles	
Collection Purpose and Means	Data Security
Collect adequate but not excessive data through lawful and fair means for a purpose directly related to the Group’s business operations.	Implement effective security system and apply adequate security measures to protect customer data from unauthorised access.
Data Accuracy and Retention	Data Openness
Ensure customer data held are accurate and up-to-date. Data will not be kept after the purpose of data collection is fulfilled.	Disclose to the customer the kind of personal data held, as well as the policies and guidelines on handling such data.
Use of Data	Data Access and Correction
Use customer data only for the purpose of data collection as previously communicated to and consented by customers, unless new consent is obtained.	Provide a copy of personal data held to the customer upon request. Correct the data record in accordance with the customer’s demand

The Group has established a robust set of customer data management policies that align with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong). Our purchase contracts explicitly reaffirm this commitment by clearly outlining our obligations toward safeguarding consumer privacy. To prevent the misuse or mishandling of personal information, employees receive dedicated training and guidance that ensures full compliance with our privacy standards.

As cybersecurity risks continue to evolve and regulatory expectations strengthen, the Group remains proactive in maintaining strong data protection practices. We conduct regular reviews of our privacy related policies and make timely enhancements to ensure ongoing compliance. This forward looking approach reinforces our dedication to protecting customer information and strengthens trust and transparency across all aspects of our property development and management operations.

# Environmental, Social and Governance Report (continued)

## Property Quality Management

The Group is committed to upholding the highest standards of construction quality, guided by the principles set out in our Construction Quality Management Policy. From initial planning and design through to construction and final inspections, we work closely with a wide range of stakeholders to ensure that every project meets stringent quality expectations.

Our focus on excellence begins at the earliest stages of project development, where we collaborate with design teams and other stakeholders to establish clear quality benchmarks. During construction, our Property Department exercises strict oversight, continuously tracking progress to ensure compliance with technical and safety requirements. To safeguard occupant health, we strictly follow the Code for Indoor Environmental Pollution Control of Civil Building Engineering of the PRC and prohibit the use of hazardous materials, such as moisture proof agents containing asphalt on wooden components, across all construction sites. At project completion, we engage qualified engineers and independent third party experts to conduct comprehensive on site inspections. These evaluations cover structural works, equipment installations and supporting infrastructure, with corrective actions implemented wherever necessary. To enhance transparency and buyer confidence, we also arrange pre delivery inspections with impartial acceptance consultants, allowing homeowners to review and confirm property quality prior to handover.

Notably, no serious health or safety complaints were recorded during the Reporting Period for properties handed over to residents. Should issues arise, our dedicated teams coordinate promptly with the Property Department to address them without delay.

# Environmental, Social and Governance Report (continued)

## Supply Chain Management

As of the end of 2025, the Group had 123 major suppliers that directly supported the our core operations in property development, including construction contractors and construction material providers. In particular, 61 suppliers were located in Mainland China, and 62 were located in Hong Kong.

The Group adopts a structured and transparent approach when selecting suppliers and contractors. Our procurement activities strictly comply with the Anti Unfair Competition Law of the PRC and are governed by established procedures such as the Administrative Measures for Tendering and Bidding of Construction Projects and the Group Strategic Procurement Practices, ensuring fairness, integrity and accountability throughout the tendering process. Only parties with appropriate qualifications and proven capabilities are engaged.

When assessing potential partners, we place strong emphasis on their industry experience, reputation and valid operating licences. We also evaluate their ESG performance, giving preference to organisations that demonstrate robust environmental and social responsibility standards. As part of our due diligence, we conduct on site inspections to examine suppliers' operational practices and identify potential risks, including issues related to labour rights or environmental compliance. Any risks identified are managed through the inclusion of clearly defined contractual obligations to ensure full compliance with our standards.

Once engaged, suppliers and contractors are regularly monitored to ensure ongoing adherence to our quality, safety and environmental requirements. We uphold a strict prohibition on child and forced labour and actively encourage the adoption of energy saving practices across supplier operations. To strengthen understanding of regulatory requirements, we provide ongoing support, such as briefings on the latest ESG related laws and best practices, to help suppliers maintain compliance.

The Group also maintains an open communication channel to facilitate feedback and address enquiries from suppliers and contractors. We emphasise that a failure to uphold environmental or social responsibilities will affect performance evaluations and future collaboration opportunities. By fostering transparent, long term partnerships with capable and responsible suppliers, we continue to build a stable and sustainable supply chain that supports high quality development.

## Responding to Climate Change

As global awareness of climate change and its associated risks continue to intensify, the Group has adopted the proposed framework of the Task Force on Climate Related Financial Disclosures ("TCFD") to assess climate impacts and formulate long term strategies that enhance the resilience of its business operations.

The Board oversees climate related matters by closely monitoring weather patterns and climate developments in regions where our construction sites are located. In line with this responsibility, contractors are required to prepare emergency response plans and conduct regular inspections of construction equipment to ensure compliance with safety standards.

## Environmental, Social and Governance Report (continued)

Through this process, the Group has identified key climate-related risks, including both physical risks, such as extreme weather events and temperature fluctuations, and transition risks arising from evolving climate policies and regulations. A summary of these risks and the corresponding response measures is presented in the following table.

Physical Risks		
Category	Potential Impact	Response
Acute Risks	Extreme weather events such as typhoons and floods can damage assets and properties, leading to temporary business operation suspensions. Extreme temperatures, flooding and typhoons will also negatively impact construction progress and pose safety risks to construction workers and sites. Additionally, casualties from these events may raise the risk of legal liabilities. These result in increased operating costs due to increased maintenance and insurance premiums.	The Group closely monitors weather conditions and climate change in areas where construction sites are located. Contractors are required to develop emergency plans and conduct regular inspections of construction equipment to ensure it meets safety standards.
Transition Risks		
Policy and Regulatory Risks	Policies related to climate change will impact the group. These policies may require changes to its original operating procedures and could lead to an increased risk of litigation due to non-compliance with these new policies. For instance, tightening building energy codes and guidelines, along with the promotion of green buildings, presents a regulatory risk for non-compliance. Additionally, the implementation of carbon pricing policies in the markets where the Group operates may necessitate a transformation into a low-carbon operational model, resulting in higher operating costs.	The Group plans to gradually align its climate change risk disclosures with the TCFD framework to enhance its resilience and adaptive capacity to climate change. Over the coming years, to prepare for climate-related financial disclosures, the Group will analyse climate-related risks in accordance with the International Financial Reporting Standards S1 and S2, issued by the International Sustainability Standards Board in 2023.
Market and Reputation Risks	The market expects the Group to develop more green products to align with its sustainable development plan. If the demand for green buildings rises and the Group fails to secure green building certification for a sufficient number of projects, its potential revenue may decline. Moreover, the Group's goodwill could be jeopardised if its approach to climate-related issues does not meet market expectations.	The Board has incorporated the related into the Group's ESG strategy. This incorporation aligns with the Group's business goals and operational needs, enhancing its ability to respond effectively to climate change.
Technology Risks	Adopting green technology introduces uncertainty. On one hand, innovative green technologies can boost revenue, lower operating costs through new efficiencies, and attract more investors due to their environmentally friendly features. On the other hand, there are potential operational risks and increased costs. For example, using environmentally friendly materials may elevate procurement expenses, and research into renewable energy could raise investment costs.	The Group has installed solar panels at designated locations to power the lighting systems on construction sites.

The climate-related risks are reviewed by the ESG Working Group annually. Reports will be made to the Board if there are any significant risks to the Group's business and operations. The Group is monitoring market practices and regulatory developments and is exploring opportunities to further develop its climate assessment, which may inform considerations regarding a climate transition plan in the future.

# Environmental, Social and Governance Report (continued)

## Greenhouse Gas (GHG) Emissions

The Group's greenhouse gas (GHG) emissions were predominantly driven by energy consumption, with water use and paper related waste contributing comparatively minor amounts under Other Indirect (Scope 3) emissions. Detailed GHG emission figures can be found in the summary of key performance indicators.

## Energy Management

### *Construction Site*

The Group adopts a systematic approach to energy conservation, starting from the planning stage where construction workflows are carefully designed to avoid unnecessary processes that may lead to excessive energy consumption. By optimising raw material logistics, we improve fuel efficiency and reduce associated carbon emissions.

To further enhance energy performance, we deploy electrically operated construction machinery, which delivers greater efficiency compared with traditional diesel-powered equipment. In addition, solar panels are installed at strategic locations across construction sites to provide renewable energy for lighting and other operational needs. Regular maintenance of major equipment, such as construction elevators and tower cranes, ensures they function at optimal efficiency and prevents energy loss from idle or no load operation.

Our on-site energy monitoring system enables real time tracking of electricity usage, allowing teams to promptly detect anomalies and address potential energy waste. To cultivate strong energy saving habits among employees, we reinforce awareness through educational posters, ongoing communication and training. Site supervisors play a key role by monitoring electricity consumption and devising targeted action plans to drive continual improvement in energy performance.

# Environmental, Social and Governance Report (continued)

## Workplace

In our corporate offices, we aim to maximise resource efficiency by setting clear consumption targets to guide our environmental performance. Recognising that energy use is a major contributor to both GHG emissions and operating costs, we are committed to reducing consumption through behavioural change and the implementation of targeted conservation initiatives. To support this goal, we have introduced a range of measures, including:

<p>Improve Equipment Energy Efficiency</p>	<ul style="list-style-type: none"> <li>• Installing energy-efficient electrical appliances such as LED lights, and taking advantage of natural daylight in corridors during daytime hours</li> <li>• Maintaining indoor temperatures within an optimal range to minimise unnecessary air conditioning loads</li> <li>• Selecting devices equipped with variable frequency drives and other energy saving features to improve operational efficiency</li> </ul>
<p>Increasing Employee Awareness</p>	<ul style="list-style-type: none"> <li>• Placing reminder memos near power switches to encourage staff to turn off unused appliances</li> <li>• Ensuring that air conditioning are switched off during non working hours</li> <li>• Promoting the use of inverter type equipment that automatically powers down when not in use</li> <li>• Encouraging employees to use public transport or carpool to help reduce emissions beyond the office environment</li> </ul>
<p>Monitoring Consumption Data</p>	<ul style="list-style-type: none"> <li>• Assigning coordinators to inspect and report unnecessary energy use</li> <li>• Recording vehicle fuel consumption, which is incorporated as a performance indicator for drivers</li> <li>• These practices enable us to identify inefficiencies promptly and drive continuous improvement across our operations</li> </ul>

During the Reporting Period, the Group's energy consumption was mainly attributable to petrol and electricity use. Detailed breakdowns of our energy consumption performance are provided in the summary of key performance indicators.

# Environmental, Social and Governance Report (continued)

## II. ESTABLISHING CONSTRUCTIVE WORKPLACE

The Group places great value on our employees, recognising their efforts and contributions as the cornerstone to our development and success. Talent management remains a key priority, enabling us to foster a supportive environment that empowers team members to release their full potential, achieve their professional goals and take pride from their work. Moreover, we are committed to maintaining stringent occupational health and safety standards to promote employee well-being and operational excellence across all our workplace practices.

There were no material non-compliance cases noted in relation to the Group’s energy practices and labour standards during the Reporting Period. The Group’s human resource polices were in line with relevant labour laws and regulations.

Issues in this section	SDG issues involved		
<ul style="list-style-type: none"> <li>Talent Attraction and Retention</li> <li>Employee Development and Support</li> <li>Occupational Health and Safety</li> </ul>			

### Talent Attraction and Retention

#### Employment Relation Management

The Group seeks to attract and retain skilled individuals who not only possess the required expertise but also align with our corporate culture and vision. They are vital to sustaining our operational excellence and long-term growth. All our employment practices are compliant with applicable local labour regulations, including the Labour Law of the PRC, the Trade Union Law of the PRC, and the Employment Ordinance (Cap. 57 of the Laws of Hong Kong).

We are committed to upholding the principles of fairness and transparency across all recruitment and employment processes. Our comprehensive approach covers all aspects of employment, including recruitment, remuneration, performance evaluations, promotions and terminations. A robust recruitment system, supported by diverse assessment methods, is in place to ensure we attract the most suitable talent.

We offer a competitive remuneration package that reflects employee performance, contributions and the unique experience each individual brings to the Group. We also provide a range of benefits, such as professional development programmes and performance-based bonuses that support the employees’ career growth. In certain circumstances, business travel allowances, meal subsidies and overtime work allowances, are also offered to ensure our teams are fully supported in their work.

# Environmental, Social and Governance Report (continued)



Road King Infrastructure Limited is honoured as Good MPF Employer.



Road King Infrastructure Management Limited is honoured as Good MPF Employer.



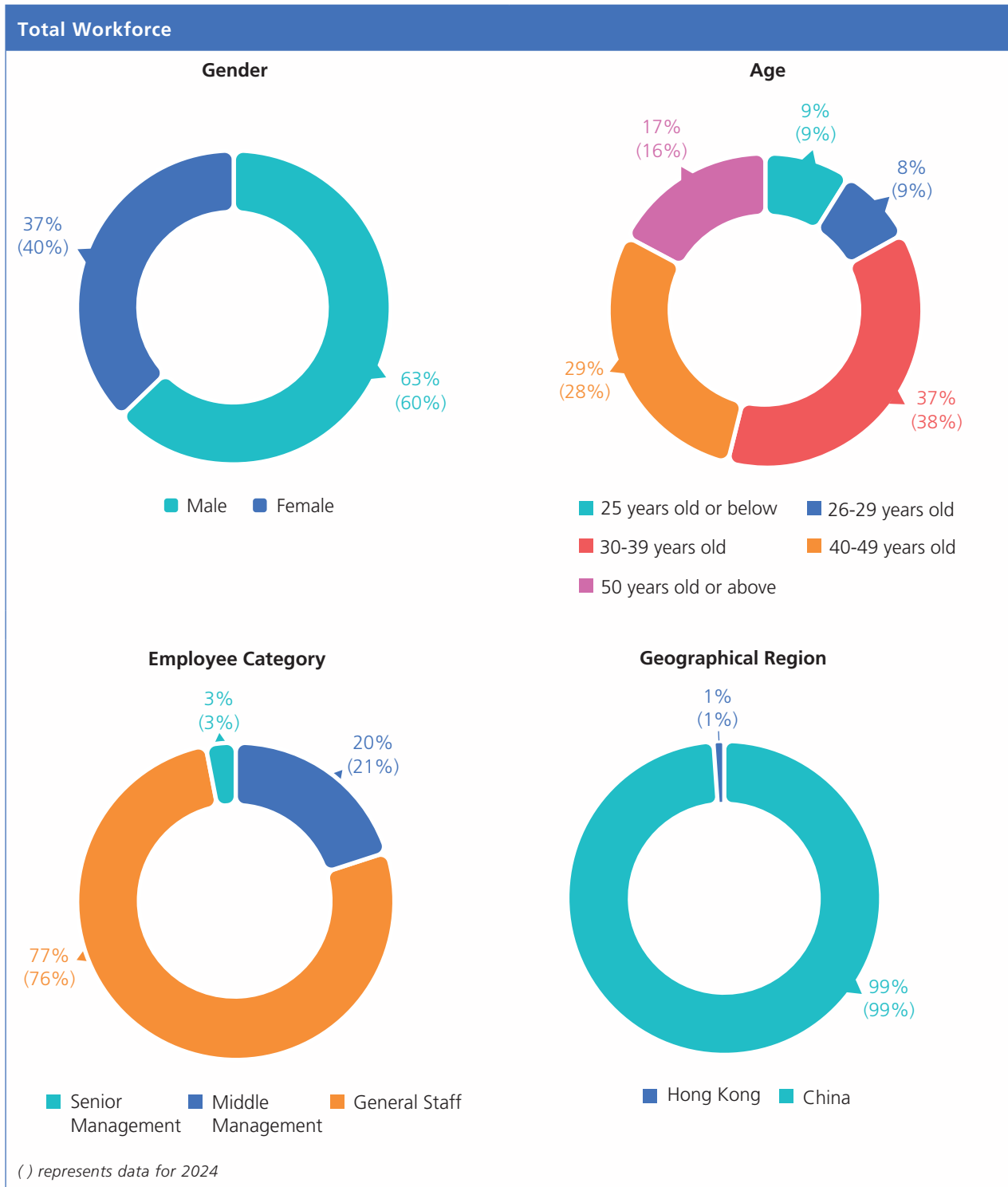
RK Properties Holdings Limited (our property segment in Mainland China) has won the award of Top 15 Best Employer in Real Estate Sector in 2025 from Keyan Think Tank.



RK Property Services Holdings Limited (our property management segment in Mainland China) has won the award of Top 9 Best Employer in Property Management Sector in 2025 from Keyan Think Tank.

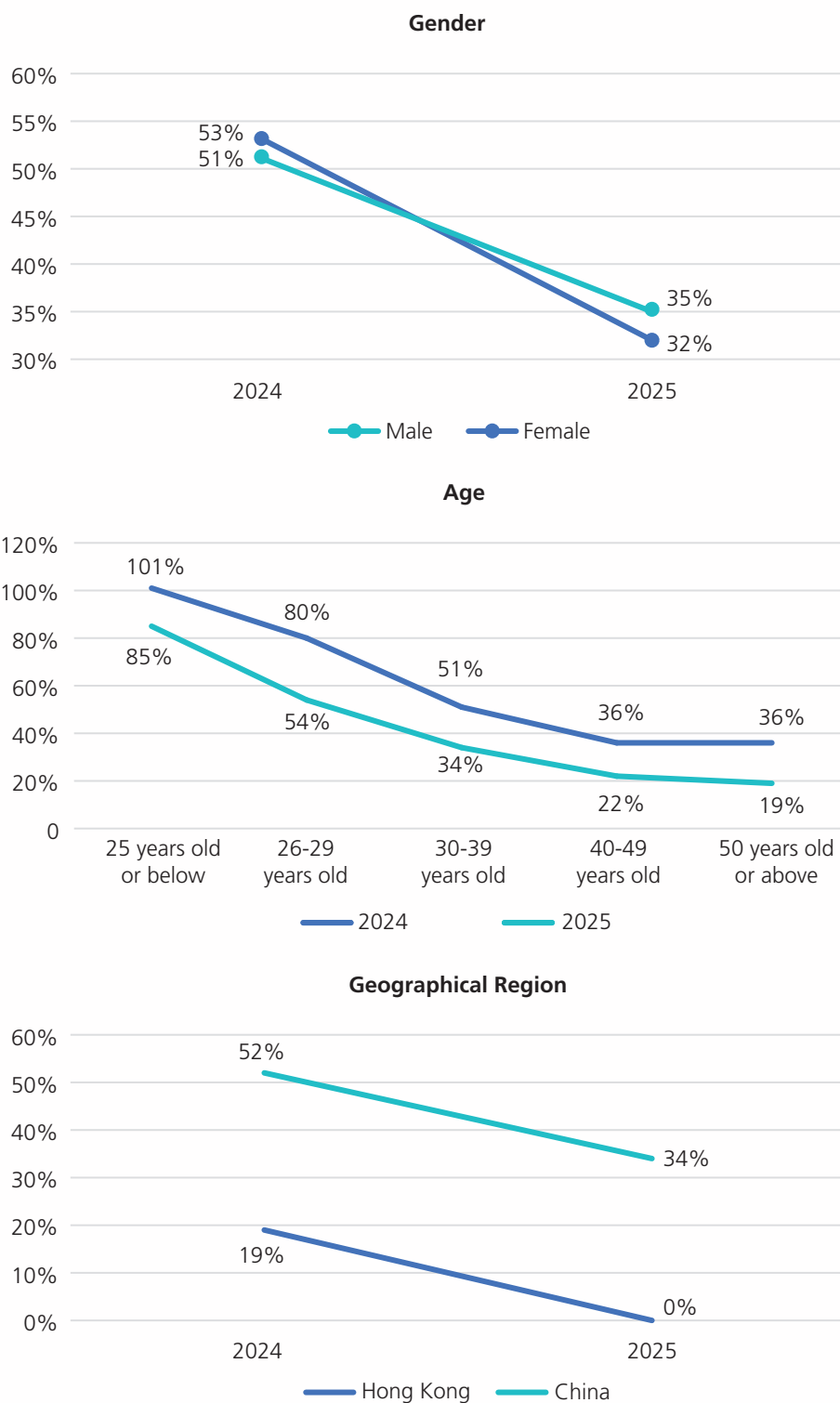
# Environmental, Social and Governance Report (continued)

As of the end of 2025, our workforce consists of 3,454 employees (2024: 3,551), with 98% being full-time employees. Further distributions of the Group's employees are shown below:



# Environmental, Social and Governance Report (continued)

The Group also monitors employee turnover as a key performance indicator. As of the end of 2025, our total employee turnover stands at 1,246. Further details are shown below:



*Note:* The table above illustrates employee turnover rates, indicating the percentage of employees who left the Group during the Reporting Period. For specific calculation methods, please refer to Appendix 3: Reporting Guidance on Social KPIs issued by the Stock Exchange.

# Environmental, Social and Governance Report (continued)

## Anti-Child and Forced Labour

Our commitment to fostering a work environment that upholds legal and ethical employment practices is supported by a range of established policies. We maintain a strict zero-tolerance policy on child labour and explicitly prohibit such practices in all our operations. Our extensive control measures include the verification for identity documents to ensure all job applicants meet the legal age requirements.

We also maintain a firm stance against forced labour, supported by the encouragement of all employees to report any suspected instances in their workplace. We believe that every employee should work voluntarily and without coercion, and our workplace should be safe, transparent, and forced-labour-free.

Moreover, we conduct periodic assessments of our employment practices and maintain ongoing engagement with employees to eliminate occurrence of child and forced labour. We strictly comply with all applicable local regulations, including the Labour Law of the PRC and the Employment Ordinance (Cap. 57 of the Laws of Hong Kong).

## Anti-discrimination and Equal Opportunity

We strive to create an inclusive and equitable workplace. A core element of our corporate culture is the promotion of an environment free from discrimination and harassment, ensuring all our employees are treated with dignity and respect regardless of gender, race, ethnic origin, religion, marital status, or disability.

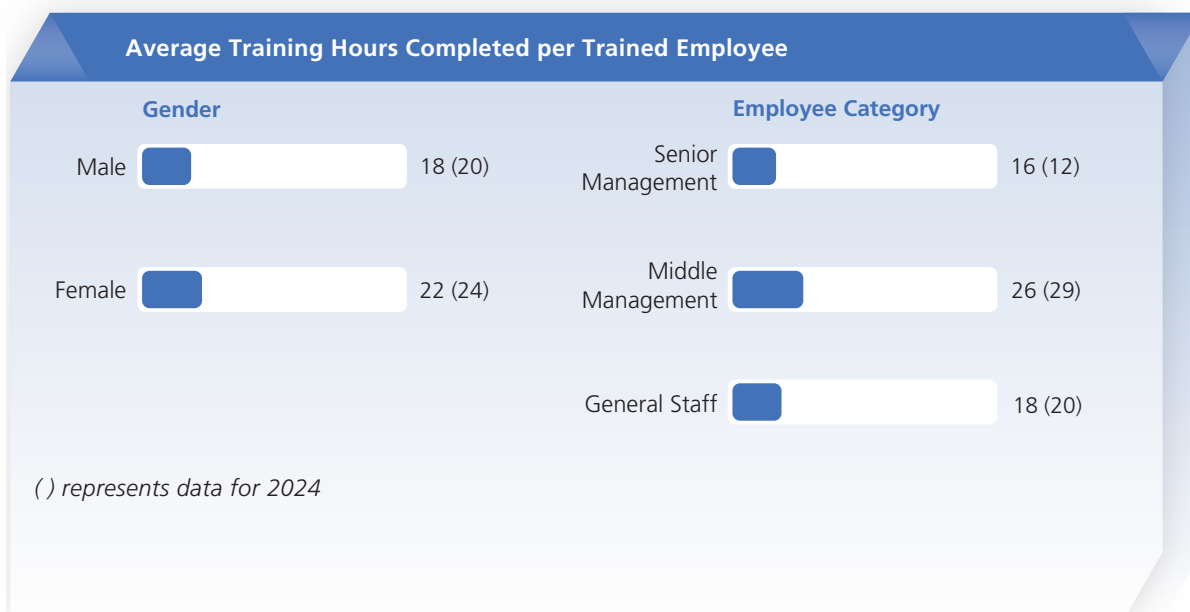
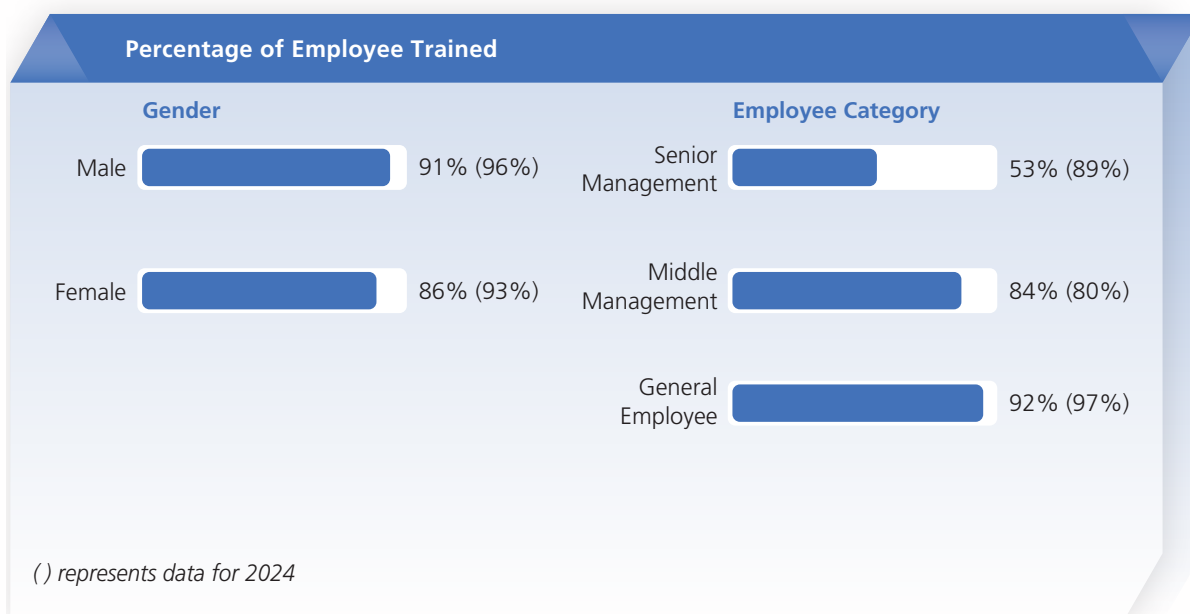
Guided by our employee handbook, our employment practices reflect the Group's commitment to equal opportunity. We are adherent to the principles of fairness and equality, implementing clear guidelines and standards that protect the rights and interest of our people. Performance evaluations are designed to be objective, emphasising an individual's potential, capabilities and work outputs.

The group upholds a zero-tolerance policy against sexual harassment. We maintain a clear, confidential reporting mechanisms managed by our Administration and Personnel Department. Furthermore, our anti-discrimination and equal opportunity policies comply to all applicable regulations, including the Labour Law of the PRC, the Law of the PRC on the Protection of Rights and Interests of Women, and the Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong).

## Employee Development and Support

### Training and Development

Effective training and development programs are vital for cultivating a skilled workforce and fostering a culture of continuous improvement within the Group. During the Reporting Period, a total number of 3,263 employees were trained, reflecting a training participation rate of 89%. Meanwhile, the average number of training hours completed per trained employee was 17.5 hours.



# Environmental, Social and Governance Report (continued)

Our training programmes are designed to address a wide range of functional requirements, supporting objectives from leadership development to specialised skills enhancement. These include Engineering and Design Lecture, Work Smart: AI Empowerment, RK Promotion Scheme (Property), and Techniques Competition (Property). We also subsidise employees for external training courses to support their professional development and foster a culture of continuous learning. This approach serves the dual purpose of enabling individual career progression and strengthening the Group's operational excellence.



*Vocational skills training: Monthly training on job skills standards and home visit standards*

To enhance the onboarding experience for new employees, we have introduced the Road King's Freshmen platform. This comprehensive system provides centralised access to key induction training materials and coaching resources, supporting a smooth transition into their roles while fostering early engagement within the organisation.

Furthermore, we continue to prioritise the identification and development of high-potential employees across the Group. Our "New RK Force Scheme" supports the career growth of new joiners through job rotation and dynamic performance evaluations, equipping them with essential skills for future middle and senior management roles. In addition, we have launched a Mentoring and Job Shadowing Programme for existing employees to promote meaningful interactions between experienced leaders and emerging talents. Essentially, this programme encourages hands-on learning personalised feedback while facilitating open dialogue between management and staff.

Innovation is one of our key pillars. We actively recognise and support inventive project proposals and creative marketing strategies. Together, these initiatives not only enhance our workforce's professional development but also boost our employee's overall job satisfaction.

# Environmental, Social and Governance Report (continued)

## Employee Wellbeing

Employee physical and mental well-being is another top priority of our Group. We acknowledge the significance of personal life events and provide various types of leave to accommodate milestones such as examinations, marriage and childbirth. Additionally, flexible working arrangements are offered to support employees while meeting the operational needs of our property development projects. These measures enable employees to sustain a healthy work-life balance.

## Infinite Imagination Workshop

We also host various recreational activities regularly to strengthen team cohesion. In addition to that, we initiated a 'Infinite Imagination Workshop' this year with our staff to bolster creativity and sense of belonging to our upcoming projects. By encouraging meaningful cross-departmental interactions, we strengthen workplace relationships and encourage the exchange of diverse viewpoints from different team stakeholders. This approach also shifts staff involvement from simply implementing tasks to actively collaborating on ideas. Together, these efforts promote mutual respect and help to maintain a supportive and harmonious work environment.



# Environmental, Social and Governance Report (continued)

## Occupational Health and Safety

### On-site Health and Safety

The health and safety of our construction workforce remains a key operation priority. We comply with local regulations, including the Construction Law of the PRC and Hong Kong's Construction Sites (Safety) Regulations (Cap. 591). The Group upholds stringent health and safety standards across all construction sites, stipulating requirements such as safety equipment, worker behaviours and construction work procedures. Contractors are subject to penalties when they fail to meet these standards.

For example, we require all our contractors to establish a safety management framework that includes formation of construction safety management working groups and assigning qualified on-site safety supervisors to continuously monitor working conditions. Contractors must also submit detailed health and safety manuals with their procedures for our Group's review and approval. Most of our contractors have obtained health and safety certifications, including ISO45001, GB/T 45001 or GB/T 28001 and are committed to achieving a less than 1.5% casualty rate target.

Moreover, we require contractors to provide comprehensive safety training sessions with on-site employees. This includes safety training, toolbox training, emergency training, refresher training, specific training for high-risk works and updates on relevant regulations, all of which are required for the appropriate personnel. To further strengthen worker's safety awareness, contractors are also encouraged to set training targets for their employees.

In addition to safety trainings, we encourage contractors to conduct proactive employee engagement through themed caring activities that promote open dialogue between frontline workers and management. This initiative helps foster a strong safety culture and build an inclusive working environment where employees feel respected and supported. We also require all project sites to provide adequate sanitation facilities, including an appropriate number of toilets and designated rest areas to ensure workers' comfort, hygiene and overall well-being.

Together with our Group's commitment to health and safety, we require our contractors to perform regular self-evaluations to ensure adherence to our safety protocols and implementation of major engineering inspections. As an additional safeguard, we conduct regular on-site inspections to assess contractors' performance and incentivise them to maintain and improve working conditions.

### Workplace Health and Safety

The Group places strong emphasis on the well-being of employees working in our offices and managed properties. Our dedication to maintaining a safe and healthy working environment is demonstrated through the extensive policies and procedures we have established to identify, control and mitigate risks across our daily operations.

To maintain our strict adherence to legal standards and regulations, including the Labour Law of the PRC and the Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong), we continually develop additional policies that uphold a robust standard of workplace safety.

We proactively communicate and promote vital health and safety initiatives, as well as updates to our policies, to ensure our employees are well-informed and vigilant about measures for employee well-being. Likewise, we continue to ensure the proper implementation of control measures to reduce electrical and fire hazards, while maintaining cleaning protocols to ensure a clean and organised workplace.

## Environmental, Social and Governance Report (continued)

The Group implements a range of protective measures to support employees' physical and mental well-being. We have established work-from-home arrangements, together with enhanced educational initiatives on personal hygiene to safeguard health.



*Fire emergency drill*



*Work injury prevention safety training*

During the Reporting Period, the Group recorded no work-related fatalities. A total of 580 lost days due to work-related injuries were reported, representing a 60% year-on-year reduction. All incidents are investigated and followed up in accordance with established procedures, with preventive measures continuously strengthened to minimise the risk of future workplace accidents.

# Environmental, Social and Governance Report (continued)

## III. BUILDING SUSTAINABLE COMMUNITY

The Group recognises the essential role of various stakeholder groups, including customers, suppliers and employees, who are invested in its operations and performance. By understanding stakeholders' expectations and interests, the Group operates to the highest standards of ethical conduct to ensure fair competition in the market. Additionally, we contribute to the communities in which we operate through social services initiatives.

There were no material non-compliance cases noted relating to corruption, bribery, extortion, fraud and money laundering during the Reporting Period. The Group conducts business in compliance with relevant local anticorruption laws and regulations.

Issues in This Section	SDG Issues Involved
<ul style="list-style-type: none"><li>• Fair Competition</li><li>• Community Investment</li></ul>	

### Fair Competition

We strive to maintain integrity and uphold ethical business practices. By cultivating a culture of transparency and mutual respect, we aim to contribute to a more vibrant and competitive market landscape while remaining trusted by our stakeholders.

### Anti-Corruption

Honesty, integrity and fairness are regarded as the highest standards for our Group's operations. We have established anti-corruption policies and provide relevant training to strengthen ethical conduct across our workforce. For example, employees are discouraged from accepting personal benefits while fulfilling their duties. To safeguard work-related confidential information, both directors and staff must ensure that such data is never exploited for personal benefit. Our goal is to develop a unified internal guideline that ensures clarity and reduces the risk of inappropriate business practices.

Our Code of Conduct is incorporated into the Employee Handbook, which provides a core framework outlining expected behaviours and prohibited practices. All employees are introduced to the Handbook and our anti-corruption policies during onboarding and regular refresher training. This ensures a clear understanding of ethical standards and reinforces our ongoing commitment to integrity and accountability across all business activities.

Moreover, our commitment to ethical business conduct extends to our business partners, ensuring that our business ethics standards are upheld throughout the entire value chain. Robust policies and procedures are in place to guide our supplier selection process, ensuring it is conducted in a fair and transparent manner. We have also incorporated key anti-corruption and anti-money laundering provisions into our business contracts, clearly defining the responsibilities and expectations of all parties. These requirements help establish a shared understanding of responsible and ethical business practices.

# Environmental, Social and Governance Report (continued)

Nevertheless, the Group has established formal reporting channels for employees and business partners to raise concerns about potential fraud, criminal activities, and breaches of legal or internal requirements. When allegations of corruption, money laundering, or other misconduct are reported, our management conducts a comprehensive investigation. Any serious cases are escalated to the Board to ensure senior leadership oversight and appropriate follow-up actions are taken. Throughout the process, we maintain strict confidentiality to safeguard the identities of individuals who report concerns. We treat all violations with utmost seriousness, and offenders may face consequences, including termination of business or employment contracts.

We are dedicated to complying with all relevant legal frameworks, including the Criminal Law and Anti-Money Laundering Law of the PRC, alongside the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong). During the Reporting Year, there was no corruption litigation involving the Group and/or its employees.

## Intellectual Property Rights

In accordance with the Copyright Ordinance, the Group has implemented an Intellectual Property Protection Policy to safeguard the rights of our business partners. All employees are required to adhere strictly to this policy, in accordance with applicable laws and licensing requirements, such as the Patent Law of the PRC and the Patents Ordinance (Cap. 514 of the Laws of Hong Kong), when using materials, images, content or any other intellectual property not created or owned by the Group. We enforce a zero-tolerance policy on the unauthorised use, reproduction, sale or distribution of any intellectual property, including the use of pirated products. A set of comprehensive records of the intellectual property held by the Group is maintained to ensure full compliance with relevant legal requirements.

## Community Investment

The Group acknowledges the importance of the communities in which it operates and seeks to contribute positively to broader social and economic development. In response to ongoing challenges related to unequal access to social resources, the Group provides support to underprivileged groups where appropriate.

During the Reporting Period, the Group implemented a wide range of community activities, including educational sponsorships, assistance for disadvantaged children and elderly care activities. In 2025, the Group dedicated 240,000 hours to supporting community initiatives. We also supported targeted community programmes, advancing our effort to a brighter future and sustainable community.

# Environmental, Social and Governance Report (continued)

## Nurturing the Next Generation via Education

Recognising the role of education in personal development and social progress, the Group supports learning opportunities for children and young adults. Since 2009, the Group has provided support to the “Peking University China Finance 40 Forum Road King Scholarship Program”, alongside a variety of networking opportunities and subsidised academic activities.



*On 15 November 2025, the National School of Development of Peking University hosted the launching ceremony for Peking University China Finance 40 Forum Road King Scholarship Program 2025.*

Since 2013, the Group has also launched the Elite Child Plan in partnership with the China Real Estate Chamber of Commerce and the Elite Habitat Development Foundation, through which the donations and material support are provided to help improve the living conditions of children attending orphan schools and village kindergartens in the western regions of Mainland China.



*On 15 September 2025, our employees participated in a primary school visit organised under the Elite Child Plan in Shiqian County, Guizhou Province of Mainland China.*

# Environmental, Social and Governance Report (continued)

## SUMMARY OF KEY PERFORMANCE INDICATORS

### Environmental Performance

Non-hazardous Wastes	2025	2024	2023
Paper Disposed (kg)	<b>13,514</b>	21,155	30,197
Intensity per Headcount (kg/person)	<b>3.68</b>	5.63	7.56
Paper Recycled (kg)	<b>3,635</b>	6,034	7,077
Intensity per Headcount (kg/person)	<b>0.99</b>	1.60	1.77
Other Non-hazardous Wastes Disposed (kg)	<b>1,616</b>	2,009	3,628
Intensity per Headcount (kg/person)	<b>0.44</b>	0.53	0.91
Other Non-hazardous Wastes Recycled (kg)	<b>521</b>	692	1,404
Intensity per Headcount (kg/person)	<b>0.14</b>	0.18	0.35
Energy Consumption	2025	2024	2023
Petrol (MWh)	<b>11,315</b>	1,604	1,867
Intensity per Headcount (MWh/person)	<b>3.08</b>	0.43	0.47
Electricity (MWh)	<b>1,952</b>	2,730	3,226.5
Intensity per Headcount (MWh/person)	<b>0.53</b>	0.73	0.81
Water Consumption	2025	2024	2023
Water (cubic meter)	<b>19,298</b>	115,663	227,785
Intensity per Headcount (cubic meter/person)	<b>5.26</b>	30.76	57.03
GHG Emissions	2025	2024	2023
Direct (Scope 1) Emissions (kg CO <sub>2</sub> e)	<b>3,105,571</b>	457,240	521,635
Intensity per Headcount (kg CO <sub>2</sub> e/person)	<b>845.97</b>	121.61	130.60
Indirect (Scope 2) Emissions (kg CO <sub>2</sub> e)	<b>1,116,007</b>	1,545,354	1,802,096
Intensity per Headcount (kg CO <sub>2</sub> e/person)	<b>304.01</b>	411.00	451.20
Other Indirect (Scope 3) Emissions (kg CO <sub>2</sub> e)	<b>72,698</b>	141,781	232,853
Intensity per Headcount (kg CO <sub>2</sub> e/person)	<b>19.80</b>	37.71	58.30

#### Notes:

1. The 2024 data has been restated to reflect refinements to the Group's reporting boundary.
2. The decrease in water consumption was mainly attributed to a lower level of construction activities during the Reporting Period.
3. The increase in petrol consumption and Scope 1 emissions was mainly attributable to a higher number of cross-region trips undertaken by company-owned vehicles, which replaced high-speed rail travel compared with previous years.
4. GHG emissions were calculated in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011). The Group adopted the equity share approach to define its reporting boundary, with emissions quantified based on activity data collected from in-scope operations and converted using appropriate emission factors sourced from internationally recognised or local authoritative references. During the reporting period, no material changes were made to the measurement approach, inputs or assumptions unless otherwise stated. Scope 2 GHG emissions are disclosed on a location-based basis. Scope 3 GHG emissions comprise Category 5 waste and wastewater generated in operations, as defined under the GHG Protocol Corporate Value Chain (Scope 3) Standard, based on an assessment of the Group's value chain activities and data availability.

# Environmental, Social and Governance Report (continued)

## CONTENT INDEX FOR STOCK EXCHANGE ESG REPORTING CODE

### Part C “Comply or explain” Provisions

General Disclosures and KPIs	Description	Reference (Page Number)/ Remark
<b>Environmental</b>		
<b>Aspect A1: Emissions</b>		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p> <p><i>Note: Air emissions include NOx, SOx and other pollutants regulated under national laws and regulations.</i></p> <p><i>Hazardous wastes are those defined by national regulations.</i></p>	<ul style="list-style-type: none"> <li>Offering Quality Properties and Services (90-109)</li> </ul>
KPI A1.1	The types of emissions and respective emissions data.	N/A, direct emissions of air and water from the operation/ management of the Group’s administrative offices and buildings are of immaterial amount
KPI A1.2	Repealed 1 January 2025	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	N/A, the amount of hazardous waste generated by the offices and properties under the Group’s management is of immaterial amount
KPI A1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	<ul style="list-style-type: none"> <li>Summary of KPI (123)</li> </ul>
KPI A1.5	Description of measures to mitigate emissions and results achieved.	<ul style="list-style-type: none"> <li>Environmental Goals (85)</li> <li>Offering Quality Properties and Services (90-109)</li> </ul>
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	<ul style="list-style-type: none"> <li>Environmental Goals (85)</li> <li>Offering Quality Properties and Services (90-109)</li> </ul>

# Environmental, Social and Governance Report (continued)

General Disclosures and KPIs	Description	Reference (Page Number)/ Remark
<b>Environmental</b>		
<b>Aspect A2: Use of Resources</b>		
General Disclosure	<p>Policies on efficient use of resources including energy, water and other raw materials.</p> <p><i>Note:</i></p> <p>Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</p>	<ul style="list-style-type: none"> <li>Offering Quality Properties and Services (90-109)</li> </ul>
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	<ul style="list-style-type: none"> <li>Summary of KPI (123)</li> </ul>
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	<ul style="list-style-type: none"> <li>Summary of KPI (123)</li> </ul>
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	<ul style="list-style-type: none"> <li>Environmental Goals (85)</li> <li>Offering Quality Properties and Services (90-109)</li> </ul>
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	<ul style="list-style-type: none"> <li>Offering Quality Properties and Services (90-109)</li> </ul> <p>During the Reporting Period, there was no issue in sourcing water that is fit for the Group's property development and management purposes.</p>
KPI A2.5	Total packaging material used for finished products (in tonnes), and, if applicable, with reference to per unit produced.	N/A, the amount of packaging materials used by the Group is of immaterial amount
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	<ul style="list-style-type: none"> <li>Offering Quality Properties and Services (90-109)</li> </ul>
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	<ul style="list-style-type: none"> <li>Offering Quality Properties and Services (90-109)</li> </ul>
<b>Aspect A4: Climate Change</b>		
General Disclosure	Repealed 1 January 2025	
KPI A4.1	Repealed 1 January 2025	

# Environmental, Social and Governance Report (continued)

General Disclosures and KPIs	Description	Reference (Page Number)/ Remark										
<b>Social</b>												
<b>Aspect B1: Employment</b>												
General Disclosure	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	<ul style="list-style-type: none"> <li>Establishing Constructive Workplace (110-119)</li> </ul>										
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	<ul style="list-style-type: none"> <li>Establishing Constructive Workplace (110-119)</li> </ul>										
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	<ul style="list-style-type: none"> <li>Establishing Constructive Workplace (110-119)</li> </ul>										
<b>Aspect B2: Health and Safety</b>												
General Disclosure	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to providing a safe working environment and protecting employees from occupational hazards.	<ul style="list-style-type: none"> <li>Establishing Constructive Workplace (110-119)</li> </ul>										
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	<ul style="list-style-type: none"> <li>Establishing Constructive Workplace (119)</li> </ul> <table border="1"> <thead> <tr> <th colspan="2">No. of work-related fatalities</th> </tr> <tr> <th>Year</th> <th>(Rate)</th> </tr> </thead> <tbody> <tr> <td>2025</td> <td>0 (0%)</td> </tr> <tr> <td>2024</td> <td>1 (&lt;0.001%)</td> </tr> <tr> <td>2023</td> <td>0 (0%)</td> </tr> </tbody> </table>	No. of work-related fatalities		Year	(Rate)	2025	0 (0%)	2024	1 (<0.001%)	2023	0 (0%)
No. of work-related fatalities												
Year	(Rate)											
2025	0 (0%)											
2024	1 (<0.001%)											
2023	0 (0%)											
KPI B2.2	Lost days due to work injury.	<ul style="list-style-type: none"> <li>Establishing Constructive Workplace (119)</li> </ul>										
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	<ul style="list-style-type: none"> <li>Establishing Constructive Workplace (110-119)</li> </ul>										

# Environmental, Social and Governance Report (continued)

General Disclosures and KPIs	Description	Reference (Page Number)/ Remark
<b>Social</b>		
<b>Aspect B3: Development and Training</b>		
General Disclosure	<p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p> <p><i>Note:</i> Training refers to vocational training. It may include internal and external courses paid by the employer.</p>	<ul style="list-style-type: none"> <li>Establishing Constructive Workplace (110-119)</li> </ul>
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	<ul style="list-style-type: none"> <li>Establishing Constructive Workplace (115)</li> </ul>
KPI B3.2	The average training hours completed per employee by gender and employee category.	<ul style="list-style-type: none"> <li>Establishing Constructive Workplace (115)</li> </ul>
<b>Aspect B4: Labour Standards</b>		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to preventing child or forced labour.</p>	<ul style="list-style-type: none"> <li>Establishing Constructive Workplace (110-119)</li> </ul>
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	<ul style="list-style-type: none"> <li>Establishing Constructive Workplace (110-119)</li> </ul>
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	N/A, no relevant violation was found by the Group
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	<ul style="list-style-type: none"> <li>Offering Quality Properties and Services (106)</li> </ul>
KPI B5.1	Number of suppliers by geographical region.	<ul style="list-style-type: none"> <li>Offering Quality Properties and Services (106)</li> </ul>
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	<ul style="list-style-type: none"> <li>Offering Quality Properties and Services (106)</li> </ul>
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	<ul style="list-style-type: none"> <li>Offering Quality Properties and Services (106)</li> </ul>
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	<ul style="list-style-type: none"> <li>Offering Quality Properties and Services (106)</li> </ul>

# Environmental, Social and Governance Report (continued)

General Disclosures and KPIs	Description	Reference (Page Number)/ Remark
<b>Social</b>		
<b>Aspect B6: Product Responsibility</b>		
General Disclosure	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	<ul style="list-style-type: none"> <li>Offering Quality Properties and Services (90-109)</li> </ul>
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A, recalls of the Group's products are not common
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	<ul style="list-style-type: none"> <li>Offering Quality Properties and Services (104-105)</li> </ul>
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	<ul style="list-style-type: none"> <li>Building Sustainable Community (121)</li> </ul>
KPI B6.4	Description of quality assurance process and recall procedures.	<ul style="list-style-type: none"> <li>Offering Quality Properties and Services (104-105)</li> </ul>
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	<ul style="list-style-type: none"> <li>Offering Quality Properties and Services (104)</li> </ul>
<b>Aspect B7: Anti-corruption</b>		
General Disclosure	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to bribery, extortion, fraud and money laundering.	<ul style="list-style-type: none"> <li>Building Sustainable Community (120-122)</li> </ul>
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	<ul style="list-style-type: none"> <li>Building Sustainable Community (120-122)</li> </ul>
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	<ul style="list-style-type: none"> <li>Building Sustainable Community (120-122)</li> </ul>
KPI B7.3	Description of anti-corruption training provided to directors and staff.	<ul style="list-style-type: none"> <li>Building Sustainable Community (120-122)</li> </ul>

# Environmental, Social and Governance Report (continued)

General Disclosures and KPIs	Description	Reference (Page Number)/ Remark
<b>Social</b>		
<b>Aspect B8: Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	<ul style="list-style-type: none"> <li>Building Sustainable Community (120-122)</li> </ul>
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	<ul style="list-style-type: none"> <li>Building Sustainable Community (120-122)</li> </ul>
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	<ul style="list-style-type: none"> <li>Building Sustainable Community (120-122)</li> </ul>

# Environmental, Social and Governance Report (continued)

## Part D: Climate-related Disclosures

Disclosure Index	Description	Reference (Page Number)/Remark
<b>(I) Governance</b>		
19	<p>An issuer shall disclose information about:</p> <p>a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:</p> <ol style="list-style-type: none"> <li>i. how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;</li> <li>ii. how and how often the board and its committees are informed about climate-related risks and opportunities;</li> <li>iii. how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;</li> <li>iv. how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities, including whether and how related performance metrics are included in remuneration policies; and</li> </ol> <p>b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including:</p> <ol style="list-style-type: none"> <li>i. whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and</li> <li>ii. whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.</li> </ol>	<ul style="list-style-type: none"> <li>• Offering Quality Properties and Services – Responding to Climate Change (106-107)</li> </ul> <p>Climate-related performance metrics are not currently included as explicit components of the Group's remuneration policies. The Group is at an early stage of developing its climate-related management and reporting framework and will review relevant practices in due course.</p>

# Environmental, Social and Governance Report (continued)

Disclosure Index	Description	Reference (Page Number)/Remark
<b>(II) Strategy</b>		
<b>Climate-related risks and opportunities</b>		
20	<p>An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:</p> <p>a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term;</p> <p>b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk;</p> <p>c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and</p> <p>d) explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.</p>	<ul style="list-style-type: none"> <li>Offering Quality Properties and Services – Responding to Climate Change (106-107)</li> </ul> <p>The Group is progressively enhancing its climate-related risk and opportunity assessment framework. Consideration is being given to the use of appropriate short-, medium- and long-term time horizons that reflect the Group's business characteristics and asset profile. Further refinement will be made as the framework continues to develop.</p>
<b>Business model and value chain</b>		
21	<p>An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:</p> <p>a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and</p> <p>b) a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).</p>	<ul style="list-style-type: none"> <li>Offering Quality Properties and Services – Responding to Climate Change (106-107)</li> </ul>

# Environmental, Social and Governance Report (continued)

Disclosure Index	Description	Reference (Page Number)/Remark
<b>(II) Strategy</b>		
<b>Strategy and decision-making</b>		
22	<p>An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:</p> <p>a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:</p> <ol style="list-style-type: none"> <li>i. current and anticipated changes to the issuer’s business model, including its resource allocation, to address climate-related risks and opportunities;</li> <li>ii. current and anticipated adaptation and mitigation efforts (whether direct or indirect);</li> <li>iii. any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer’s transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan;</li> <li>iv. how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and</li> </ol> <p>b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with 22(a).</p>	<ul style="list-style-type: none"> <li>• Offering Quality Properties and Services – Responding to Climate Change (106-107)</li> </ul>

# Environmental, Social and Governance Report (continued)

Disclosure Index	Description	Reference (Page Number)/Remark
23	An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	<ul style="list-style-type: none"> <li>• Offering Quality Properties and Services – Responding to Climate Change (106-107)</li> </ul> <p>Previously disclosed climate-related initiatives were high-level in nature and did not include defined milestones or quantitative indicators. The Group is developing supporting implementation and monitoring frameworks to facilitate more detailed progress disclosure over time.</p>
<b>Financial position, financial performance and cash flows</b>		
<b>Current financial effect</b>		
24	<p>An issuer shall disclose qualitative and quantitative information about:</p> <p>a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and</p> <p>b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.</p>	<ul style="list-style-type: none"> <li>• Offering Quality Properties and Services – Responding to Climate Change (106-107)</li> </ul>

# Environmental, Social and Governance Report (continued)

Disclosure Index	Description	Reference (Page Number)/Remark
<b>Anticipated financial effect</b>		
25	<p>The issuer shall provide qualitative and quantitative disclosures about:</p> <p>a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:</p> <p style="margin-left: 20px;">i. its investment and disposal plans; and</p> <p style="margin-left: 20px;">ii. its planned sources of funding to implement its strategy; and</p> <p>b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.</p>	<ul style="list-style-type: none"> <li>Offering Quality Properties and Services – Responding to Climate Change (106-107)</li> </ul> <p>The Group has undertaken qualitative consideration of climate-related risks during the Reporting Period. Quantitative scenario analysis is being developed progressively, taking into account data availability, methodological considerations and the relevance of assumptions to the Group’s long-term business context.</p>

# Environmental, Social and Governance Report (continued)

Disclosure Index	Description	Reference (Page Number)/Remark
<b>Financial position, financial performance and cash flows</b>		
<b>Climate resilience</b>		
26	<p>An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:</p> <ul style="list-style-type: none"> <li>a) the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of: <ul style="list-style-type: none"> <li>i. the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis;</li> <li>ii. the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and</li> <li>iii. the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;</li> </ul> </li> </ul>	<p>The Group is strengthening its climate risk assessment processes and data foundations. While the Group has undertaken qualitative consideration of climate-related risks, the development of robust scenario analysis requires further enhancement of data, assumptions and modelling capabilities, particularly in relation to long-term asset performance, market demand and regulatory pathways. The Group will consider to progressively develop scenario analysis capabilities in line with regulatory expectations and industry practice.</p>

# Environmental, Social and Governance Report (continued)

Disclosure Index	Description	Reference (Page Number)/Remark
<b>Financial position, financial performance and cash flows</b>		
<b>Climate resilience</b>		
	<p>b) how and when the climate-related scenario analysis was carried out, including:</p> <p>i. information about the inputs used, including:</p> <ol style="list-style-type: none"> <li>1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios;</li> <li>2) whether the analysis included a diverse range of climate-related scenarios;</li> <li>3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks;</li> <li>4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change;</li> <li>5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;</li> <li>6) time horizons the issuer used in the analysis; and</li> <li>7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);</li> </ol> <p>ii. the key assumptions the issuer made in the analysis; and</p> <p>iii. the reporting period in which the climate-related scenario analysis was carried out.</p>	

# Environmental, Social and Governance Report (continued)

Disclosure Index	Description	Reference (Page Number)/Remark
<b>(III) Risk Management</b>		
27	<p>An issuer shall disclose information about:</p> <p>a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:</p> <ol style="list-style-type: none"> <li>i. the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);</li> <li>ii. whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks;</li> <li>iii. how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);</li> <li>iv. whether and how the issuer prioritises climate-related risks relative to other types of risks;</li> <li>v. how the issuer monitors climate-related risks; and</li> <li>vi. whether and how the issuer has changed the processes it uses compared with the previous reporting period;</li> </ol> <p>b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and</p> <p>c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.</p>	<ul style="list-style-type: none"> <li>• Our ESG Management Approach (85-89)</li> </ul> <p>The Group is strengthening its climate risk assessment processes and data foundations. While the Group has undertaken qualitative consideration of climate-related risks, the development of robust scenario analysis requires further enhancement of data, assumptions and modelling capabilities, particularly in relation to long-term asset performance, market demand and regulatory pathways. The Group will consider to progressively develop scenario analysis capabilities in line with regulatory expectations and industry practice.</p>

# Environmental, Social and Governance Report (continued)

Disclosure Index	Description	Reference (Page Number)/Remark
<b>(IV) Metrics and Targets</b>		
<b>Greenhouse gas emissions</b>		
28	<p>An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO<sub>2</sub> equivalent, classified as:</p> <ol style="list-style-type: none"> <li>Scope 1 greenhouse gas emissions;</li> <li>Scope 2 greenhouse gas emissions; and</li> <li>Scope 3 greenhouse gas emissions.</li> </ol>	<ul style="list-style-type: none"> <li>Summary of Key Performance Indicators (123)</li> </ul>
29	<p>An issuer shall:</p> <ol style="list-style-type: none"> <li>measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;</li> <li>disclose the approach it uses to measure its greenhouse gas emissions including:               <ol style="list-style-type: none"> <li>the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions;</li> <li>the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and</li> <li>any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;</li> </ol> </li> <li>for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and</li> <li>for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).</li> </ol>	<ul style="list-style-type: none"> <li>Summary of Key Performance Indicators (123)</li> </ul>

# Environmental, Social and Governance Report (continued)

Disclosure Index	Description	Reference (Page Number)/Remark
<b>(IV) Metrics and Targets</b>		
<b>Climate-related transition risks</b>		
30	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	The Group is strengthening its climate risk assessment processes and data foundations. Quantitative disclosures will be considered where methodologies and data are sufficiently robust and reliable to support meaningful reporting.
<b>Climate-related physical risks</b>		
31	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	The Group is strengthening its climate risk assessment processes and data foundations. Quantitative disclosures will be considered where methodologies and data are sufficiently robust and reliable to support meaningful reporting.
<b>Climate-related opportunities</b>		
32	An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	While the Group recognises opportunities related to sustainable building design, energy efficiency and green development, these opportunities are currently assessed qualitatively and have not yet been translated into quantifiable financial metrics. The Group will continue to integrate climate considerations into its development and investment strategies and aims to enhance related disclosures in future reporting periods.

# Environmental, Social and Governance Report (continued)

Disclosure Index	Description	Reference (Page Number)/Remark
<b>Capital deployment</b>		
33	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	Climate-related considerations are currently embedded within broader development, refurbishment and investment decisions rather than tracked as standalone financial line items. The Group will review its internal capital allocation and tracking mechanisms to enhance transparency on climate-related investments as its climate strategy further evolves.
<b>(IV) Metrics and Targets</b>		
<b>Internal Carbon Prices</b>		
34	<p>An issuer shall disclose:</p> <p>a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and</p> <p>b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions;</p> <p>or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.</p>	The Group has not adopted an internal carbon pricing mechanism during the Reporting Period. The Group continues to monitor regulatory developments and market practices in relation to internal carbon pricing. Its applicability will be reviewed in the context of the Group's evolving climate strategy and long-term risk management approach.
<b>Remuneration</b>		
35	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	Climate-related considerations are not currently incorporated into the remuneration policies of directors or senior management. The Group is in the early stages of integrating climate-related considerations into its governance and performance management framework and will review the appropriateness of linking climate-related metrics to remuneration as its climate governance and strategy mature.

# Environmental, Social and Governance Report (continued)

Disclosure Index	Description	Reference (Page Number)/Remark
<b>Industry-based metrics</b>		
36	An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	<ul style="list-style-type: none"> <li>Summary of Key Performance Indicators (123)</li> </ul>
<b>(IV) Metrics and Targets</b>		
<b>Climate-related targets</b>		
37	<p>An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:</p> <ol style="list-style-type: none"> <li>the metric used to set the target;</li> <li>the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);</li> <li>the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region);</li> <li>the period over which the target applies;</li> <li>the base period from which progress is measured;</li> <li>milestones or interim targets (if any);</li> <li>if the target is quantitative, whether the target is an absolute target or an intensity target; and</li> <li>how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.</li> </ol>	<ul style="list-style-type: none"> <li>Our ESG Management Approach – ESG Goals (85)</li> </ul>

# Environmental, Social and Governance Report (continued)

Disclosure Index	Description	Reference (Page Number)/Remark
38	<p>An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:</p> <ol style="list-style-type: none"> <li>whether the target and the methodology for setting the target has been validated by a third party;</li> <li>the issuer's processes for reviewing the target;</li> <li>the metrics used to monitor progress towards reaching the target; and</li> <li>any revisions to the target and an explanation for those revisions.</li> </ol>	<ul style="list-style-type: none"> <li>Our ESG Management Approach – ESG Goals (85)</li> </ul>
39	<p>An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.</p>	<ul style="list-style-type: none"> <li>Our ESG Management Approach – ESG Goals (85)</li> <li>Summary of Key Performance Indicators (123)</li> </ul>
<b>(IV) Metrics and Targets</b>		
<b>Climate-related targets</b>		
40	<p>For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:</p> <ol style="list-style-type: none"> <li>which greenhouse gases are covered by the target;</li> <li>whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target;</li> <li>whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target;</li> <li>whether the target was derived using a sectoral decarbonisation approach; and</li> </ol>	<ul style="list-style-type: none"> <li>Our ESG Management Approach – ESG Goals (85)</li> <li>Summary of Key Performance Indicators (123)</li> </ul> <p>The Group has not formally adopted a sectoral decarbonisation approach nor utilised carbon credits during the Reporting Period. The Group's current focus is on improving data quality and strengthening internal climate-related management processes. The Group will continue to assess the applicability of recognised sector-specific decarbonisation pathways and the potential role of carbon credits as part of its longer-term climate strategy.</p>

# Environmental, Social and Governance Report (continued)

Disclosure Index	Description	Reference (Page Number)/Remark
	<p>e) the issuer’s planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose:</p> <ul style="list-style-type: none"> <li>i. the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;</li> <li>ii. which third-party scheme(s) will verify or certify the carbon credits;</li> <li>iii. the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and</li> <li>iv. any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).</li> </ul>	
<b>Applicability of cross-industry metrics and industry-based metrics</b>		
41	<p>In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider (i) the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).</p>	<ul style="list-style-type: none"> <li>• Summary of Key Performance Indicators (123)</li> </ul>

# Glossary

In this annual report, unless otherwise defined or as the context otherwise requires, the following expressions have the following meanings:

“15th Five-Year Plan”	the 15th Five-Year Plan for Economic and Social Development of the PRC
“2025 AGM”	the annual general meeting of the Company held on Wednesday, 21 May 2025
“2026 AGM”	the annual general meeting of the Company to be held on Friday, 22 May 2026
“Board”	the board of Directors
“BVI Court”	the Eastern Caribbean Supreme Court in the High Court of Justice, Virgin Islands (Commercial Division)
“Bye-laws”	the bye-laws of the Company
“Central Government”	The Central Government of the Mainland China
“CG Code”	Corporate Governance Code set out in Appendix C1 to the Listing Rules
“Company”/“Road King”	Road King Infrastructure Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (HK stock code: 1098)
“Director(s)”	the director(s) of the Company
“ESG”	Environmental, Social and Governance
“ESG Reporting Guide”	Environmental, Social and Governance Reporting Guide set out in Appendix C2 to the Listing Rules
“Greater Bay Area”	Guangdong – Hong Kong – Macao Greater Bay Area
“Group”/“We”/“Our”	the Company and its subsidiaries
“HK\$”/“Hong Kong dollar(s)”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IAM Segment”	Investment and Asset Management Segment of the Group
“IDR”	Indonesian Rupiah, the lawful currency of Indonesia
“Indonesia”	The Republic of Indonesia

“km”	kilometers
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mainland China”	the PRC, excluding Hong Kong, Macau and Taiwan for the purpose of this annual report
“MKT Expressway”	Medan-Kualanamu-Tebing Tinggi Expressway
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“N/A” or “n/a”	not applicable
“New Select”	New Select Global Limited, a company incorporated in the British Virgin Islands with limited liability
“NKK Expressway”	Ngawi Kertosono Kediri Expressway
“PRC”	the People’s Republic of China
“Property Segment”	Property Segment of the Group
“RMB”	Renminbi, the lawful currency of the PRC
“SB Expressway”	Semarang Batang Expressway
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Share Option Scheme”	the share option scheme adopted by the Company on 24 May 2023
“Shenzhen Investment”	Shenzhen Investment Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (HK stock code: 604) and is one of the substantial shareholders of the Company
“SN Expressway”	Solo Ngawi Expressway
“SOE(s)”	State-owned enterprise(s)
“sqm”	square meters

## Glossary (continued)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Toll Road Segment”	Toll Road Segment of the Group
“US\$”/“US dollars”	United States dollars(s), the lawful currency of the United States of America
“Wai Kee”	Wai Kee Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (HK stock code: 610) and is the controlling shareholder of the Company
“%”	per cent.

# Corporate Information

## EXECUTIVE DIRECTORS

Zen Wei Peu, Derek (*Chairman*)  
Fong Shiu Leung, Keter (*Chief Executive Officer*)  
Ng Fun Hung, Thomas (*Chief Financial Officer*)

## NON-EXECUTIVE DIRECTORS

Yan Zhongyu  
Deng Hongyu

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Wong Wai Ho  
Cheung Hon Kit, Edwin  
Ho Tai Wai, David  
Lam Man Kuen, Phyllis

## PROPERTY BUSINESS MANAGEMENT COMMITTEE

Zen Wei Peu, Derek  
Fong Shiu Leung, Keter (*Convenor*)  
Ng Fun Hung, Thomas  
Li Wanle  
Zhang Nan  
Diao Lu, Amy  
Gao Da Peng  
Chen Xue Ming

## AUDIT COMMITTEE

Ho Tai Wai, David (*Chairman*)  
Wong Wai Ho  
Cheung Hon Kit, Edwin

## NOMINATION COMMITTEE

Zen Wei Peu, Derek (*Chairman*)  
Wong Wai Ho  
Lam Man Kuen, Phyllis

## REMUNERATION COMMITTEE

Wong Wai Ho (*Chairman*)  
Zen Wei Peu, Derek  
Cheung Hon Kit, Edwin

## COMPANY SECRETARY

Ng Fun Hung, Thomas

## AUDITOR

Deloitte Touche Tohmatsu  
*Registered Public Interest Entity Auditors*

## SOLICITORS

Conyers, Dill & Pearman  
DeHeng Law Offices (Shenzhen)  
Linklaters  
Reed Smith Richards Butler LLP

## PRINCIPAL BANKERS

### Mainland China

Bank of China Limited  
China Construction Bank Corporation  
Industrial and Commercial Bank of China Limited

### Hong Kong

The Hongkong and Shanghai Banking Corporation Limited

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

# Corporate Information (continued)

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## PRINCIPAL PLACE OF BUSINESS

Suite 502, 5th Floor  
Tower 6, The Gateway  
9 Canton Road  
Tsimshatsui  
Kowloon  
Hong Kong

## SHARE LISTING

The Company's shares are listed on the main board of The Stock Exchange of Hong Kong Limited (Stock Code: 1098)

## NOTES, SECURITIES AND BONDS LISTING

The following notes and securities are listed on the Singapore Exchange Securities Trading Limited

- US\$480 million 6.7% guaranteed senior notes due 2028
- US\$300 million 5.9% guaranteed senior notes due 2028
- US\$415.6 million 6% guaranteed senior notes due 2029
- US\$500 million 5.2% guaranteed senior notes due 2029
- US\$500 million 5.125% guaranteed senior notes due 2030
- US\$300 million 7.95% senior guaranteed perpetual capital securities
- US\$300 million 7% senior guaranteed perpetual capital securities
- US\$300 million 7.75% senior guaranteed fixed-spread perpetual capital securities

## INVESTOR RELATIONS

Contact Persons: Ng Fun Hung, Thomas  
Tsoi Yuk Gee, Melissa  
Telephone: (852) 2957 6800  
Facsimile: (852) 2375 2477  
E-mail address: ir@roadking.com.hk

## WEBSITES

<http://www.roadking.com.hk>  
<http://www.rkph.com>

# Independent Auditor's Report

**Deloitte.**

德勤

**To the Shareholders of Road King Infrastructure Limited**

*(incorporated in Bermuda with limited liability)*

## DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Road King Infrastructure Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages F-4 to F-127, 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 and other explanatory information.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR DISCLAIMER OF OPINION

As disclosed in note 3.1 to the consolidated financial statements, the Group incurred a loss of HK\$5,302,164,000 and a net operating cash outflow of HK\$492,581,000 for the year ended 31 December 2025. In addition, in August 2025, the Group decided to suspend payment of all principal and interest on its senior notes, offshore bank loans and perpetual capital securities. The suspended payment has triggered events of default under certain financing arrangements and may lead to certain creditors of the Group demanding accelerated repayment of the Group's offshore bank loans and senior notes and/or taking enforcement action pursuant to the relevant terms. In October 2025, certain creditors of the Group have exercised such rights, accelerating repayment of a portion of the Group's offshore bank and other borrowings and taking enforcement actions. As at 31 December 2025, the Group's offshore bank loans of HK\$913,512,000 and senior notes of US\$1,456,692,000 (equivalent to HK\$11,332,475,000) have become repayable on demand prior to their contractual maturity dates. Accordingly, senior notes that were originally due over one year and classified as non-current liabilities have been reclassified as current liabilities.

The existence of these events or conditions may cast significant doubt on the Group's ability to continue as a going concern.

## Independent Auditor's Report (continued)

The Group has formulated various plans and measures with the objective of improving liquidity and cash flows of the Group. As a result, the Group has initiated a restructuring proposal, which has been introduced to a number of relevant creditors, including but are not limited to the following: (i) conversion of some of its existing debts to convertible bonds to be issued by creditor special purpose vehicle ("Creditor SPV"), which will hold 70% equity interest in a subsidiary ("Creditor Interest"), with the Company facilitating the disposal of the Creditor Interest; (ii) settlement of some of its existing debts through a tender offer for cash; and (iii) conversion of some of its existing debts through the issuance of a new 3% p.a. coupon medium-term instrument and new ordinary shares, in which the details are set out in note 3.1 to the consolidated financial statements. The validity of the going concern assumptions on which the consolidated financial statements of the Group have been prepared depends on reaching an agreement of the restructuring proposal with the relevant creditors. The Directors have considered the likelihood of reaching an agreement of the restructuring proposal with the relevant creditors and considered the underlying bases of management's cash flow projection, the Directors are of the opinion that the Group will have funds available to meet its financial obligations as and when they fall due within the next twelve months from 31 December 2025. Accordingly, the Directors considered it is appropriate to prepare the Group's consolidated financial statements on a going concern basis.

However, given the restructuring proposal has not been agreed with the relevant creditors of the Group as at the date of approval of the consolidated financial statements, we are unable to obtain sufficient appropriate evidence we considered necessary to assess whether the Group will be able to continue as a going concern. There were no other satisfactory procedures that we could adopt to satisfy ourselves that the appropriateness of the Directors' use of the going concern basis of accounting and adequacy of the related disclosures in the consolidated financial statements.

Should the Group fail to reach an agreement of the restructuring proposal with the relevant creditors, it might not be able to continue as a going concern and adjustments might have to be made to write down the carrying value of the Group's assets to their recoverable amount, recognise a liability for any contractual commitments that may have become onerous and to reclassify certain non-current liabilities as current liabilities with consideration of the contractual terms. The effects of these adjustments are not reflected in these consolidated financial statements.

The possible effects on the consolidated financial statements of undetected misstatements, if any, could be both material and pervasive.

### **RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

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

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

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

# Independent Auditor's Report (continued)

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing ("HKSA") as issued by the HKICPA and to issue an auditor's report in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

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.

The engagement partner on the audit resulting in this independent auditor's report is WONG, Kuen (practising certificate number: P05742).

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

26 March 2026

# Consolidated Statement of Profit or Loss

For the year ended 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
<b>Revenue</b>			
Property sales and service income		5,101,394	5,293,566
Other revenue		220,485	243,345
<b>Total revenue</b>	5	<b>5,321,879</b>	5,536,911
Cost of sales		(7,668,942)	(6,927,009)
Gross loss		(2,347,063)	(1,390,098)
Interest income		16,724	78,477
Other income		64,370	111,680
Other gains and losses	7	(1,567,173)	(2,294,989)
Selling expenses		(225,412)	(247,350)
Administrative expenses		(568,218)	(687,823)
Gains on disposal of subsidiaries	42	–	1,869,286
Share of results of associates		11,390	(11,102)
Share of results of joint ventures	8	(98,489)	(32,325)
Finance costs	9	(599,248)	(736,331)
<b>Loss before taxation</b>	10	<b>(5,313,119)</b>	(3,340,575)
Income tax credit	12	10,955	32,266
<b>Loss for the year</b>		<b>(5,302,164)</b>	(3,308,309)
<b>(Loss) profit for the year attributable to:</b>			
Owners of the Company		(5,981,508)	(4,121,870)
Owners of perpetual capital securities		545,971	540,452
Other non-controlling interests of subsidiaries		133,373	273,109
		<b>(5,302,164)</b>	(3,308,309)
<b>Loss per share</b>			
– Basic	14	(HK\$7.98)	(HK\$5.50)
– Diluted		N/A	N/A

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
<b>Loss for the year</b>	<b>(5,302,164)</b>	<b>(3,308,309)</b>
<b>Other comprehensive (expense) income</b>		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<b>(161,095)</b>	(93,121)
Share of other comprehensive expense of joint ventures	<b>(148)</b>	(4,053)
<i>Item that will not be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation to presentation currency	<b>241,270</b>	(797,940)
<b>Other comprehensive income (expense) for the year</b>	<b>80,027</b>	(895,114)
<b>Total comprehensive expense for the year</b>	<b>(5,222,137)</b>	<b>(4,203,423)</b>
<b>Total comprehensive (expense) income for the year attributable to:</b>		
Owners of the Company	<b>(5,893,471)</b>	(4,861,121)
Owners of perpetual capital securities	<b>545,971</b>	540,452
Other non-controlling interests of subsidiaries	<b>125,363</b>	117,246
	<b>(5,222,137)</b>	<b>(4,203,423)</b>

# Consolidated Statement of Financial Position

At 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	194,178	53,986
Right-of-use assets	16	18,714	13,122
Investment properties	17	4,564,648	5,323,712
Interests in associates	18	1,007,799	979,661
Interests in joint ventures	19	9,916,651	12,518,517
Deferred tax assets	30	182,241	268,821
Amounts due from joint ventures and associates	20	1,835,100	2,716,752
Loan receivables	22	309,058	510,580
Financial assets at fair value through profit or loss ("FVTPL")	25	428,187	551,560
		<b>18,456,576</b>	22,936,711
<b>Current assets</b>			
Inventory of properties	23	19,158,287	23,732,260
Amounts due from joint ventures and associates	20	566,191	1,092,002
Amounts due from other non-controlling interests of subsidiaries	21	587,501	1,208,249
Loan receivables	22	77,856	79,110
Debtors, deposits and prepayments	24	2,387,216	2,398,980
Prepaid income tax		1,320,156	1,371,083
Pledged bank deposits	26	32,789	421,169
Bank balances and cash	26	2,565,732	4,273,571
		<b>26,695,728</b>	34,576,424
<b>Total assets</b>		<b>45,152,304</b>	57,513,135
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	27	74,934	74,934
Reserves		5,244,233	10,740,513
		<b>5,319,167</b>	10,815,447
<b>Owners of perpetual capital securities</b>	36	<b>7,669,178</b>	7,123,442
<b>Other non-controlling interests of subsidiaries</b>		<b>2,044,473</b>	2,961,290
<b>Total equity</b>		<b>15,032,818</b>	20,900,179

# Consolidated Statement of Financial Position (continued)

At 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
<b>Non-current liabilities</b>			
Bank and other borrowings	29	2,016,973	13,314,706
Deferred tax liabilities	30	980,949	1,031,449
Lease liabilities	35	12,600	4,636
		<b>3,010,522</b>	14,350,791
<b>Current liabilities</b>			
Creditors and accrued charges	31	4,037,661	4,602,375
Amounts due to joint ventures and associates	32	3,675,434	5,386,445
Amounts due to other non-controlling interests of subsidiaries	33	512,522	861,938
Contract liabilities	34	3,753,329	4,391,491
Lease liabilities	35	8,070	10,377
Income tax payable		2,024,496	3,172,632
Bank and other borrowings	29	13,097,452	2,912,542
Financial liabilities at FVTPL	25	–	924,365
		<b>27,108,964</b>	22,262,165
<b>Total equity and liabilities</b>		<b>45,152,304</b>	57,513,135

The consolidated financial statements on pages F-4 to F-127 were approved and authorised for issue by the Board of Directors on 26 March 2026 and are signed on its behalf by:

**Zen Wei Peu, Derek**  
DIRECTOR

**Fong Shiu Leung, Keter**  
DIRECTOR

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Foreign currency translation reserve HK\$'000	Special reserve HK\$'000 (note (a))	Other reserve HK\$'000 (note (c))	Statutory reserve HK\$'000 (note (b))	Cash flow hedging reserve HK\$'000	Retained profits (accumulated losses) HK\$'000	Sub-total HK\$'000	Owners of perpetual capital securities HK\$'000	Other non-controlling interests of subsidiaries HK\$'000	Total equity HK\$'000
Balance at 1 January 2024	74,934	3,224,794	2,240	1,260,000	1,002,963	6,237,332	2,273	3,891,120	15,695,656	6,963,623	4,538,385	27,197,664
(Loss) profit for the year	-	-	-	-	-	-	-	(4,121,870)	(4,121,870)	540,452	273,109	(3,308,309)
Share of other comprehensive expense of joint ventures	-	-	-	-	-	-	(3,040)	-	(3,040)	-	(1,013)	(4,053)
Exchange differences arising on translation of foreign operations	-	-	(69,841)	-	-	-	-	-	(69,841)	-	(23,280)	(93,121)
Exchange differences arising on translation to presentation currency	-	-	(666,370)	-	-	-	-	-	(666,370)	-	(131,570)	(797,940)
<b>Total comprehensive (expense) income for the year</b>	<b>-</b>	<b>-</b>	<b>(736,211)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,040)</b>	<b>(4,121,870)</b>	<b>(4,861,121)</b>	<b>540,452</b>	<b>117,246</b>	<b>(4,203,423)</b>
Sub-total	74,934	3,224,794	(733,971)	1,260,000	1,002,963	6,237,332	(767)	(230,750)	10,834,535	7,504,075	4,655,631	22,994,241
Expense paid for perpetual capital securities	-	-	-	-	-	-	-	-	-	(15,841)	-	(15,841)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	(929)	(929)
Released upon disposal of subsidiaries of the Company	-	-	(392,905)	-	-	-	-	392,905	-	-	-	-
Reduction of capital of other non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(19,088)	(19,088)	-	(226,449)	(245,537)
Dividends paid/payable for other non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,466,963)	(1,466,963)
Paid for redemption of perpetual capital securities	-	-	-	-	-	-	-	-	-	(8,326)	-	(8,326)
Distributions paid for owners of perpetual capital securities	-	-	-	-	-	-	-	-	-	(356,466)	-	(356,466)
Appropriation	-	-	-	-	-	(202,080)	-	202,080	-	-	-	-
<b>Balance at 31 December 2024</b>	<b>74,934</b>	<b>3,224,794</b>	<b>(1,126,876)</b>	<b>1,260,000</b>	<b>1,002,963</b>	<b>6,035,252</b>	<b>(767)</b>	<b>345,147</b>	<b>10,815,447</b>	<b>7,123,442</b>	<b>2,961,290</b>	<b>20,900,179</b>
(Loss) profit for the year	-	-	-	-	-	-	-	(5,981,508)	(5,981,508)	545,971	133,373	(5,302,164)
Share of other comprehensive expense of joint ventures	-	-	-	-	-	-	(111)	-	(111)	-	(37)	(148)
Exchange differences arising on translation of foreign operations	-	-	(120,821)	-	-	-	-	-	(120,821)	-	(40,274)	(161,095)
Exchange differences arising on translation to presentation currency	-	-	208,969	-	-	-	-	-	208,969	-	32,301	241,270
<b>Total comprehensive income (expense) for the year</b>	<b>-</b>	<b>-</b>	<b>88,148</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(111)</b>	<b>(5,981,508)</b>	<b>(5,893,471)</b>	<b>545,971</b>	<b>125,363</b>	<b>(5,222,137)</b>
Sub-total	74,934	3,224,794	(1,038,728)	1,260,000	1,002,963	6,035,252	(878)	(5,636,361)	4,921,976	7,669,413	3,086,653	15,678,042
Expense paid for perpetual capital securities	-	-	-	-	-	-	-	-	-	(235)	-	(235)
Uncalled redemption right of sale loan transferred to equity (note 25(c))	-	-	-	-	400,000	-	-	-	400,000	-	-	400,000
Released upon disposal of interests in joint ventures	-	-	(30,238)	-	-	-	-	30,238	-	-	-	-
Reduction of capital of other non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(2,809)	(2,809)	-	(887,248)	(890,057)
Dividends paid/payable for other non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(154,932)	(154,932)
Appropriation	-	-	-	-	-	(1,093,908)	-	1,093,908	-	-	-	-
<b>Balance at 31 December 2025</b>	<b>74,934</b>	<b>3,224,794</b>	<b>(1,068,966)</b>	<b>1,260,000</b>	<b>1,402,963</b>	<b>4,941,344</b>	<b>(878)</b>	<b>(4,515,024)</b>	<b>5,319,167</b>	<b>7,669,178</b>	<b>2,044,473</b>	<b>15,032,818</b>

# Consolidated Statement of Changes in Equity (continued)

For the year ended 31 December 2025

## Notes:

- (a) Special reserve was arisen on group reorganisation and represents the difference between the nominal amount of the share capital issued by the Company and the aggregate of the nominal amount of the issued share capital of a subsidiary, which was acquired by the Company pursuant to the then group reorganisation.
- (b) The statutory reserve of the Company and its subsidiaries (the "Group") represents the reserve required by relevant laws of the People's Republic of China ("PRC") applicable to the Company's PRC subsidiaries.
- (c) Other reserve represents the transfers between the relevant reserves attributable to the shareholders of the Company and the other non-controlling interests of subsidiaries upon the partial disposal of interests in subsidiaries as detailed in note (d).
- (d) On 2 August 2018, Asia Belt and Road Expressway Company Limited (the "Investor"), a company independent of the Group, the Company and Road King Expressway International Holdings Limited ("RKE"), a wholly-owned subsidiary of the Company, entered into subscription agreement pursuant to which RKE has agreed to allot and issue, and the Investor has agreed to subscribe for 166,666,667 shares of RKE at the subscription price of US Dollars equivalent of HK\$2,000,000,000. Upon completion of the share subscription on 4 October 2018, the Investor held 25% equity interest in RKE, which was considered as a non-wholly owned subsidiary of the Company.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
<b>Operating activities</b>		
Loss before taxation	<b>(5,313,119)</b>	(3,340,575)
Adjustments for:		
Depreciation of property, plant and equipment	<b>25,995</b>	11,766
Depreciation of right-of-use assets	<b>10,225</b>	12,861
Impairment loss on loan receivables	<b>204,082</b>	789,071
Impairment loss on amounts due from joint ventures	<b>526,316</b>	738,475
Fair value losses on transfer of completed properties held for sale to investment properties	–	338,579
Change in fair value of investment properties	<b>858,956</b>	427,013
Change in fair value of financial asset at FVTPL		
– relating to investment in an unlisted entity	<b>130,634</b>	8,452
Change in fair value of financial liabilities at FVTPL		
– relating to participation rights	–	(28,990)
– relating to contingent consideration	–	(34,281)
– relating to sale loan with redemption right	<b>2,116</b>	62,452
Net exchange (gains) losses	<b>(132,941)</b>	608,011
Gains on buyback of senior notes	–	(590,967)
Interest income	<b>(16,724)</b>	(78,477)
Finance costs	<b>599,248</b>	736,331
Gains on disposal of subsidiaries	–	(1,869,286)
Net gains on disposal of interests in joint ventures	<b>(21,246)</b>	(17,414)
Share of results of associates	<b>(11,390)</b>	11,102
Share of results of joint ventures	<b>98,489</b>	32,325
Net gains on disposals/written off of property, plant and equipment	<b>(744)</b>	(5,412)
Operating cash flows before movements in working capital	<b>(3,040,103)</b>	(2,188,964)
(Increase) decrease in debtors, deposits and prepayments	<b>(27,906)</b>	361,180
Decrease in completed properties held for sale	<b>2,378,306</b>	1,948,637
Decrease in properties under development for sale	<b>2,643,977</b>	2,808,655
Decrease in creditors and accrued charges	<b>(642,547)</b>	(1,309,322)
(Decrease) increase in contract liabilities	<b>(712,432)</b>	1,136,907
Cash generated from operations	<b>599,295</b>	2,757,093
Income tax paid	<b>(1,091,876)</b>	(708,960)
<b>Net cash (used in) from operating activities</b>	<b>(492,581)</b>	2,048,133

# Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
<b>Investing activities</b>			
Cash distributions/dividends received from joint ventures		299,007	217,044
Addition to investment properties		(53,280)	–
Interest received		346,967	90,790
Purchases of property, plant and equipment		(4,918)	(14,382)
Proceeds on disposal of property, plant and equipment		1,195	12,082
Proceeds on disposal of investment properties		29,833	152,700
Net cash inflow from debt restructuring arrangement		–	3,582
Net cash inflow from acquisition of subsidiaries	41	–	52,223
Net cash proceeds on disposal of subsidiaries	42	–	4,917,159
Disposal-related transaction costs and expenses	42	–	(41,400)
Disposal-related income tax expenses	42	–	(372,511)
Net cash proceeds on disposal of interests in joint ventures		2,165	115,880
Additions to loan receivables		(419)	(3,457)
Repayment of loan receivables		47,863	114,660
Advances to other non-controlling interests of subsidiaries		(488,382)	(296,891)
Repayment from other non-controlling interests of subsidiaries		152,755	28,149
Advances to joint ventures		(241,127)	(503,072)
Repayment from joint ventures		569,870	695,002
Placement of pledged bank deposits		–	(375,664)
Withdrawal of pledged bank deposits		395,504	31,432
Placement of restricted bank balances		(2,586)	(982,652)
Withdrawal of restricted bank balances		746,713	728,757
Capital contributions to joint ventures		–	(26,467)
Capital reductions in joint ventures		48,133	114,285
Cash paid for contingent consideration designated as at FVTPL		(23,654)	–
<b>Net cash from investing activities</b>		<b>1,825,639</b>	<b>4,657,249</b>

# Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2025

NOTES	2025 HK\$'000	2024 HK\$'000
<b>Financing activities</b>		
New borrowings raised	–	1,201,887
Repayment of borrowings	<b>(1,541,799)</b>	(6,803,446)
Repayment of lease liabilities including related interests	<b>(10,968)</b>	(14,602)
Expenses paid for perpetual capital securities	<b>(235)</b>	(15,841)
Reduction in capital of other non-controlling interests of subsidiaries	<b>(2,809)</b>	(644)
Advances from other non-controlling interests of subsidiaries	–	9,657
Repayment to other non-controlling interests of subsidiaries	<b>(363,993)</b>	(550,644)
Advances from joint ventures and associates	<b>751,371</b>	1,144,739
Repayment to joint ventures and associates	<b>(152,731)</b>	(268,915)
Dividends paid for other non-controlling interests of subsidiaries	<b>(22,500)</b>	(1,057,358)
Distributions paid for owners of perpetual capital securities	–	(356,466)
Interest paid	<b>(522,557)</b>	(1,261,624)
Net cash paid for participation rights designated as at FVTPL	<b>(102,825)</b>	(12,205)
Cash paid for sale loan with redemption right designated as at FVTPL	<b>(400,000)</b>	–
Cash paid for redemption of perpetual capital securities	–	(8,326)
<b>Net cash used in financing activities</b>	<b>(2,369,046)</b>	(7,993,788)
<b>Net decrease in cash and cash equivalents</b>	<b>(1,035,988)</b>	(1,288,406)
<b>Cash and cash equivalents at beginning of the year</b>	<b>3,061,579</b>	4,504,651
Effect of foreign exchange rate changes	<b>51,778</b>	(154,666)
<b>Cash and cash equivalents at end of the year</b>	<b>2,077,369</b>	3,061,579
Add: designated bank balances	26 <b>488,363</b>	1,211,992
<b>Total bank balances and cash</b>	<b>2,565,732</b>	4,273,571

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 1. GENERAL INFORMATION

The Company is an exempted company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and principal place of business of the Company is Suite 502, 5/F, Tower 6, The Gateway, 9 Canton Road, Tsimshatsui, Kowloon, Hong Kong.

The Company acts as an investment holding company. The principal activities of the Group are the operation of property development and investment, investment and asset management businesses in Hong Kong and Mainland China; and the development, operation and management of toll roads through the infrastructure joint ventures in Indonesia. The principal activity of the major subsidiaries, associates and joint ventures are detailed in notes 49, 18 and 19 respectively.

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is different from the Company's functional currency of Renminbi ("RMB"). The directors of the Company (the "Directors") adopted HK\$ as presentation currency. For the convenience of the financial statements users, the consolidated financial statements are presented in HK\$, as the Company's shares are listed on the Stock Exchange.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

In the current year, the Group has applied the following amendments to a 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 periods beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to a 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.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 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 amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency <sup>3</sup>
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 <sup>2</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027.

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

### HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; 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 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. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

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

### 3.1 Going concern

In preparing the consolidated financial statements, the Directors have given careful consideration to the future liquidity, the financial position, the performance of the Group and its available sources of financing in assessing the Group's ability to continue as a going concern. The Group incurred a loss of HK\$5,302,164,000 and a net operating cash outflow of HK\$492,581,000 for the year ended 31 December 2025. In addition, in August 2025, the Group decided to suspend payment of all principal and interest on its senior notes, offshore bank loans and perpetual capital securities. The suspended payment has triggered events of default under certain financing arrangements and may lead to certain creditors of the Group demanding accelerated repayment of the Group's offshore bank loans and senior notes and/or taking enforcement action pursuant to the relevant terms. In October 2025, certain creditors of the Group have exercised such rights, accelerating repayment of a portion of the Group's offshore bank and other borrowings and taking enforcement actions. As at 31 December 2025, the Group's offshore bank loans of HK\$913,512,000 and senior notes of US\$1,456,692,000 (equivalent to HK\$11,332,475,000) have become repayable on demand prior to their contractual maturity dates. Accordingly, senior notes which were originally due over one year and classified as non-current liabilities have been reclassified as current liabilities.

As part of its plans and measures formulated by the Group with the objective of improving the liquidity and cash flows of the Group, the Group has initiated a restructuring proposal, which has been introduced to a number of relevant creditors, including but are not limited to the following:

- (i) conversion of some of its existing debts to convertible bonds to be issued by creditor special purpose vehicle ("Creditor SPV"), which will hold 70% equity interest in RKE ("Creditor Interest"), with the Company facilitating the disposal of the Creditor Interest;
- (ii) settlement of some of its existing debts through a tender offer for cash; and
- (iii) conversion of some of its existing debts through the issuance of a new 3% p.a. coupon medium-term instrument and new ordinary shares.

The Directors performed an assessment of the Group's future liquidity and cash flows, which included a cash flow projection for a period of not less than twelve months from 31 December 2025 and a review of assumptions about the likelihood of reaching an agreement of the restructuring proposal with the relevant creditors to meet the Group's financing needs. Taking into account the restructuring proposal and considering the underlying bases of management's cash flow projection, the Directors are of the opinion that the Group will have funds available to meet its financial obligations as and when they fall due within the next twelve months from 31 December 2025. Accordingly, the Directors consider it is appropriate to prepare the Group's consolidated financial statements on a going concern basis.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

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

### 3.1 Going concern – continued

Notwithstanding the above, the restructuring proposal has not been agreed with the relevant creditors of the Group as at the date of approval of the consolidated financial statements, material uncertainties exist as to whether the Group can continue as a going concern.

Should the Group fail to reach an agreement of the restructuring proposal with the relevant creditors, it might not be able to continue as a going concern and adjustments might have to be made to write down the carrying value of the Group's assets to their recoverable amount, recognise a liability for any contractual commitments that may have become onerous and to reclassify certain non-current liabilities as current liabilities with consideration of the contractual terms. The effects of these adjustments are not reflected in these consolidated financial statements.

### 3.2 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 ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments which 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, 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.

# Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2025

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

### 3.2 Basis of preparation of consolidated financial statements *(continued)*

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

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

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

### 3.3 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 owners of Company, to owners of the perpetual capital securities and to other non-controlling interests of subsidiaries. Total comprehensive income and expense of the subsidiaries attributed to owners of the Company, to owners of the perpetual capital securities and to other non-controlling interests of subsidiaries even if this results in non-controlling interests having a deficit balance.

# Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2025

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

### 3.3 Material accounting policy information *(continued)*

#### **Basis of consolidation** *(continued)*

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

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

Other non-controlling interests in subsidiaries, including owners of perpetual capital securities, 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, adjusted for consolidation adjustments or eliminations, if applicable.

#### **Changes in the Group's interests in existing subsidiaries**

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 Financial Instruments, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

# Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2025

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

### 3.3 Material accounting policy information *(continued)*

#### **Business combinations or asset acquisitions**

##### **Optional concentration test**

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

##### **Asset acquisitions**

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to the financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

When the Group obtains control over a joint venture which does not constitute a business through acquisition of additional interest, the carrying amount of the joint venture is not remeasured. The costs of the underlying assets and the related liabilities are measured at the sum of the carrying amount of the relevant joint venture under equity method and the consideration of the additional interest.

##### **Business combinations**

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

# Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2025

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

### 3.3 Material accounting policy information *(continued)*

#### **Business combinations or asset acquisitions** *(continued)*

##### **Business combinations** *(continued)*

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting (the “Conceptual Framework”) except for transactions and events within the scope of HKAS 37 or HK(IFRIC)-Int 21, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

# Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2025

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

### 3.3 Material accounting policy information *(continued)*

#### **Business combinations or asset acquisitions** *(continued)*

##### **Business combinations** *(continued)*

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

# Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2025

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

### 3.3 Material accounting policy information *(continued)*

#### 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.

#### 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.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group’s performance completed to date, the Group recognises revenue in the amount to which the Group has the right to invoice.

# Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2025

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

### 3.3 Material accounting policy information *(continued)*

#### Revenue from contracts with customers *(continued)*

##### Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for on the same basis as other borrowing costs.

##### Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (sales commissions) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

# Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2025

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

### 3.3 Material accounting policy information *(continued)*

#### **Inventory of properties**

Properties under development which are intended to be sold upon completion of development and 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 under development/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 cost to completion 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.

Properties under development are transferred to properties held for sale upon completion.

The Group transfers a property from inventory of properties to investment properties when there is a change in use to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the inception of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

#### **Interests in associates and joint ventures**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's infrastructure joint ventures are Sino-foreign co-operative joint ventures registered in the PRC in respect of which the partners' cash/profit sharing ratios until the expiration of the joint venture periods are predetermined in accordance with the joint venture agreements and may not be in proportion to their capital contribution ratios.

# Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2025

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

### 3.3 Material accounting policy information *(continued)*

#### Interests in associates and joint ventures *(continued)*

The results and assets and liabilities of associates and joint ventures are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is or the portion so classified is accounted for in accordance with HKFRS 5. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method until disposal of the portion that is classified as held for sale takes place. If the Group has lost significant influence/joint control over the associates/joint ventures after the disposal takes place, the Group accounts for any retained interest in the associates/joint ventures in accordance with HKFRS 9. If the Group has retained significant influence/joint control over the associates/joint ventures after the disposal takes place, the Group continues to account for the remaining interest using equity method. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investments in associates and joint ventures are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates and joint ventures based on the predetermined profit sharing ratio. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group.

When the Group's share of losses of an associate or a joint venture equals or exceeds its interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When the consideration transferred by the Group in an acquisition of joint venture includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in an acquisition of joint venture. The contingent consideration is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

# Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2025

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

### 3.3 Material accounting policy information *(continued)*

#### Interests in associates and joint ventures *(continued)*

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group applies HKFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying HKFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by HKAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with HKAS 28).

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

# Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2025

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

### 3.3 Material accounting policy information *(continued)*

#### **Interests in associates and joint ventures *(continued)***

##### **Changes in the Group's interests in associates and joint ventures**

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

##### **Acquisition of additional interests in associates or joint ventures**

When the Group increases its ownership interest in an associate or a joint venture but the Group continues to use the equity method, goodwill is recognised at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired over the consideration paid are recognised in the profit or loss in the period in which the additional interest are acquired.

##### **Toll road operation rights of joint ventures**

When applying the equity method of accounting, the concession intangible assets, which are the toll road operation rights of the Group's infrastructure joint ventures, are amortised to write off their cost over their expected useful lives or the remaining concession period, whichever is shorter, commencing from the date of commencement of operation of the underlying toll roads using an amortisation method which reflects the pattern in which the intangible asset's future economic benefits are expected to be consumed. The expected useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

# Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2025

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

### 3.3 Material accounting policy information *(continued)*

#### **Assets held for sale**

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

#### **Financial instruments**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a 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 by regulation or convention in the market place.

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

# Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2025

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

### 3.3 Material accounting policy information *(continued)*

#### **Financial instruments** *(continued)*

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

#### **Financial assets**

##### *Classification and subsequent measurement of financial assets*

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

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

All other financial assets are subsequently measured at FVTPL.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a designated and effective hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

# Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2025

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

### 3.3 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) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

#### *Impairment of financial assets and financial guarantee contracts subject to impairment assessment under HKFRS 9*

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other debtors, loan receivables, amounts due from joint ventures and associates, amounts due from other non-controlling interests of subsidiaries, pledged bank deposits and bank balances) and financial guarantee contracts 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.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.3 Material accounting policy information (continued)

#### Financial instruments (continued)

##### Financial assets (continued)

*Impairment of financial assets and financial guarantee contracts subject to impairment assessment under HKFRS 9 (continued)*

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.

The Group always recognises lifetime ECL for trade debtors.

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, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

# Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2025

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

### 3.3 Material accounting policy information *(continued)*

#### Financial instruments *(continued)*

#### Financial assets *(continued)*

*Impairment of financial assets and financial guarantee contracts subject to impairment assessment under HKFRS 9 (continued)*

(i) Significant increase in credit risk *(continued)*

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

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

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

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

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

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.3 Material accounting policy information (continued)

#### Financial instruments (continued)

#### Financial assets (continued)

*Impairment of financial assets and financial guarantee contracts subject to impairment assessment under HKFRS 9 (continued)*

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

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

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.3 Material accounting policy information (continued)

#### Financial instruments (continued)

##### Financial assets (continued)

*Impairment of financial assets and financial guarantee contracts subject to impairment assessment under HKFRS 9 (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.

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.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Lifetime ECL for certain trade debtors and loan 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.

# Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2025

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

### 3.3 Material accounting policy information *(continued)*

#### **Financial instruments** *(continued)*

#### **Financial assets** *(continued)*

*Impairment of financial assets and financial guarantee contracts subject to impairment assessment under HKFRS 9 (continued)*

(v) Measurement and recognition of ECL *(continued)*

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

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.

For financial guarantee contracts, the loss allowances are recognised 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 amount of income recognised over the guarantee period.

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 other debtors, loan receivables and financial guarantee contracts, where the corresponding adjustment is recognised through a loss allowance account.

#### *Derecognition/modification of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

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

# Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2025

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

### 3.3 Material accounting policy information *(continued)*

#### **Financial instruments** *(continued)*

##### **Financial assets** *(continued)*

##### *Derecognition/modification of financial assets (continued)*

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

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

#### **Financial liabilities and equity**

##### *Classification as debt or equity*

Debt and equity instruments are classified 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.

A contract that contains an obligation for an entity to purchase its own equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount.

##### *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.

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.3 Material accounting policy information (continued)

#### **Financial instruments** (continued)

#### **Financial liabilities and equity** (continued)

##### *Equity instruments* (continued)

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

##### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

##### *Financial liabilities at FVTPL*

Financial liabilities are classified at FVTPL when the financial liability is (i) contingent consideration arising from acquisition of a joint venture; (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.3 Material accounting policy information (continued)

#### **Financial instruments** (continued)

#### **Financial liabilities and equity** (continued)

##### *Financial liabilities at FVTPL* (continued)

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

##### *Financial liabilities at amortised cost*

Financial liabilities including creditors and accrued charges, bank and other borrowings, amounts due to joint ventures and associates and amounts due to other non-controlling interests of subsidiaries are subsequently measured at amortised cost, using the effective interest method.

##### *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.

##### *Derecognition of financial liabilities*

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

# Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2025

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

### 3.3 Material accounting policy information *(continued)*

#### **Financial instruments** *(continued)*

#### **Financial liabilities and equity** *(continued)*

*Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform*

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- a. the change is necessary as a direct consequence of interest rate benchmark reform; and
- b. the new basis for determining the contractual cash flows is economically equivalent to the previous basis (ie the basis immediately preceding the change).

#### **Derivative financial instruments**

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

#### *Offsetting a financial asset and a financial liability*

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **Investment properties**

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

Investment properties also include leased properties which are being recognised as right-of-use assets.

# Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2025

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

### 3.3 Material accounting policy information *(continued)*

#### **Investment properties** *(continued)*

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. A leased property which is recognised as a right-of-use asset is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

#### **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 the profit before taxation 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. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

# Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2025

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

### 3.3 Material accounting policy information *(continued)*

#### **Taxation** *(continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures and associates, 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.

The carrying amount of deferred tax assets is reviewed at the end of the 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, except for freehold land, which is always presumed to be recovered entirely 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 the related 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.

# Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2025

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

### 3.3 Material accounting policy information *(continued)*

#### **Taxation** *(continued)*

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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

#### **Borrowing costs**

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

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

#### **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 recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) 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. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

# Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2025

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

### 3.3 Material accounting policy information *(continued)*

#### Foreign currencies *(continued)*

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's entities and its joint ventures are translated into the presentation currency of the Group (i.e. HK\$) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to other non-controlling interests of subsidiaries as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Exchange differences relating to the retranslation of the Group's net assets in RMB to the Group's presentation currency (i.e. HK\$) are recognised directly in other comprehensive income and accumulated in foreign currency translation reserve. Such exchange differences accumulated in the foreign currency translation reserve are not reclassified to profit or loss subsequently.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.3 Material accounting policy information (continued)

#### Leases

##### Definition of a lease

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. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

##### 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.

###### *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, unless those costs are incurred to produce inventories.

# Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2025

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

### 3.3 Material accounting policy information *(continued)*

#### **Leases** *(continued)*

##### **The Group as a lessee** *(continued)*

##### *Right-of-use assets (continued)*

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

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

The Group presents right-of-use assets that do not meet the definition of investment property or inventory as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property or inventory are presented within "investment properties" and "inventory of properties", respectively.

##### *Refundable rental deposits*

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

##### *Lease liabilities*

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

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

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.

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

# Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2025

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

### 3.3 Material accounting policy information *(continued)*

#### **Leases** *(continued)*

##### **The Group as a lessee** *(continued)*

###### *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.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets. 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.

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

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

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.3 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.

#### **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 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 as "right-of-use assets" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model and inventory of properties. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

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

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

# Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2025

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

### 3.3 Material accounting policy information *(continued)*

#### Employee benefits

##### Retirement benefit costs

Payments to the state-managed retirement benefit scheme operated by the government and the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

##### Short-term and other long-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.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS Accounting Standard requires or permits their inclusion in the cost of an asset.

#### 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.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

### **Net realisable value of inventory of properties**

The assessment of the net realisable values of the properties under development for sale involves, inter alia, considerable analysis of current market price of properties of a comparable standard and location, construction costs to be incurred to complete the development based on existing asset structure and construction material price lists and the estimated costs necessary to make the sale. If the actual net realisable values of the underlying properties under development for sale are less than expected as a result of change in market condition and/or significant variation in the budgeted development cost, material provision for impairment losses may result. As at 31 December 2025, the carrying amount of properties under development for sale is HK\$12,273,135,000 (2024: HK\$14,450,053,000).

In addition, management exercises its judgment in making allowance for inventory of completed properties held for sale with reference to the existing market environment, the sales performance in previous years and estimated net realisable value of the properties, i.e. the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. A specific allowance for completed properties held for sale is made if the estimated net realisable value of the properties is lower than its carrying amount. If the actual net realisable values of the completed properties held for sale are less than expected as a result of change in market condition, material provision for impairment losses may result. As at 31 December 2025, the carrying amount of the completed properties held for sale is HK\$6,885,152,000 (2024: HK\$9,282,207,000).

A write down of the inventory of properties amounting to HK\$2,041,865,000 (2024: HK\$682,068,000) has been made in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

### **Amortisation of toll road operation rights**

Amortisation of toll road operation rights of the Group's infrastructure joint ventures is calculated based on the traffic volume for a particular year to the projected total traffic volume throughout the operating years of the respective toll roads. Estimation of total traffic volume over the remaining concession period is reviewed at the end of each reporting period taking into consideration of the actual traffic volume in the recent periods, the current and future development of the transportation network and government policies related to the toll road operations, as well as forecasted economic growth in the region. The effects of changes in estimates are accounted for prospectively and reflected in the Group's share of results of infrastructure joint ventures should there be a material difference between the projected total traffic volume and the actual traffic volume. As at 31 December 2025, the carrying amount of interests in infrastructure joint ventures is HK\$4,253,454,000 (2024: HK\$4,338,630,000).

### **Provision of ECL for loan receivables and amounts due from joint ventures and associates**

Loan receivables and amount due from joint ventures and associates are assessed for ECL individually. The provision rates are based on internal credit ratings with reference to historical default rates, the fair value of the collateral pledged by the borrowers, and reasonable and supportable forward-looking macroeconomic information that is available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed, changes in the forward-looking information and changes in the fair value of the collateral held are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL, the Group's loan receivables and amounts due from joint ventures and associates are disclosed in note 39.

### **Fair value measurements and valuation processes**

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Directors are responsible for determining the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Directors work closely with the independent qualified professional valuers to establish the appropriate valuation techniques and inputs to the model. The Directors regularly assess the impact and the cause of fluctuations in the fair value of the assets and liabilities.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments and investment properties. Notes 39(c) and 17 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 5. REVENUE

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

Segment	2025			2024		
	Property development and investment HK\$'000	Investment and asset management HK\$'000	Total HK\$'000	Property development and investment HK\$'000	Investment and asset management HK\$'000	Total HK\$'000
<b>Types of goods or services</b>						
Property sales	4,158,206	76,893	4,235,099	4,321,580	12,112	4,333,692
Property management and service income	842,882	23,413	866,295	944,606	15,268	959,874
<b>Total</b>	<b>5,001,088</b>	<b>100,306</b>	<b>5,101,394</b>	<b>5,266,186</b>	<b>27,380</b>	<b>5,293,566</b>
<b>Geographical market</b>						
Mainland China	4,885,020	100,306	4,985,326	4,994,758	27,380	5,022,138
Hong Kong	116,068	–	116,068	271,428	–	271,428
<b>Total</b>	<b>5,001,088</b>	<b>100,306</b>	<b>5,101,394</b>	<b>5,266,186</b>	<b>27,380</b>	<b>5,293,566</b>
<b>Timing of revenue recognition</b>						
Goods recognised at a point in time	4,158,206	76,893	4,235,099	4,321,580	12,112	4,333,692
Services recognised overtime	842,882	23,413	866,295	944,606	15,268	959,874
<b>Total</b>	<b>5,001,088</b>	<b>100,306</b>	<b>5,101,394</b>	<b>5,266,186</b>	<b>27,380</b>	<b>5,293,566</b>

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 5. REVENUE (continued)

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

(continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information

Segment	2025			2024		
	Property development and investment	Investment and asset management	Total	Property development and investment	Investment and asset management	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from contracts with customers	5,001,088	100,306	5,101,394	5,266,186	27,380	5,293,566
Rental income from commercial properties and other revenue	211,025	9,460	220,485	233,245	10,100	243,345
<b>Total revenue of the Group</b> <small>(note 6)</small>	<b>5,212,113</b>	<b>109,766</b>	<b>5,321,879</b>	5,499,431	37,480	5,536,911

### (b) Total revenue of the Group

	2025 HK\$'000	2024 HK\$'000
Property sales and service income	5,101,394	5,293,566
Rental income from commercial properties and other revenue (note)	220,485	243,345
<b>Total revenue of the Group</b>	<b>5,321,879</b>	5,536,911
Group's share of revenue of property joint ventures and associates	3,894,987	10,812,854
Group's share of toll revenue of infrastructure joint ventures	690,451	1,015,612
<b>Revenue of the Group and Group's share of revenue of joint ventures and associates</b>	<b>9,907,317</b>	17,365,377

Note: The rental related outgoings were insignificant to the Group.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 5. REVENUE (continued)

### (c) Performance obligations for contracts with customers and revenue recognition policies

#### Property sales

For contracts entered into with customers on sale of properties, the relevant properties specified in the contracts are based on customer's specifications with no alternative use. Taking into consideration of the relevant contract terms and the legal environment in Mainland China and Hong Kong, the Group concluded that the Group does not have an enforceable right to payment prior to transfer of the relevant properties to customers. Revenue from sale of residential properties is therefore recognised at a point in time when the control of completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has a present right to payment and collection of the consideration is probable.

The Group receives 30% to 100% of the contract value as deposits from customers when they sign the sale and purchase agreement while construction work of property is still ongoing. Certain customers who use mortgage loans provided by the banks and the remaining total contract value will be paid to the Group from the banks once the customers meet the requirements of the banks. Such advance payment schemes result in contract liabilities being recognised throughout the property construction period for the full amount of the contract price. The related financial guarantee contracts issued to banks in favour of customers in respect of the mortgage loans are not recognised separately as the fair value of the guarantees is immaterial.

The Group considers the advance payment schemes contain significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the Group. As this accrual increases the amount of the contract liability during the period of construction, it increases the amount of revenue recognised when control of the completed property is transferred to the customer. The Group has applied the practical expedient in HKFRS 15 and has not considered the financing component of contracts which are expected to be completed within one year from the date of payment made by customers.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

#### Property management and service income

It mainly consists of property management services where the Group acts as principal and is primary responsible for providing the property management services to the property owners. The Group bills a fixed rate for services provided on a monthly/regular basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed. As the property owners simultaneously receives and consumes the benefit provided by the Group's performance as the Group performs, the Group recognises the fee received or receivable from property owners as its revenue over time and all related property management costs as its cost of services.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 5. REVENUE (continued)

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

Certain property sales contracts have an original expected duration of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

For property sales contracts with an original duration of over one year, the transaction price allocated to the remaining performance obligations from property sales (unsatisfied or partially unsatisfied) as at 31 December 2025 amounting to HK\$3.2 billion (2024: HK\$3.4 billion), including the amount received in advance in contract liabilities. Management expects that the amounts will be recognised beyond one year upon these property sales contracts were signed. The amounts disclosed above does not include unsatisfied performance obligation that were related to the Group's contracts with customers with an original duration of one year or less.

All property management and service income are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

### (e) Leases

	2025 HK\$'000	2024 HK\$'000
Fixed lease payments	203,191	226,688
Variable lease payments that do not depend on an index or a rate	17,294	16,657
Total for the year	220,485	243,345

## 6. SEGMENT INFORMATION

The Group determines its operating segments based on internal reporting about components that are regularly reviewed by the chief operating decision makers (the "CODM"). Information reported to the Group's CODM, who mainly are the executive directors of the Company, for the purposes of resource allocation and assessment of performance is mainly focused on the different management teams of the related business operations (including interests in joint ventures and associates) stated as below:

Property development and investment	–	development of properties for sale and for rental income and/or potential capital appreciation
Toll road	–	development, operation and management of toll roads
Investment and asset management	–	property development and investment, integrated with property fund, cultural, tourist and commercial businesses

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 6. SEGMENT INFORMATION (continued)

The following is an analysis of the Group's revenue, (loss) profit, assets, liabilities and other information by operating and reportable segments for the years under review:

	2025				2024			
	Property development and investment HK\$'000	Toll road HK\$'000	Investment and asset management HK\$'000	Total HK\$'000	Property development and investment HK\$'000	Toll road HK\$'000	Investment and asset management HK\$'000	Total HK\$'000
Segment revenue	5,212,113	-	109,766	5,321,879	5,499,431	-	37,480	5,536,911
Segment (loss) profit	(3,714,469)	207,065	(1,755,685)	(5,263,089)	(2,984,795)	1,811,313	(2,050,442)	(3,223,924)
Segment assets (including interests in joint ventures and associates)	35,890,562	4,405,191	4,608,637	44,904,390	46,656,622	4,468,757	6,023,059	57,148,438
Segment liabilities	(28,796,960)	(37,892)	(683,115)	(29,517,967)	(35,217,989)	(64,639)	(714,748)	(35,997,376)

### (a) Measurement

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3.

Segment (loss) profit represents profit or loss generated from each segment, which includes share of results of associates, share of results of joint ventures, net gains on disposals/written off of property, plant and equipment, impairment losses on loan receivables and amounts due from joint ventures, fair value losses on transfer of completed properties held for sale to investment properties, change in fair value of investment properties, change in fair value of financial asset (liabilities) at FVTPL, net exchange gains (losses), gains on buyback of senior notes, net (loss) gains on disposal of interests in joint ventures, gains on disposal of subsidiaries, depreciation of property, plant and equipment and right-of-use assets, relevant interest income, finance costs and income tax credit (expenses) attributable to the relevant segment but without allocation of headquarters income and expenses.

Segment revenue comprises revenue from external customers. There was no inter-segment revenue.

Segment assets include property, plant and equipment, right-of-use assets, investment properties, interests in associates, interests in joint ventures, inventory of properties, amounts due from joint ventures and associates, amounts due from other non-controlling interests of subsidiaries, loan receivables, debtors, deposits and prepayments, prepaid income tax, financial assets at FVTPL, pledged bank deposits, bank balances and cash and deferred tax assets which are directly attributable to the relevant reportable segment.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 6. SEGMENT INFORMATION (continued)

### (a) Measurement (continued)

Segment liabilities include creditors and accrued charges, amounts due to joint ventures and associates, amounts due to other non-controlling interests of subsidiaries, contract liabilities, lease liabilities, income tax payable, bank and other borrowings, financial liabilities at FVTPL and deferred tax liabilities which are directly attributable to the relevant reportable segment.

Additions to non-current assets are the total costs incurred during the year to acquire segment assets that are expected to be used for more than one year and comprise purchase of property, plant and equipment and capital contributions to joint ventures and associates directly attributable to the segment.

### (b) Reconciliation of total segment loss, total segment assets and total segment liabilities

	2025 HK\$'000	2024 HK\$'000
Total segment loss	<b>(5,263,089)</b>	(3,223,924)
Unallocated items:		
Interest income	<b>466</b>	7,253
Corporate income	<b>6,736</b>	–
Corporate expenses	<b>(10,942)</b>	(46,307)
Finance costs	<b>(35,335)</b>	(45,331)
Consolidated loss for the year	<b>(5,302,164)</b>	(3,308,309)
Total segment assets	<b>44,904,390</b>	57,148,438
Unallocated assets:		
Right-of-use assets	<b>7,903</b>	4,186
Deposits and prepayments	<b>10,637</b>	82,558
Bank balances and cash	<b>229,374</b>	277,953
Consolidated total assets	<b>45,152,304</b>	57,513,135
Total segment liabilities	<b>(29,517,967)</b>	(35,997,376)
Unallocated liabilities:		
Accrued charges	<b>(9,297)</b>	(9,923)
Bank and other borrowings	<b>(583,783)</b>	(600,907)
Lease liabilities	<b>(8,439)</b>	(4,750)
Consolidated total liabilities	<b>(30,119,486)</b>	(36,612,956)

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 6. SEGMENT INFORMATION (continued)

### (c) Other segment information

	2025					2024				
	Property development and investment HK\$'000	Toll road HK\$'000	Investment and asset management HK\$'000	Unallocated HK\$'000	Consolidated total HK\$'000	Property development and investment HK\$'000	Toll road HK\$'000	Investment and asset management HK\$'000	Unallocated HK\$'000	Consolidated total HK\$'000
<b>Amounts included in the measure of segment loss:</b>										
Interest income	15,706	170	382	466	16,724	67,876	3,034	314	7,253	78,477
Gains on disposal of subsidiaries	-	-	-	-	-	6,890	1,862,396	-	-	1,869,286
Net (loss) gains on disposal of interests in joint ventures	(6,361)	8,467	19,140	-	21,246	-	-	17,414	-	17,414
Net gains on disposals/ written off of property, plant and equipment	744	-	-	-	744	599	-	4,813	-	5,412
Impairment loss on loan receivables	(161,117)	-	(42,965)	-	(204,082)	-	-	(789,071)	-	(789,071)
Impairment loss on amounts due from joint ventures	(494,093)	-	(32,223)	-	(526,316)	(572,057)	-	(166,418)	-	(738,475)
Fair value losses on transfer of completed properties held for sale to investment properties	-	-	-	-	-	(331,197)	-	(7,382)	-	(338,579)
Change in fair value of investment properties	(337,830)	-	(521,126)	-	(858,956)	(327,743)	-	(99,270)	-	(427,013)
Depreciation of property, plant and equipment	(22,262)	(386)	(3,347)	-	(25,995)	(9,094)	(474)	(2,198)	-	(11,766)
Depreciation of right-of-use assets	(5,350)	(226)	-	(4,649)	(10,225)	(7,251)	(784)	-	(4,826)	(12,861)
Finance costs	(116,997)	(39)	(446,877)	(35,335)	(599,248)	(73,556)	(39,617)	(577,827)	(45,331)	(736,331)
Income tax credit (expenses)	71,265	(17,624)	(42,686)	-	10,955	412,878	(404,337)	23,725	-	32,266
Share of results of associates	-	-	11,390	-	11,390	-	-	(11,102)	-	(11,102)
Share of results of joint ventures	(279,572)	251,298	(70,215)	-	(98,489)	(248,470)	456,771	(240,626)	-	(32,325)
<b>Amounts included in the measure of segment assets:</b>										
Right-of-use assets	10,425	386	-	7,903	18,714	8,240	696	-	4,186	13,122
Investment properties	3,817,021	-	747,627	-	4,564,648	4,048,176	-	1,275,536	-	5,323,712
Interests in associates	-	-	1,007,799	-	1,007,799	-	-	979,661	-	979,661
Interests in joint ventures	4,706,287	4,253,454	956,910	-	9,916,651	7,209,081	4,338,630	970,806	-	12,518,517
Financial assets at FVTPL	-	-	428,187	-	428,187	-	-	551,560	-	551,560
Additions to non-current assets during the year	65,528	151	-	8,367	74,046	39,580	-	1,307	-	40,887

### (d) Revenue from major products and services

The Group's revenue for the year mainly comprises sale of completed residential properties developed by the Group for sale purposes and property management service income. Details on the revenue by nature are set out in note 5.

### (e) Information about geographical areas

All of the Group's revenue is attributable to customers in Mainland China and Hong Kong. Details on the revenue by geographical areas are set out in note 5.

The Group's total non-current assets (excluding deferred tax assets and financial instruments) of HK\$11,298,773,000 (2024: HK\$14,467,079,000) are located in Mainland China. The remaining non-current assets of HK\$4,403,217,000 (2024: HK\$4,421,919,000) are substantially located in Hong Kong and Indonesia.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 6. SEGMENT INFORMATION (continued)

### (f) Information about major customers

In view of the nature of the toll road business, there are no major customers. For the property business and investment and asset management business, there was no customer who accounted for over 10% of the total revenue generated from the relevant operating and reportable segments.

## 7. OTHER GAINS AND LOSSES

	2025 HK\$'000	2024 HK\$'000
Net exchange gains (losses)	132,941	(608,011)
Change in fair value of financial asset at FVTPL		
– relating to investment in an unlisted entity (note 25)	(130,634)	(8,452)
Change in fair value of financial liabilities at FVTPL		
– relating to participation rights (note 25)	–	28,990
– relating to contingent consideration (note 19(c))	–	34,281
– relating to sale loan with redemption right (note 25)	(2,116)	(62,452)
Gains on buyback of senior notes (note 29)	–	590,967
Net gains on disposals/written off of property, plant and equipment	744	5,412
Net gains on disposal of interests in joint ventures	21,246	17,414
Impairment loss on loan receivables (note 39(b)(ii))	(204,082)	(789,071)
Impairment loss on amounts due from joint ventures (note 39(b)(ii))	(526,316)	(738,475)
Fair value losses on transfer of completed properties held for sale to investment properties (note 17)	–	(338,579)
Change in fair value of investment properties (note 17)	(858,956)	(427,013)
	<b>(1,567,173)</b>	<b>(2,294,989)</b>

## 8. SHARE OF RESULTS OF JOINT VENTURES

	2025 HK\$'000	2024 HK\$'000
Share of profits of infrastructure joint ventures before amortisation and taxation	382,427	593,315
Less share of:		
Amortisation of toll road operation rights	(56,737)	(108,177)
Income tax expenses	(74,392)	(28,367)
	<b>251,298</b>	<b>456,771</b>
Share of loss of property and other joint ventures	(349,787)	(489,096)
	<b>(98,489)</b>	<b>(32,325)</b>

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 9. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest on borrowings	840,545	1,122,199
Interest on lease liabilities	615	1,059
Other interest and finance costs	44,890	105,723
	<b>886,050</b>	1,228,981
Less: Capitalised in properties under development for sale	<b>(286,802)</b>	(492,650)
	<b>599,248</b>	736,331

Borrowing costs on general borrowings capitalised during the year are calculated by applying a capitalisation rate of 6.00% (2024: 6.33%) per annum to expenditure on qualifying assets.

## 10. LOSS BEFORE TAXATION

	2025 HK\$'000	2024 HK\$'000
Loss before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment (note 15)	26,397	12,019
Depreciation of right-of-use assets (note 16)	10,225	12,861
	<b>36,622</b>	24,880
Less: Capitalised in properties under development for sale	<b>(402)</b>	(253)
	<b>36,220</b>	24,627
Salaries and other benefits	585,765	700,544
Provident fund scheme contributions, net of forfeited contributions of HK\$83,000 (2024: HK\$377,000)	132,698	143,229
Less: Capitalised in properties under development for sale	<b>(17,083)</b>	(30,356)
	<b>701,380</b>	813,417
Total staff costs (excluding Directors' emoluments)		
Audit fee	4,647	4,647
Cost of inventory of properties recognised as an expense (including write down of inventories amounting to HK\$2,041,865,000 (2024: HK\$682,068,000))	<b>6,507,719</b>	5,922,696
and after crediting:		
Bank interest income	<b>11,029</b>	41,195

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

### Directors' emoluments

	Notes	Directors' fees HK\$'000	Salaries and allowances HK\$'000	Retirement scheme contributions HK\$'000	2025 Total HK\$'000
<b>Executive Directors</b>					
Zen Wei Peu, Derek		–	4,817	482	5,299
Fong Shiu Leung, Keter	(a)	–	13,000	500	13,500
Ng Fun Hung, Thomas		–	6,096	300	6,396
<b>Non-executive Directors</b>					
Cai Xun	(b)	270	–	–	270
Xu Enli	(c)	143	–	–	143
Yuan Yang	(d)	123	–	–	123
Yan Zhongyu	(e)	101	–	–	101
Deng Hongyu	(e)	101	–	–	101
<b>Independent Non-executive Directors</b>					
Wong Wai Ho		626	–	–	626
Hui Grace Suk Han	(f)	207	–	–	207
Cheung Hon Kit, Edwin		511	–	–	511
Ho Tai Wai, David		526	–	–	526
Lam Man Kuen, Phyllis	(g)	256	–	–	256
		<b>2,864</b>	<b>23,913</b>	<b>1,282</b>	<b>28,059</b>
	Notes	Directors' fees HK\$'000	Salaries and allowances HK\$'000	Retirement scheme contributions HK\$'000	2024 Total HK\$'000
<b>Executive Directors</b>					
Zen Wei Peu, Derek		–	4,817	482	5,299
Ko Yuk Bing	(h)	–	4,127	110	4,237
Fong Shiu Leung, Keter	(a)	–	17,700	500	18,200
Ng Fun Hung, Thomas		–	8,696	300	8,996
<b>Non-executive Directors</b>					
Cai Xun		370	–	–	370
Xu Enli		370	–	–	370
<b>Independent Non-executive Directors</b>					
Lau Sai Yung	(i)	305	–	–	305
Wong Wai Ho		684	–	–	684
Hui Grace Suk Han		537	–	–	537
Cheung Hon Kit, Edwin		411	–	–	411
Ho Tai Wai, David	(j)	323	–	–	323
		<b>3,000</b>	<b>35,340</b>	<b>1,392</b>	<b>39,732</b>

# Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2025

## 11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(continued)*

### Directors' emoluments *(continued)*

Notes:

- (a) Mr. Fong Shiu Leung, Keter's emoluments disclosed above included those for services rendered by him as the Chief Executive Officer.
- (b) Ms. Cai Xun resigned as a Non-executive Director of the Company with effect from 23 September 2025.
- (c) Mr. Xu Enli resigned as a Non-executive Director of the Company with effect from the conclusion of the annual general meeting of the Company ("AGM") held on 21 May 2025.
- (d) Mr. Yuan Yang was appointed as a Non-executive Director of the Company with effect from the conclusion of the AGM held on 21 May 2025 and resigned from the position with effect from 23 September 2025.
- (e) Mr. Yan Zhongyu and Ms. Deng Hongyu were appointed as Non-executive Directors of the Company with effect from 23 September 2025.
- (f) Ms. Hui Grace Suk Han retired as an Independent Non-executive Director of the Company with effect from the conclusion of the AGM held on 21 May 2025.
- (g) Ms. Lam Man Kuen, Phyllis was appointed as an Independent Non-executive Director of the Company with effect from the conclusion of the AGM held on 21 May 2025.
- (h) Mr. Ko Yuk Bing retired from the positions of Deputy Chairman and Executive Director of the Company with effect from 29 February 2024.
- (i) Mr. Lau Sai Yung retired as an Independent Non-executive Director of the Company with effect from the conclusion of the AGM held on 21 May 2024.
- (j) Mr. Ho Tai Wai, David was appointed as an Independent Non-executive Director of the Company with effect from the conclusion of the AGM held on 21 May 2024.

The Executive Directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The Non-executive Directors' emoluments shown above were for their services as Directors of the Company.

The Independent Non-executive Directors' emoluments shown above were for their services as Directors of the Company.

There was no arrangement under which a Director or the Chief Executive Officer waived or agreed to waive any remuneration during the years.

Details of the emoluments of the five highest paid individuals of the Group included three (2024: three) individuals who are Executive Directors throughout the year and their emoluments are included above. For the remaining two (2024: two) highest paid individual as the staffs of the Group, the salaries and allowances and retirement benefit contributions for the year ended 31 December 2025 were HK\$6,331,000 (2024: HK\$11,985,000) and HK\$454,000 (2024: HK\$475,000), respectively.

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

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 12. INCOME TAX CREDIT

	2025 HK\$'000	2024 HK\$'000
Current tax:		
Hong Kong profits tax	1,852	8,441
PRC enterprise income tax ("EIT")	113,166	338,953
PRC land appreciation tax ("LAT")	(183,057)	(258,659)
Withholding tax	33,165	68,305
	<b>(34,874)</b>	157,040
Deferred tax (note 30)	<b>23,919</b>	(189,306)
	<b>(10,955)</b>	(32,266)

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits derived from Hong Kong.

The Group operates in a jurisdiction that have implemented the Pillar Two Rules, which impose a global minimum effective tax rate of 15%. Based on the Group's preliminary assessment for the year ended 31 December 2025 and the information currently available, the overall impact of Pillar Two Rules on the Group's income tax position is not material. The Group will continue to monitor developments in Pillar Two legislation across relevant jurisdiction and assess the potential future impact on its financial statements.

EIT has been provided at the appropriate tax rates of 25% (2024: range from 10% to 25%) prevailing in the countries in which the Group operates on the estimated assessable profits for the year. EIT for the year ended 31 December 2024 included the income tax expenses of HK\$372,511,000 on the disposal of four expressway projects in Mainland China. Further details could be referred to note 42.

The provision for LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations which is charged at progressive rates ranging from 30% to 60% of the appreciation value, with certain allowable deductions.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 12. INCOME TAX CREDIT (continued)

The income tax credit for the year is reconciled to loss before taxation as follows:

	2025 HK\$'000	2024 HK\$'000
Loss before taxation	<b>(5,313,119)</b>	(3,340,575)
Tax at the applicable income tax rate of 25% (note)	<b>(1,328,280)</b>	(835,144)
LAT reversal	<b>(183,057)</b>	(258,659)
Tax effect of LAT	<b>45,764</b>	64,665
Tax effect of expenses not deductible for tax purpose	<b>897,834</b>	902,987
Tax effect of income not taxable for tax purpose	<b>(50,362)</b>	(197,213)
Tax effect of share of results of associates	<b>(2,848)</b>	2,776
Tax effect of share of results of joint ventures	<b>9,407</b>	(54,103)
Tax effect of tax losses not recognised	<b>359,023</b>	450,568
Tax effect of temporary difference not recognised	<b>182,801</b>	–
Tax effect of utilisation of tax losses previously not recognised	<b>(44,558)</b>	(45,908)
Deferred tax credit on undistributed earnings of subsidiaries and joint ventures	<b>(15,286)</b>	(36,478)
Withholding tax on distributed earnings of subsidiaries and joint ventures	<b>33,165</b>	68,305
Under-provision of EIT in prior year	<b>41,064</b>	–
Effect of different tax rates of subsidiaries and joint ventures operating in other jurisdictions	<b>21,353</b>	55,281
Tax difference in gains on disposal of PRC subsidiaries	–	(93,088)
Others	<b>23,025</b>	(56,255)
Income tax credit for the year	<b>(10,955)</b>	(32,266)

Note: The domestic tax rate of major subsidiaries in the PRC is used for the reconciliation as it is where the operations of the Group are substantially based.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 13. DIVIDENDS PAID

The Group has not paid any interim and final dividends both in 2025 and 2024.

The board of Directors (the "Board") has resolved not to recommend the payment of any final dividend in respect of 2025.

## 14. LOSS PER SHARE

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

	2025 HK\$'000	2024 HK\$'000
Loss for the purposes of basic loss per share attributable to owners of the Company	<b>(5,981,508)</b>	(4,121,870)

	2025 Number of shares '000	2024 Number of shares '000
Weighted average number of ordinary shares for the purpose of basic loss per share	<b>749,337</b>	749,337

No diluted loss per share for the years of 2025 and 2024 were presented as there were no dilutive potential ordinary shares in issue for both years.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>Cost</b>					
At 1 January 2024	13,115	68,117	95,636	32,000	208,868
Additions	–	12	13,945	425	14,382
Transfer in through debt restructuring arrangement	–	–	11,491	–	11,491
Acquisition of subsidiaries	–	–	38	–	38
Disposals/written off	(5,936)	(2,607)	(3,941)	(3,378)	(15,862)
Exchange adjustments	(303)	(1,523)	(908)	(272)	(3,006)
At 31 December 2024	6,876	63,999	116,261	28,775	215,911
Additions	–	<b>837</b>	<b>3,281</b>	<b>800</b>	<b>4,918</b>
Disposals/written off	<b>(84)</b>	<b>(617)</b>	<b>(5,929)</b>	<b>(9,806)</b>	<b>(16,436)</b>
Transfer from inventory	<b>161,650</b>	–	–	–	<b>161,650</b>
Exchange adjustments	<b>115</b>	<b>308</b>	<b>2,667</b>	<b>371</b>	<b>3,461</b>
<b>At 31 December 2025</b>	<b>168,557</b>	<b>64,527</b>	<b>116,280</b>	<b>20,140</b>	<b>369,504</b>
<b>Depreciation</b>					
At 1 January 2024	8,356	59,435	65,741	27,370	160,902
Charge for the year	134	845	9,512	1,528	12,019
Eliminated on disposals/ Written off	(1,592)	(2,607)	(2,009)	(2,984)	(9,192)
Exchange adjustments	(252)	(1,238)	(158)	(156)	(1,804)
At 31 December 2024	6,646	56,435	73,086	25,758	161,925
Charge for the year	<b>12,608</b>	<b>788</b>	<b>11,904</b>	<b>1,097</b>	<b>26,397</b>
Eliminated on disposals/ Written off	<b>(31)</b>	<b>(617)</b>	<b>(5,762)</b>	<b>(9,575)</b>	<b>(15,985)</b>
Exchange adjustments	<b>311</b>	<b>192</b>	<b>2,133</b>	<b>353</b>	<b>2,989</b>
<b>At 31 December 2025</b>	<b>19,534</b>	<b>56,798</b>	<b>81,361</b>	<b>17,633</b>	<b>175,326</b>
<b>Carrying values</b>					
<b>At 31 December 2025</b>	<b>149,023</b>	<b>7,729</b>	<b>34,919</b>	<b>2,507</b>	<b>194,178</b>
At 31 December 2024	230	7,564	43,175	3,017	53,986

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 15. PROPERTY, PLANT AND EQUIPMENT (continued)

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

Leasehold land and buildings	Over the term of the lease from 20 to 25 years
Leasehold improvements	Over the term of the lease or 5 years, whichever is shorter
Furniture, fixtures and equipment	10% – 25%
Motor vehicles	12.5% – 25%

The Group's leasehold land and buildings are situated in the PRC.

The allocation of leasehold land and buildings elements cannot be made reliably, and the leasehold interests in land are accounted for as property, plant and equipment.

## 16. RIGHT-OF-USE ASSETS

	2025 HK\$'000	2024 HK\$'000
<b>Leased properties</b>		
Carrying amount as at 31 December	<b>18,714</b>	13,122
Depreciation charge for the year (note 10)	<b>10,225</b>	12,861
<b>Cash outflows</b>		
	2025 HK\$'000	2024 HK\$'000
Cash outflow for lease liabilities	<b>10,968</b>	14,602
Total cash outflow for leases	<b>10,968</b>	14,602
Additions to right-of-use assets excluding those included in investment properties and inventory of properties	<b>15,848</b>	–

For both years, the Group leases office premises for its operations. Lease contracts are entered into for fixed terms of 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

### Restrictions or covenants on leases

As at 31 December 2025, lease liabilities of HK\$20,670,000 (2024: HK\$15,013,000) are recognised with related right-of-use assets of HK\$18,714,000 (2024: HK\$13,122,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Leased assets may not be used as security for borrowing purposes.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 17. INVESTMENT PROPERTIES

The Group leases out various office and commercial units under operating leases with rentals payable monthly. The leases typically run for an initial period of 6 months to 20 years, and the extension of lease period is subject to negotiation between the lessees and the Group. Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend. The leases of shopping mall contain variable lease payment that are based on percentage of sales and minimum annual lease payment that are fixed over the lease term.

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 any residual value guarantees or provide any options to the lessee to purchase the property at the end of lease term.

	2025 HK\$'000	2024 HK\$'000
<b>Completed properties, at fair value</b>		
At 1 January	<b>5,323,712</b>	5,244,882
Transfer in through debt restructuring arrangement (note 22)	–	456,009
Transfer from completed properties held for sale (note (a))	–	363,723
Addition	<b>53,280</b>	–
Disposals	<b>(29,833)</b>	(152,700)
Change in fair value recognised in profit or loss (note (b))	<b>(858,956)</b>	(427,013)
Exchange difference arising on translation to presentation currency	<b>76,445</b>	(161,189)
At 31 December	<b>4,564,648</b>	5,323,712

Notes:

- (a) The change in use of the properties were evidenced by the inception of lease contracts. The amounts included fair value losses of HK\$338,579,000 on transfer of completed properties held for sale to investment properties during the year of 2024.
- (b) It included unrealised fair value losses of HK\$799,723,000 (2024: HK\$305,579,000) relating to investment properties.

The investment properties are situated in Mainland China. The leasehold interests in land held by the Group as right-of-use assets to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair values of completed investment properties were determined by reference to valuations carried out by an independent firm of professional valuers not connected to the Group, who had recognised qualifications and relevant experience. The valuation report on these properties was signed by directors of the firm of professional valuers who are members of The Hong Kong Institute of Surveyors.

The valuation of the investment properties is arrived at, using the income capitalisation method, by capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties. There has been no change from the valuation technique used in the prior year.

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

The details of pledge of investment properties are disclosed in note 45.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 17. INVESTMENT PROPERTIES (continued)

The following table gives information about how the fair values of the investment properties are determined (in particular, the valuation techniques and inputs used which involve certain assumptions of market conditions), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1, 2 and 3) based on the degree to which the inputs to the fair value measurements is observable.

Completed investment properties held by the Group	Fair value		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Sensitivity
	31 December 2025 HK\$'000	31 December 2024 HK\$'000				
Commercial properties and shopping malls	4,564,648	5,323,712	Level 3	Income capitalisation of the net income and made provisions for reversionary income potential	<ol style="list-style-type: none"> <li>Term yield 2025: 3.5% – 6% (2024: 3.5% – 6%)</li> <li>Reversionary yield 2025: 4% – 7% (2024: 4% – 7%)</li> <li>Market monthly rental rate (RMB/sqm) 2025: RMB95 – RMB336 (2024: RMB106 – RMB349)</li> </ol>	<p>A significant increase in the term yield would result in a significant decrease in fair value, and vice versa</p> <p>A significant increase in the reversionary yield would result in a significant decrease in fair value, and vice versa</p> <p>A significant increase in the market monthly rental rate would result in significant increase in fair value, and vice versa</p>

There are no transfers into or out of Level 3 in both years.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 18. INTERESTS IN ASSOCIATES

	2025 HK\$'000	2024 HK\$'000
Cost of unlisted investments	809,576	809,576
Share of post-acquisition gains	250,194	238,804
Exchange adjustments	(51,971)	(68,719)
	<b>1,007,799</b>	979,661

Details of the Group's principal associate at 31 December 2025 and 31 December 2024 were as follows:

Name of entity	Place of incorporation/ establishment	Proportion of equity interest of the Group		Proportion of voting right of the Group		Principal activity
		2025	2024	2025	2024	
鄭州華首宏田置業有限公司 ("鄭州華首")	PRC	60%	60%	60%	60%	Development and sale of properties

The Group can exercise significant influence over the operating and financing activities of the associates.

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRS Accounting Standard. The associate is accounted for using the equity method in these consolidated financial statements.

	鄭州華首	
	2025 HK\$'000	2024 HK\$'000
Current assets	3,463,746	3,744,415
Non-current assets	32	31
Current liabilities	<b>(1,786,838)</b>	(2,114,360)

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 18. INTERESTS IN ASSOCIATES (continued)

	2025 HK\$'000	2024 HK\$'000
Revenue	<b>145,395</b>	202,564
Profit (loss) and total comprehensive income (expense) for the year	<b>18,985</b>	(18,500)
The above profit (loss) for the year includes the following:		
Depreciation and amortisation	–	–
Interest income	<b>43</b>	410
Income tax credit (expenses)	<b>64,937</b>	(1,021)

Reconciliation of the above summarised financial information to the carrying amount of interest in the material associate recognised in the consolidated financial statements:

	2025 HK\$'000	2024 HK\$'000
Net assets of 鄭州華首	<b>1,676,940</b>	1,630,086
Proportion of the Group's ownership interest	<b>60%</b>	60%
Net assets shared by the Group	<b>1,006,164</b>	978,052

### Aggregate information of associates that are not individually material

	2025 HK\$'000	2024 HK\$'000
The Group's share of loss and total comprehensive expense for the year	<b>(1)</b>	(2)

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 19. INTERESTS IN JOINT VENTURES

	2025 HK\$'000	2024 HK\$'000
Interests in infrastructure joint ventures		
Cost of investments	<b>4,010,461</b>	4,763,382
Return of cost of investments (note (a))	–	(832,115)
Share of post-acquisition profits, net of dividends received	<b>774,463</b>	596,734
Exchange adjustments	<b>(531,470)</b>	(189,371)
	<b>4,253,454</b>	4,338,630
Interests in property and other joint ventures		
Cost of investments	<b>7,905,647</b>	9,908,838
Share of post-acquisition losses, net of dividends received	<b>(1,396,248)</b>	(592,365)
Unrealised profits (note (b))	<b>(9,812)</b>	(26,883)
Exchange adjustments	<b>(836,390)</b>	(1,109,703)
	<b>5,663,197</b>	8,179,887
	<b>9,916,651</b>	12,518,517

Notes:

- (a) Infrastructure joint ventures distribute dividend to the Group based on the proportion of registered capital held by the Group or distribute the cash surplus to the Group based on the agreed profit/cash sharing ratio for cash distribution, pursuant to the joint venture agreements. The actual amount of cash distribution varies from time to time and depends on the toll road performance, the amount of operating expenses and capital expenditure incurred by the joint ventures.
- (b) The unrealised profits related to the Group's attributable interest income from amounts due from certain joint ventures. The related interest expenses were capitalised in inventory of properties of the joint ventures which have not been realised at 31 December 2025 and 2024.
- (c) In September 2019, the Group entered into conditional sale and purchase agreements with certain independent third parties to acquire 40% equity interest in PT Jasamarga Solo Ngawi ("SN JV") and PT Jasamarga Ngawi Kertosono Kediri ("NKK JV"), both are limited liability companies established in Indonesia. SN JV and NKK JV own concession rights of toll roads in Indonesia. The acquisition of SN JV includes contingent consideration arrangement, which is measured at FVTPL and the payment of such contingent consideration depends on the achievement of toll road tariff adjustment and receipt of cash compensation from the local government.

At 31 December 2024, the cash compensation from the local government was fully received by the Group and the fair value of consideration payable of HK\$23,654,000 was determined by the final amount settled by the Group in January 2025. Accordingly, no fair value gain or loss (2024: fair value gain HK\$34,281,000) was recognised to profit or loss during the year.

Details of the fair value measurement of the contingent consideration are set out in note 39(c)(i).

- (d) During the year ended 31 December 2024, the Group paid cash consideration to independent third parties or/and provided capital contribution in cash to certain joint ventures amounting to HK\$26,467,000 in aggregate to obtain the joint control of investees which are mainly engaging in property development in the PRC.
- (e) During the year of 2025, the Group disposed of four (2024: one) joint ventures. The cash consideration of HK\$2,165,000 (2024: HK\$115,880,000) was fully received. The disposal resulted in net gains on disposal of interests in joint ventures amounting to HK\$21,246,000 (2024: HK\$17,414,000).
- (f) Included in carrying amounts of interests in joint ventures are impairment losses of HK\$850,462,000 (2024: HK\$835,175,000) of which HK\$1,144,000 was recognised in profit or loss during the year.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 19. INTERESTS IN JOINT VENTURES (continued)

### Infrastructure joint ventures

Details of the Company's principal infrastructure joint ventures in Indonesia at 31 December 2025 and 31 December 2024 are as follows:

Name of infrastructure joint venture	Registered capital/ paid-up capital	Proportion of registered capital held directly by the Group (note 1)	Principal activities
SN JV	IDR3,718,430,650,000	40%	Investment in and development, operation and management of Solo Ngawi Expressway in Indonesia
NKK JV	IDR1,664,540,240,000	40%	Investment in and development, operation and management of Ngawi Kertosono Kediri Expressway in Indonesia
MKTT JV	IDR1,410,700,000,000	45%	Investment in and development, operation and management of Medan-Kualanamu-Tebing Tinggi Expressway in Indonesia
SB JV	IDR4,178,664,400,000	39.77%	Investment in and development, operation and management of Semarang Batang Expressway in Indonesia

Notes:

- At 31 December 2025, the interests in joint ventures are held by RKE, which is 75% (2024: 75%) held by the Group.
- SN JV, NKK JV, MKTT JV, SB JV, where its profit/cash sharing ratios are same as the proportion of the registered capital held by the Group over the duration of the joint ventures.

The above table lists the infrastructure joint ventures of the Group which, in opinion of the Directors, principally affected the results of the year or form a substantial portion of the net assets of the Group.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 19. INTERESTS IN JOINT VENTURES (continued)

### Infrastructure joint ventures (continued)

#### Summarised financial information of material infrastructure joint ventures

Summarised financial information in respect of the Group's material infrastructure joint ventures is set out below.

The summarised financial information below represents amounts shown in the infrastructure joint ventures' financial statements prepared in accordance with HKFRS Accounting Standards. The infrastructure joint ventures are accounted for using the equity method in these consolidated financial statements.

#### At 31 December 2025

	SN JV HK\$'000	NKK JV HK\$'000	MKTT JV HK\$'000	SB JV HK\$'000	Total HK\$'000
<b>Non-current assets</b>					
Property and equipment	119	31,773	582	1,328	33,802
Concession intangible assets	5,171,485	2,437,161	2,794,032	8,095,026	18,497,704
Other non-current assets	1,029	5,667	1,154	–	7,850
	<b>5,172,633</b>	<b>2,474,601</b>	<b>2,795,768</b>	<b>8,096,354</b>	<b>18,539,356</b>
<b>Current assets</b>					
Bank balances and cash	24,154	52,263	109,868	179,444	365,729
Restricted bank balances	54,738	63,430	14,322	99,147	231,637
Time deposit	–	–	34,742	–	34,742
Others	3,414	18,011	3,075	69,492	93,992
	<b>82,306</b>	<b>133,704</b>	<b>162,007</b>	<b>348,083</b>	<b>726,100</b>
<b>Current liabilities</b>					
Bank borrowings	116,667	39,648	120,866	122,920	400,101
Others	59,794	56,720	34,679	100,422	251,615
	<b>176,461</b>	<b>96,368</b>	<b>155,545</b>	<b>223,342</b>	<b>651,716</b>
<b>Non-current liabilities</b>					
Bank borrowings	2,262,823	1,020,524	730,519	3,310,614	7,324,480
Receipt in advance	–	–	245	–	245
Deferred taxation	271,152	190,852	307,655	748,847	1,518,506
Others	25,301	5,430	156,187	61,836	248,754
	<b>2,559,276</b>	<b>1,216,806</b>	<b>1,194,606</b>	<b>4,121,297</b>	<b>9,091,985</b>
<b>Net assets of joint ventures</b>	<b>2,519,202</b>	<b>1,295,131</b>	<b>1,607,624</b>	<b>4,099,798</b>	<b>9,521,755</b>
Proportion of the Group's interests	40%	40%	45%	39.77%	N/A
Net assets shared by the Group	1,007,681	518,052	723,431	1,630,490	3,879,654
Goodwill	–	–	–	373,800	373,800
<b>Carrying amount of the Group's interests in joint ventures</b>	<b>1,007,681</b>	<b>518,052</b>	<b>723,431</b>	<b>2,004,290</b>	<b>4,253,454</b>

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 19. INTERESTS IN JOINT VENTURES (continued)

### Infrastructure joint ventures (continued)

#### Summarised financial information of material infrastructure joint ventures (continued)

For the year ended 31 December 2025

	SN JV HK\$'000	NKK JV HK\$'000	MKTT JV HK\$'000	SB JV HK\$'000	Total HK\$'000
Toll revenue	492,461	343,385	268,514	591,605	1,695,965
Other income	2,724	16,178	1,882	15,459	36,243
Toll operation expenses	(60,390)	(42,583)	(47,147)	(52,617)	(202,737)
Administrative expenses	(8,722)	(7,805)	(6,733)	(8,915)	(32,175)
Depreciation and amortisation charges	(36,542)	(24,415)	(31,043)	(54,450)	(146,450)
Finance costs (net)	(170,943)	(79,694)	(49,053)	(252,611)	(552,301)
Income tax expenses	(61,884)	(34,272)	(29,681)	(56,760)	(182,597)
Profit and total comprehensive income for the year	156,704	170,794	106,739	181,711	615,948
Dividends received from joint ventures during the year	15,457	23,185	19,939	26,513	85,094

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 19. INTERESTS IN JOINT VENTURES (continued)

### Infrastructure joint ventures (continued)

#### Summarised financial information of material infrastructure joint ventures (continued)

At 31 December 2024

	SN JV HK\$'000	NKK JV HK\$'000	MKTT JV HK\$'000	SB JV HK\$'000	Total HK\$'000
<b>Non-current assets</b>					
Property and equipment	118	34,506	589	497	35,710
Concession intangible assets	5,371,501	2,519,192	2,907,678	8,439,094	19,237,465
Other non-current assets	802	1,042	597	953	3,394
	5,372,421	2,554,740	2,908,864	8,440,544	19,276,569
<b>Current assets</b>					
Bank balances and cash	28,752	46,397	106,370	160,626	342,145
Restricted bank balances	40,929	80,640	12,153	92,124	225,846
Time deposit	–	–	36,091	–	36,091
Others	4,147	1,712	1,058	42,576	49,493
	73,828	128,749	155,672	295,326	653,575
<b>Current liabilities</b>					
Bank borrowings	103,882	27,458	87,891	79,781	299,012
Others	83,673	46,978	24,854	58,019	213,524
	187,555	74,436	112,745	137,800	512,536
<b>Non-current liabilities</b>					
Bank borrowings	2,519,011	1,186,546	883,856	3,665,529	8,254,942
Receipt in advance	–	–	408	–	408
Deferred taxation	219,193	175,907	299,148	720,608	1,414,856
Others	22,095	15,119	161,377	68,197	266,788
	2,760,299	1,377,572	1,344,789	4,454,334	9,936,994
<b>Net assets of joint ventures</b>					
	2,498,395	1,231,481	1,607,002	4,143,736	9,480,614
Proportion of the Group's interests	40%	40%	45%	39.77%	N/A
Net assets shared by the Group	999,358	492,592	723,151	1,647,964	3,863,065
Goodwill	–	–	–	388,317	388,317
<b>Carrying amount of the Group's interests in joint ventures</b>					
	999,358	492,592	723,151	2,036,281	4,251,382

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 19. INTERESTS IN JOINT VENTURES (continued)

### Infrastructure joint ventures (continued)

#### Summarised financial information of material infrastructure joint ventures (continued)

For the year ended 31 December 2024

	SN JV HK\$'000	NKK JV HK\$'000	MKTT JV HK\$'000	SB JV HK\$'000	Total HK\$'000
Toll revenue	516,575	348,740	286,930	611,964	1,764,209
Other income (expenses)	552	1,419	(193)	1,529	3,307
Toll operation expenses	(62,331)	(45,279)	(54,114)	(59,624)	(221,348)
Administrative expenses	(7,511)	(7,783)	(7,020)	(8,059)	(30,373)
Depreciation and amortisation charges	(38,102)	(22,104)	(32,413)	(56,099)	(148,718)
Finance costs (net)	(192,666)	(90,961)	(58,645)	(276,082)	(618,354)
Income tax credit (expenses)	11,805	11,501	(75,048)	104,473	52,731
Profit and total comprehensive income for the year	228,322	195,533	59,497	318,102	801,454
Dividends received from joint ventures during the year	26,253	38,370	18,925	14,057	97,605

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 19. INTERESTS IN JOINT VENTURES (continued)

### Property joint ventures

Particulars of the Group's interests in principal property joint ventures as at 31 December 2025 and 31 December 2024 are as follows:

Name of property joint venture	Place of incorporation/ establishment	Proportion of equity interest of the Group		Proportion of voting right of the Group		Principal activity
		2025	2024	2025	2024	
上海象合雋置業有限公司 ("上海象合雋")	PRC	45%	45%	40% (note)	40% (note)	Development and sale of properties
上海雋廷房地產開發有限公司 ("上海雋廷")	PRC	33%	33%	20% (note)	20% (note)	Development and sale of properties
南京新勁聯房地產開發有限公司 ("南京新勁聯")	PRC	25%	25%	20% (note)	20% (note)	Development and sale of properties
南京僑勁房地產開發有限公司 ("南京僑勁")	PRC	49%	49%	40% (note)	40% (note)	Development and sale of properties
南京華勁房地產開發有限公司 ("南京華勁")	PRC	49%	49%	40% (note)	40% (note)	Development and sale of properties
礦勁地產(蘇州)有限公司 ("礦勁地產")	PRC	45%	45%	33% (note)	33% (note)	Development and sale of properties
蘇州勝悅房地產開發有限公司 ("蘇州勝悅")	PRC	30%	30%	20% (note)	20% (note)	Development and sale of properties
蘇州中交路勁地產有限公司 ("蘇州中交")	PRC	49%	49%	50%	50%	Development and sale of properties
Both Win Development Limited ("Both Win")	Hong Kong	60%	60%	60% (note)	60% (note)	Investment holding

Note: Although the Group has either more than or less than 50% voting rights for the companies, the board resolutions need the unanimous consent of the directors appointed by each joint venture partner and these companies are accounted for as joint ventures of the Group.

The above table lists the property joint ventures of the Group which, in opinion of the Directors, principally affected the results of the year or form a substantial portion of the net assets of the Group. To give details of other joint ventures would, in the opinion of the Directors, result in particulars of excessive length.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 19. INTERESTS IN JOINT VENTURES (continued)

### Property joint ventures (continued)

#### Summarised financial information of material property joint ventures

At 31 December 2025

	蘇州中交 HK\$'000	上海象合雋 HK\$'000	南京華勁 HK\$'000	南京新勁聯 HK\$'000	礦勁地產 HK\$'000	蘇州勝悅 HK\$'000	南京僑勁 HK\$'000	Both Win HK\$'000	Total HK\$'000
Current assets	918,265	1,360,587	1,413,785	1,564,466	2,562,937	995,612	1,059,446	1,878,727	11,753,825
Non-current assets	-	7	6	26	299	-	-	-	338
Current liabilities	(30,428)	(90,488)	(28,369)	(324,238)	(273,848)	(191,644)	(129,592)	(976,267)	(2,044,874)
Non-current liabilities	-	-	-	-	-	-	-	-	-
The above amounts of assets and liabilities include the following: Cash and cash equivalents	24,226	198,123	17,723	188,609	74,216	35,629	101,270	106,378	746,174
Net assets of joint ventures	887,837	1,270,106	1,385,422	1,240,254	2,289,388	803,968	929,854	902,460	9,709,289
Proportion of the Group's interests	49%	45%	49%	25%	45%	30%	49%	60%	N/A
Carrying amount of the Group's interests in joint ventures	435,040	571,548	678,857	310,064	1,030,225	241,190	455,628	541,476	4,264,028

For the year ended 31 December 2025

	蘇州中交 HK\$'000	上海象合雋 HK\$'000	南京華勁 HK\$'000	南京新勁聯 HK\$'000	礦勁地產 HK\$'000	蘇州勝悅 HK\$'000	南京僑勁 HK\$'000	Both Win HK\$'000	Total HK\$'000
Revenue	-	2,813,321	2,039	100,758	463,819	759	78,676	32,217	3,491,589
(Loss) profit and total comprehensive (expense) income for the year	(927)	383,385	13,617	(29,512)	(127,605)	(3,348)	(30,783)	(39,121)	165,706
The above (loss) profit for the year includes the following: Depreciation and amortisation	-	(4)	(12)	(19)	(181)	-	-	-	(216)
Interest income	62	2,548	195	1,201	1,050	586	8,111	98	13,851
Interest expense	-	-	-	-	(5,896)	-	-	-	(5,896)
Income tax (expense) credit	(187)	(127,795)	(2,548)	-	-	(4,298)	-	5,861	(128,967)

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 19. INTERESTS IN JOINT VENTURES (continued)

### Property joint ventures (continued)

#### Summarised financial information of material property joint ventures (continued)

At 31 December 2024

	蘇州中交 HK\$'000	上海象合雋 HK\$'000	南京華勁 HK\$'000	南京新勁聯 HK\$'000	礦勁地產 HK\$'000	上海雋廷 HK\$'000	南京僑勁 HK\$'000	Both Win HK\$'000	Total HK\$'000
Current assets	932,887	3,697,812	1,404,155	1,975,291	3,083,559	5,406,829	1,165,871	2,328,788	19,995,192
Non-current assets	-	11	18	44	476	17	-	-	566
Current liabilities	(33,139)	(2,831,814)	(55,394)	(441,893)	(313,944)	(477,196)	(220,731)	(1,402,257)	(5,776,368)
Non-current liabilities	-	-	-	-	(391,309)	-	-	-	(391,309)
The above amounts of assets and liabilities include the following:									
Cash and cash equivalents	52,785	439,461	42,128	214,856	227,938	330,766	350,025	154,483	1,812,442
Net assets of joint ventures	899,748	866,009	1,348,779	1,533,442	2,378,782	4,929,650	945,140	926,531	13,828,081
Proportion of the Group's interests	49%	45%	49%	25%	45%	33%	49%	60%	N/A
Carrying amount of the Group's interests in joint ventures	440,877	389,704	660,902	383,361	1,070,452	1,626,785	463,119	555,919	5,591,119

For the year ended 31 December 2024

	蘇州中交 HK\$'000	上海象合雋 HK\$'000	南京華勁 HK\$'000	南京新勁聯 HK\$'000	礦勁地產 HK\$'000	上海雋廷 HK\$'000	南京僑勁 HK\$'000	Both Win HK\$'000	Total HK\$'000
Revenue	-	176,561	4,292	4,798,238	1,583,576	10,575,121	397,483	48,479	17,583,750
Profit (loss) and total comprehensive income (expense) for the year	15,231	27,135	11,062	(27,350)	47,075	1,537,894	(172,847)	(15,389)	1,422,811
The above profit (loss) for the year includes the following:									
Depreciation and amortisation	-	(4)	(25)	(19)	(177)	(24)	-	-	(249)
Interest income	170	8,033	32,215	4,437	2,547	6,403	6,037	459	60,301
Interest expense	-	-	-	-	-	-	(732)	-	(732)
Income tax expense	-	(9,129)	-	(49,162)	(19,414)	(512,941)	(16,617)	(7,529)	(614,792)

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 19. INTERESTS IN JOINT VENTURES (continued)

### Aggregate information of joint ventures that are not individually material

	2025 HK\$'000	2024 HK\$'000
The Group's share of loss and total comprehensive expense for the year	<b>(424,167)</b>	(808,167)

## 20. AMOUNTS DUE FROM JOINT VENTURES AND ASSOCIATES

	2025 HK\$'000	2024 HK\$'000
Current portion	<b>566,191</b>	1,092,002
Non-current portion	<b>1,835,100</b>	2,716,752
	<b>2,401,291</b>	3,808,754
Analysed into:		
Interest bearing at fixed interest rate at 8% (2024: 8%) per annum	<b>119,391</b>	104,788
Interest-free	<b>2,281,900</b>	3,703,966
	<b>2,401,291</b>	3,808,754

The amounts due from joint ventures and associates are all unsecured and the Group expects to receive the current portion within twelve months from the end of the reporting period based on the development and pre-sale status of the property projects of property joint ventures.

Details of impairment assessment for the years ended 31 December 2025 and 2024 are set out in note 39(b)(ii).

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 21. AMOUNTS DUE FROM OTHER NON-CONTROLLING INTERESTS OF SUBSIDIARIES

	2025 HK\$'000	2024 HK\$'000
Current portion	<b>587,501</b>	1,208,249
Analysed into:		
Interest bearing at fixed interest rate at nil (2024: 3.45%) per annum	–	87,616
Interest bearing at floating interest rate at nil (2024: 3.10%) based on Loan Prime Rate (“LPR”) per annum	–	346,796
Interest-free	<b>587,501</b>	773,837
	<b>587,501</b>	1,208,249

During the year ended 31 December 2025, amounts due from other non-controlling interests of subsidiaries amounting to HK\$1,020,457,000 (2024: HK\$653,956,000) were settled by dividend distribution and capital reductions of subsidiaries.

The amounts due from other non-controlling interests of subsidiaries are all unsecured and the Group expects to receive the current portion within twelve months from the end of the reporting period.

No impairment loss has been recognised in both years. Details of impairment assessment for the year ended 31 December 2025 are set out in note 39(b)(ii).

## 22. LOAN RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Fixed-rate loan receivables	<b>1,113,088</b>	1,094,738
Floating-rate loan receivables	<b>42,276</b>	50,314
Interest-free loan receivables	<b>642,209</b>	627,974
Total gross carrying amount of loan receivables	<b>1,797,573</b>	1,773,026
Less: Impairment loss on loan receivables (note 39(b)(ii))	<b>(1,410,659)</b>	(1,183,336)
Less: Amounts classified as current assets	<b>(77,856)</b>	(79,110)
Amounts due over one year shown and classified as non-current assets	<b>309,058</b>	510,580

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 22. LOAN RECEIVABLES (continued)

During the year ended 31 December 2024, the Group entered into a debt restructuring agreement with the sole shareholder of 廣州康誠鴻藥企業管理諮詢有限公司 (“康誠鴻藥”) to settle loan from 康誠鴻藥 via the transfer of its entire equity interest in 康誠鴻藥 to the Group with nil consideration. At the completion date, excluding the loan due to the Group, 康誠鴻藥 had a net assets value of RMB366,316,000 (equivalent to HK\$393,043,000) which approximates the carrying amount of the loan receivable (net of impairment loss) being derecognised. 康誠鴻藥 holds an investment property project in Guangzhou, the PRC. Upon completion, 康誠鴻藥 became a wholly-owned subsidiary of the Company.

The loan receivables are mainly denominated in RMB. As at 31 December 2025, the carrying amount of loan receivables amounting to HK\$643,802,000 (2024: HK\$657,924,000) are substantially either secured by properties of the borrowers or the equity interests in property companies. The Group is not permitted to sell or re-pledge the collaterals in the absence of default by the borrower. There have not been any significant changes in the quality of the collateral held for the loan receivables.

The Group renegotiated with certain borrowers to extend the maturity date for certain loan balances during the year ended 31 December 2025. No gain or loss was recognised in profit or loss for these non-substantial modifications.

Details of impairment assessment for the years ended 31 December 2025 and 2024 are set out in note 39(b)(ii).

The exposure of the Group's loan receivables to interest rate risks and the contractual maturity dates are as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	<b>77,856</b>	79,110
In more than one year but not more than two years	<b>134,508</b>	206,234
In more than two years but not more than five years	<b>153,254</b>	270,832
More than five years	<b>21,296</b>	33,514
	<b>386,914</b>	589,690

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

	2025	2024
Fixed-rate loan receivables	<b>2.88% – 20%</b>	2.88% – 20%
Floating-rate loan receivables	<b>2.52% – 5.16%</b>	2.83% – 5.76%

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 23. INVENTORY OF PROPERTIES

	2025 HK\$'000	2024 HK\$'000
Completed properties held for sale	<b>6,885,152</b>	9,282,207
Properties under development for sale (note)	<b>12,273,135</b>	14,450,053
	<b>19,158,287</b>	23,732,260

The carrying amounts of leasehold lands are measured at cost less any accumulated depreciation and any impairment losses. The residual values are determined as the estimated disposal value of the leasehold land component. No depreciation charge is made on the leasehold lands taking into account the estimated residual values as at 31 December 2025 and 31 December 2024. Analysis of leasehold lands is as follows:

	2025 HK\$'000	2024 HK\$'000
<b>Leasehold Lands</b>		
Carrying amount as at 31 December	<b>8,374,879</b>	9,850,282
Total cash outflow for the year	–	–
Additions for the year	–	–

Due to continuous deterioration of property market in Mainland China and Hong Kong, net realisable value of certain inventory of properties of the Group falls below their cost. As at 31 December 2025, allowance for inventory of properties amounted to HK\$3,819,941,000 (2024: HK\$1,716,738,000).

Note: Included in the amounts are properties under development for sale of HK\$8,243,435,000 (2024: HK\$10,376,769,000) which are expected to be completed and available for sale to the customers more than twelve months from the end of the reporting period.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 24. DEBTORS, DEPOSITS AND PREPAYMENTS

	2025 HK\$'000	2024 HK\$'000
Aged analysis of trade debtors, presented based on invoice dates (note (a)):		
Within 60 days	149,592	81,882
61 to 90 days	10,374	10,991
More than 90 days	17,461	46,020
Trade debtors from contracts with customers derived from goods and services	177,427	138,893
Prepayment for land development cost (note (b))	545,554	536,481
Deposits paid for acquisition of inventory of properties (note (c))	383,833	385,036
Prepayment of value added tax and other taxes	496,307	539,600
Consideration receivable	24,550	24,142
Deferred selling commission	81,043	66,869
Other receivables, deposits and prepayments	678,502	707,959
	<b>2,387,216</b>	<b>2,398,980</b>

Notes:

- (a) The debtors are mainly arisen from sale of properties. Consideration in respect of properties sold is paid in accordance with the terms of the related sale and purchase agreements, normally within 60 to 90 days from the agreements. For most of the Group's property projects, consideration will be fully received prior to the delivery of the properties to the property purchasers. As at 1 January 2024, trade receivables from contracts with customers amounted to HK\$217,618,000.
- (b) At 31 December 2025, prepayment of land development cost of HK\$545,554,000 (2024: HK\$536,481,000) has been fully paid in prior years, pursuant to an agreement entered into with certain independent third parties who own certain pieces of industrial land in Jinan, the PRC. According to the agreement, if the Group cannot obtain the land through the public auction, the entire amount will be refunded in full along with a daily interest of 0.03% to be received as necessary. During the year ended 31 December 2025, the Group has been actively negotiating with the local government which supports to expedite the whole land development progress with the approval from relevant local authorities and put the land into public auction.
- (c) The amount represents refundable deposits paid for acquisition of property development projects in Mainland China, which will be fully refunded if the Group cannot acquire the land/property projects successfully.

In determining the recoverability of trade debtors, the Group considers any change in the credit quality of the trade debtor from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited because the customer base is large and unrelated. The Directors consider that no credit loss provision is required at the end of the reporting period for trade debtors. Details of impairment assessment of trade and other receivables for the years ended 31 December 2025 and 2024 are set out in note 39(b)(ii).

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 25. FINANCIAL ASSETS/LIABILITIES AT FVTPL

	2025 HK\$'000	2024 HK\$'000
Financial assets at FVTPL:		
Investment in a listed entity (note (a))	546	536
Investment in an unlisted entity (note (a))	427,641	551,024
	<b>428,187</b>	551,560
Analysed for reporting purposes as:		
Non-current assets	<b>428,187</b>	551,560
Financial liabilities at FVTPL:		
Contingent consideration (note 19(c))	–	23,654
Participation rights designated as at FVTPL (note (b))	–	102,825
Sale loan with redemption right designated as at FVTPL (note (c))	–	797,886
	–	924,365
Analysed for reporting purposes as:		
Current liabilities	–	924,365

Notes:

(a) In May 2018, the Group made an investment of RMB190,000,000 in a subsidiary of an unlisted entity ("Entity A") independent of the Group engaging in providing co-working space in the PRC. In November 2021, Entity A was successfully listed on the Nasdaq Capital Market. The number of ordinary shares held by the Group at 31 December 2025 are 4,163. During the years ended 31 December 2025 and 2024, no fair value gain or loss was recognised in profit or loss.

In December 2018 and January 2021, the Group acquired 250,251,751 and 498,000,000 trust units respectively, which represent a non-controlling interest in a unit trust (the "Entity B") with its underlying investment in a tourism related property development project in Yunnan, the PRC at a cash consideration of RMB260,000,000 and RMB499,826,000. The remaining trust units held by the Group at 31 December 2025 and 2024 are 699,400,000. The subject asset of the underlying project is a bare land in Yunnan, pending for development and seeking approval from the local government. During the year ended 31 December 2025, fair value loss amounting to HK\$130,634,000 (2024: HK\$8,452,000) was recognised in profit or loss.

# Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2025

## 25. FINANCIAL ASSETS/LIABILITIES AT FVTPL *(continued)*

Notes: (continued)

- (b) In November 2021, the Group and a subsidiary of a major shareholder of the Company (the "Investor") entered into a participation agreement (the "Participation Agreement") whereby RK Properties Holdings Limited ("RKP"), a wholly-owned subsidiary of the Company agreed to grant participation rights (the "Participation Rights") to the Investor to enjoy a pro rata portion of 32.5% of the economic interest attributable to RKP's 70% interest (or 22.75% attributable interest) in a residential property development project (the "Project") held through a project company (the "Project Co") in Guangzhou, the PRC. The total cash consideration (being the aggregate of the initial investment and additional pro rata investment) paid by the Investor was RMB227,754,000 ("Consideration").

Based on the Participation Agreement, the Investor has the right to surrender its rights to RKP at any time from and after 95% of the total saleable area of the Project has been sold and delivered or the third anniversary of the date on which RKP receives from the Investor the Consideration, whichever is the earlier. The Group shall redeem the Participation Right equal to the relevant pro rata portion (i.e. the attributable economic interests of 22.75% of distribution or proceeds less any tax deductions and/or withholdings required by law which will receive from the Project Co). The Group designated the Participation Rights as a financial liability measured at fair value.

There is no fair value gain or loss (2024: fair value gain HK\$28,990,000) relating to participation right for the year ended 31 December 2025. The Participation Rights amounting to HK\$102,825,000 was fully settled in January 2025.

- (c) On 6 October 2022, the Group entered into an investment agreement to dispose of 20% sale shares and sale loan in Rainbow Triumph Limited ("Rainbow Triumph") to a subsidiary of a major shareholder. The total consideration is HK\$800,015,700, of which HK\$15,700 is attributable to the sale shares and HK\$800,000,000 is attributable to the sale loan with redemption right. The Group designated the sale loan with redemption right as a financial liability measured at fair value. During the year ended 31 December 2025, a fair value loss amounting to HK\$2,116,000 (2024: HK\$62,452,000) was recognised in profit or loss.

In January 2025, a subsidiary of a major shareholder exercised the redemption right in respect of HK\$400,000,000 in principal amount of the sale loan. Following the repayment of the sale loan that was being redeemed in February 2025, the subsidiary of a major shareholder transferred 10% sale shares in Rainbow Triumph to the Group. The Group derecognised the remaining sale loan as a financial liability measured at fair value and recognised the remaining sale loan in equity.

Details of the fair value measurement of the investments are set out in note 39(c)(i).

## 26. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Cash and cash equivalents include demand deposits and short-term deposits for the purpose of meeting the Group's short-term cash commitments.

Pledged bank deposits of HK\$32,789,000 (2024: HK\$421,169,000) in total are pledged as securities in favour of banks for mortgage facilities granted to the buyers of properties developed by the Group and bank borrowings granted to the Group.

Included in bank balances and cash are restricted bank balances amounting to HK\$488,363,000 (2024: HK\$1,211,992,000) that are placed in designated bank accounts mainly for certain property development projects in accordance with the applicable regulatory and contractual requirements. These bank balances are not held for meeting short-term cash commitments and are, thus, excluded in cash and cash equivalents.

Bank balances carried interest at market rates which range from 0.01% to 4.70% (2024: 0.13% to 5.24%) per annum.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 26. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH (continued)

The Group's pledged bank deposits and bank balances and cash 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	130,336	359,326
Hong Kong dollars	319,487	400,597

## 27. SHARE CAPITAL

	2025 Number of shares	2024 Number of shares	2025 HK\$'000	2024 HK\$'000
Authorised:				
Ordinary shares of HK\$0.1 each	20,000,000,000	20,000,000,000	2,000,000	2,000,000
7.5% convertible preference shares of HK\$0.1 each	518,380	518,380	52	52
Issued and fully paid:				
Ordinary shares				
At 1 January and 31 December	749,336,566	749,336,566	74,934	74,934

No new share and no convertible preference share are issued in both years.

## 28. SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 24 May 2023 (the "Adoption Date"). The purpose of the Scheme is to reward the participants who have contributed or will contribute to the Group and to encourage longer term commitment of grantees to the Group and to better align their interests with those of the shareholders, which can contribute towards enhancing the value of the Company and the shares of the Company (the "Share") for the benefit of the Company and its shareholders as a whole.

The participants of the Scheme include any directors or employees of the Group (including any person who is granted any option as an inducement to enter into any employment contract with the Group).

The total number of Shares which may be issued upon exercise of all options to be granted under the Scheme and (if any) other share option scheme(s) of the Company and the awards to be granted under (if any) share award scheme(s) of the Company, is 74,933,656 Shares, representing 10% of the total number of Shares in issue as at the Adoption Date (the "Scheme Mandate Limit"). The Scheme Mandate Limit may be refreshed with the approval of the shareholders of the Company in a general meeting. As of the date of this report, the total number of Shares available for issue under the Scheme is 74,933,656 Shares, representing 10% of the total number of Shares in issue.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 28. SHARE OPTION SCHEME (continued)

The vesting period for the options granted under the Scheme shall not be less than 12 months. To ensure the practicability in fully attaining the purpose of the Scheme, the vesting period of 12-month may be shortened under certain circumstances: (a) at the discretion of the Board or the Remuneration Committee of the Company, in circumstances set out in the Scheme where a strict 12-month vesting requirement would not work or would not be fair to the grantees; (b) there is a need for the Company to retain flexibility to reward exceptional performers with accelerated vesting or in exceptional circumstances where justified; and (c) the Company should be allowed discretion to formulate its own talent recruitment and retention strategies in response to changing market conditions and industry competition, and thus should have flexibility to impose vesting conditions such as performance-based vesting conditions instead of time-based vesting criteria depending on individual circumstances.

The total number of Shares issued and to be issued in respect of all options and awards granted to each participant (excluding the options and the awards lapsed in accordance with terms of the share scheme(s) of the Company) in any 12-month period up to and including the date of grant shall not exceed 1% of the Shares in issue. Any grant of options to any director, chief executive or substantial shareholder of the Company or any of their respective associates shall be subject to the prior approval of the Independent Non-executive Directors of the Company ("INEDs") (excluding those INEDs who are the proposed grantees of the options in question). Any grant of options to an INED or a substantial shareholder of the Company or any of their respective associates in any 12-month period up to and including the date of grant must not exceed 0.1% of the Shares in issue on the grant date unless the same is approved by the shareholders of the Company in a general meeting.

Under the Scheme, the Board is authorised at any time within 10 years after the Adoption Date to grant options to any participants subject to the terms determined by the Board at its discretion include, among other things, (i) the vesting period, (ii) performance targets that must be achieved before the option can be exercised in whole or in part; (iii) the exercise period (must not be more than 10 years from the grant date); and (iv) any other terms, all of which may be imposed (or not imposed) either on a case-by-case basis or generally. The exercise price of the options is determined by the Board at the time of grant, and shall not be less than the highest of (a) the closing price of the Shares on the grant date; (b) the average closing price of the Shares for the 5 business days immediately preceding the grant date; and (c) the nominal value of the Shares. Each participant must pay HK\$1 as consideration for the grant of options not later than 28 days after the grant date.

The Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date.

No share options have been granted under the Scheme since the Adoption Date.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 29. BANK AND OTHER BORROWINGS

	Notes	2025 HK\$'000	2024 HK\$'000
2019 September guaranteed senior notes	(a) and (g)	<b>1,682,942</b>	1,624,062
2020 March guaranteed senior notes	(b) and (g)	<b>1,310,490</b>	1,270,263
2020 September guaranteed senior notes	(c) and (g)	<b>1,249,867</b>	1,208,816
2021 January guaranteed senior notes	(d) and (g)	<b>3,524,415</b>	3,428,064
2021 July guaranteed senior notes	(e) and (g)	<b>3,564,761</b>	3,467,765
Bank loans	(f) and (g)	<b>3,781,950</b>	5,228,278
		<b>15,114,425</b>	16,227,248
Secured		<b>2,891,272</b>	3,972,816
Unsecured		<b>12,223,153</b>	12,254,432
		<b>15,114,425</b>	16,227,248

The maturity of the above loans is as follows:

	2025 HK\$'000	2024 HK\$'000
Senior notes repayable:		
Repayable on demand	<b>11,332,475</b>	232,098
More than two years but not exceeding five years	–	7,684,949
More than five years	–	3,081,923
	<b>11,332,475</b>	10,998,970
Bank loans repayable:		
Within one year or repayable on demand	<b>1,764,977</b>	2,680,444
More than one year but not exceeding two years	<b>324,168</b>	640,778
More than two years but not exceeding five years	<b>524,569</b>	595,383
More than five years	<b>1,168,236</b>	1,311,673
	<b>3,781,950</b>	5,228,278
Total borrowings	<b>15,114,425</b>	16,227,248
Less: Amounts classified as current liabilities	<b>(13,097,452)</b>	(2,912,542)
Amounts due over one year shown and classified as non-current liabilities	<b>2,016,973</b>	13,314,706

# Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2025

## 29. BANK AND OTHER BORROWINGS *(continued)*

Notes:

- (a) The 2019 September guaranteed senior notes with an outstanding principal amount of US\$206,945,000 (2024: US\$206,945,000) are listed on the Singapore Exchange Securities Trading Limited ("Singapore Exchange") and were issued in September 2019. The notes, bearing interest at a fixed rate of 6.7% per annum, maturity date extended from September 2024 to March 2028. The principal amount upon tender offers and early redemptions of US\$115,786,000 resulted in a gain of HK\$123,970,000 was recognised in profit or loss during the year of 2024.

In March 2027, the Group shall redeem parts of the senior notes, at a redemption price equal to 100% of their principal amount of US\$18,281,000, plus accrued and unpaid interest to the redemption dates. Details are set out in the supplemental trust deed dated in July 2024.

The Group will be obliged to make an offer to repurchase all the senior notes then outstanding at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest to the date of repurchase upon the occurrence of a change of control event (including (1) the permitted holders are collectively the beneficial owners of less than 30% of the total voting power of the voting stock of the Company; (2) any person or group is or becomes the beneficial owner of total voting power of the voting stock of the Company greater than such total voting power held beneficially by the permitted holders; or (3) individuals who on the original issue date constitute the board of directors (together with any new directors whose election by the board of directors was appointed on the original issue date or whose election was previously so approved) cease for any reason to constitute a majority of the members of the board of directors of the Company) and a rating decline. Details are set out in the offering memorandum.

- (b) The 2020 March guaranteed senior notes with an outstanding principal amount of US\$161,845,000 (2024: US\$161,845,000) are listed on the Singapore Exchange and were issued in March 2020. The notes, bearing interest at a fixed rate of 5.9% per annum, maturity date extended from March 2025 to September 2028. The principal amount upon tender offers and early redemptions of US\$35,121,000 resulted in a gain of HK\$67,980,000 was recognised in profit or loss during the year of 2024.

In March 2027, the Group shall redeem parts of the senior notes, at a redemption price equal to 100% of their principal amount of US\$15,316,000, plus accrued and unpaid interest to the redemption dates. Details are set out in the supplemental trust deed dated in July 2024.

The Group will be obliged to make an offer to repurchase all the senior notes then outstanding at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest to the date of repurchase upon the occurrence of a change of control event (including (1) the permitted holders are collectively the beneficial owners of less than 30% of the total voting power of the voting stock of the Company; (2) any person or group is or becomes the beneficial owner of total voting power of the voting stock of the Company greater than such total voting power held beneficially by the permitted holders; or (3) individuals who on the original issue date constitute the board of directors (together with any new directors whose election by the board of directors was appointed on the original issue date or whose election was previously so approved) cease for any reason to constitute a majority of the members of the board of directors of the Company) and a rating decline. Details are set out in the offering memorandum.

- (c) The 2020 September guaranteed senior notes with an outstanding principal amount of US\$155,603,000 (2024: US\$155,603,000) are listed on the Singapore Exchange and were issued in September 2020. The notes, bearing interest at a fixed rate of 6% per annum, maturity date extended from September 2025 to March 2029. The principal amount upon tender offers and early redemptions of US\$50,736,000 resulted in a gain of HK\$151,918,000 was recognised in profit or loss during the year of 2024.

In March 2027 and September 2028, the Group shall redeem parts of the senior notes, at a redemption price equal to 100% of their principal amount of US\$14,623,000 and US\$17,623,000, plus accrued and unpaid interest to the redemption dates. Details are set out in the supplemental trust deed dated in July 2024.

The Group will be obliged to make an offer to repurchase all the senior notes then outstanding at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest to the date of repurchase upon the occurrence of a change of control event (including (1) the permitted holders are collectively the beneficial owners of less than 30% of the total voting power of the voting stock of the Company; (2) any person or group is or becomes the beneficial owner of total voting power of the voting stock of the Company greater than such total voting power held beneficially by the permitted holders; or (3) individuals who on the original issue date constitute the board of directors (together with any new directors whose election by the board of directors was appointed on the original issue date or whose election was previously so approved) cease for any reason to constitute a majority of the members of the board of directors of the Company) and a rating decline. Details are set out in the offering memorandum.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 29. BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

- (d) The 2021 January guaranteed senior notes with an outstanding principal amount of US\$434,690,000 (2024: US\$434,690,000) are listed on the Singapore Exchange and were issued in January 2021. The notes, bearing interest at a fixed rate of 5.2% per annum, maturity date extended from January 2026 to July 2029. The principal amount upon tender offers and early redemptions of US\$65,310,000 resulted in a gain of HK\$144,855,000 was recognised in profit or loss during the year of 2024.

In March 2027 and September 2028, the Group shall redeem parts of the senior notes, at a redemption price equal to 100% of their principal amount of US\$20,788,000 and US\$23,788,000, plus accrued and unpaid interest to the redemption dates. Details are set out in the supplemental trust deed dated in July 2024.

The Group will be obliged to make an offer to repurchase all the senior notes then outstanding at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest to the date of repurchase upon the occurrence of a change of control event (including (1) the permitted holders are collectively the beneficial owners of less than 30% of the total voting power of the voting stock of the Company; (2) any person or group is or becomes the beneficial owner of total voting power of the voting stock of the Company greater than such total voting power held beneficially by the permitted holders; or (3) individuals who on the original issue date constitute the board of directors (together with any new directors whose election by the board of directors was appointed on the original issue date or whose election was previously so approved) cease for any reason to constitute a majority of the members of the board of directors of the Company) and a rating decline. Details are set out in the offering memorandum.

- (e) The 2021 July guaranteed senior notes with an outstanding principal amount of US\$441,595,000 (2024: US\$441,595,000) are listed on the Singapore Exchange and were issued in July 2021. The notes, bearing interest at a fixed rate of 5.125% per annum, maturity date extended from July 2026 to January 2030. The principal amount upon tender offers and early redemptions of US\$58,405,000 resulted in a gain of HK\$102,244,000 was recognised in profit or loss during the year of 2024.

In March 2027 and September 2028, the Group shall redeem parts of the senior notes, at a redemption price equal to 100% of their principal amount of US\$21,163,000 and US\$24,163,000, plus accrued and unpaid interest to the redemption dates. Details are set out in the supplemental trust deed dated in July 2024.

The Group will be obliged to make an offer to repurchase all the senior notes then outstanding at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest to the date of repurchase upon the occurrence of a change of control event (including (1) the permitted holders are collectively the beneficial owners of less than 30% of the total voting power of the voting stock of the Company; (2) any person or group is or becomes the beneficial owner of total voting power of the voting stock of the Company greater than such total voting power held beneficially by the permitted holders; or (3) individuals who on the original issue date constitute the board of directors (together with any new directors whose election by the board of directors was appointed on the original issue date or whose election was previously so approved) cease for any reason to constitute a majority of the members of the board of directors of the Company) and a rating decline. Details are set out in the offering memorandum.

- (f) Bank loans with carrying amount of HK\$2,387,260,000 (2024: HK\$3,346,592,000) bear a floating interest rate based on PBOC or LPR plus a specified margin, ranging from 3.4% to 6.5% (2024: 2.3% to 6.5%) per annum. Bank loan with carrying amount of HK\$481,178,000 (2024: HK\$626,225,000) bear interest at fixed rates of 6.5% (2024: 3.8% to 6.5%) per annum. Interest rates on the remaining bank loans, which carry at floating interest rates based on either Hong Kong Interbank Offered Rate ("HIBOR") or Secured Overnight Financing Rate ("SOFR") (2024: HIBOR or SOFR) plus a specified margin, ranging from 3.54% to 7.52% (2024: 6.61% to 8.47%) per annum.

At 31 December 2025, in respect of bank loans with the aggregate carrying amount of HK\$3,781,950,000 (2024: HK\$5,228,278,000), the Group is required to comply with the financial covenants throughout the continuance of the relevant loans and/or as long as the loans are outstanding. The Group regularly monitored and communicated with the banks about its compliance with these covenants throughout the reporting period.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 29. BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

(g) In August 2025, the Group was unable to pass the consent solicitations in respect of its five senior notes due between 2028 and 2030. As a result, the Group has decided to suspend payment of all principal and interest falling due on all of the Group's senior notes. As at 31 December 2025, all senior notes have become due and payable and are classified as current liabilities accordingly.

During the year ended 31 December 2025, the Group suspended payment of all principal and interest on offshore bank loans. As at 31 December 2025, the principal and interest on offshore bank loans with an aggregate carrying amount of HK\$913,512,000 have become due and payable.

The effective interest rate of the Group's fixed rate borrowings and variable rate borrowings ranged from 3.8% to 6.5% (2024: 3.8% to 6.7%) per annum and 3.4% to 7.52% (2024: 2.3% to 8.47%) per annum, respectively.

Details on the fair value disclosures of the guaranteed senior notes are set out in note 39(c)(iii).

The Group's borrowings 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	12,157,321	12,131,813
Hong Kong dollars	87,700	122,619

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 30. DEFERRED TAXATION

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

	Tax losses HK\$'000	Unrealised profit in interests in joint ventures HK\$'000	Undistributed earnings of subsidiaries and joint ventures HK\$'000	Change in fair value of investment properties HK\$'000	Interest capitalised on properties under development HK\$'000	Total HK\$'000
At 1 January 2024	(96,443)	(37,802)	626,488	140,766	276,967	909,976
Charge (credit) for the year	57,397	20,250	(36,478)	(184,852)	(45,623)	(189,306)
Disposal of subsidiaries	293	-	(24,966)	-	-	(24,673)
Transfer from liabilities associated with assets classified as held for sale	-	-	18,462	-	-	18,462
Transfer in through debt restructuring arrangement	-	-	-	74,762	-	74,762
Exchange adjustments	1,896	798	(20,387)	(271)	(8,629)	(26,593)
At 31 December 2024	(36,857)	(16,754)	563,119	30,405	222,715	762,628
Charge (credit) for the year	<b>745</b>	<b>14,357</b>	<b>(15,286)</b>	<b>8,037</b>	<b>16,066</b>	<b>23,919</b>
Exchange adjustments	<b>(611)</b>	<b>(56)</b>	<b>9,282</b>	<b>641</b>	<b>2,905</b>	<b>12,161</b>
<b>At 31 December 2025</b>	<b>(36,723)</b>	<b>(2,453)</b>	<b>557,115</b>	<b>39,083</b>	<b>241,686</b>	<b>798,708</b>

Note: Deferred tax has been provided for (i) tax losses; (ii) unrealised profit in interests in joint ventures; (iii) undistributed earnings of subsidiaries and joint ventures; (iv) change in fair value of investment properties and (v) temporary differences between the carrying amount and the tax base of properties under development for sale, arising from the capitalisation of certain interest expenses in properties under development for sale at consolidation level.

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 purposes:

	2025 HK\$'000	2024 HK\$'000
Deferred tax assets	<b>(182,241)</b>	(268,821)
Deferred tax liabilities	<b>980,949</b>	1,031,449
	<b>798,708</b>	762,628

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 30. DEFERRED TAXATION (continued)

At 31 December 2025, the Group has estimated unused tax losses of HK\$6,040,229,000 (2024: HK\$5,285,945,000) available to offset against future profits. A deferred tax asset has been recognised in respect of HK\$146,892,000 (2024: HK\$147,428,000) of such losses. No deferred tax asset has been recognised in respect of the remaining losses of HK\$5,893,337,000 (2024: HK\$5,138,517,000) due to the unpredictability of future taxable profit streams. Included in unrecognised tax losses are losses of HK\$5,893,337,000 (2024: HK\$5,138,517,000) that will expire within five years in PRC from the end of the reporting period. As at 31 December 2025 and 2024, no remaining tax losses will be carried forward indefinitely due to all tax losses has been used in respect of profits earned by a Hong Kong subsidiary.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred tax has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK\$3,055,101,000 (2024: HK\$3,798,283,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

## 31. CREDITORS AND ACCRUED CHARGES

	2025 HK\$'000	2024 HK\$'000
Aged analysis of creditors presented based on invoice date:		
Trade payables		
Within 60 days	<b>406,393</b>	315,469
61 to 90 days	<b>23,641</b>	40,777
More than 90 days	<b>536,524</b>	780,723
	<b>966,558</b>	1,136,969
Accrued construction costs	<b>1,807,488</b>	1,885,507
	<b>2,774,046</b>	3,022,476
Accrued taxes (other than EIT and LAT)	<b>163,114</b>	227,583
Consideration payable for the acquisition of joint ventures	<b>206,608</b>	213,687
Construction related deposits	<b>194,524</b>	230,283
Earnest deposit for purchase of properties	<b>104,000</b>	265,201
Other payables	<b>595,369</b>	643,145
	<b>4,037,661</b>	4,602,375

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 32. AMOUNTS DUE TO JOINT VENTURES AND ASSOCIATES

At the end of the reporting period, except for the amounts due to joint ventures of HK\$288,707,000 (2024: HK\$578,326,000) which is interest-bearing at 1.5% (2024: 1.5%), all remaining amounts are unsecured and interest-free. All outstanding balances are either repayable on demand or due within one year from the end of reporting date.

During the year ended 31 December 2025, amounts due to joint ventures amounting to HK\$473,958,000 and amounted to HK\$1,898,636,000 have been settled by dividend declared by the joint ventures and capital reductions in joint ventures respectively as disclosed in note 40.

## 33. AMOUNTS DUE TO OTHER NON-CONTROLLING INTERESTS OF SUBSIDIARIES

As at 31 December 2025 and 2024, amounts due to other non-controlling interest of subsidiaries are interest-free, unsecured and either repayable on demand or due within one year.

## 34. CONTRACT LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Sale of properties	<b>3,753,329</b>	4,391,491

As at 1 January 2024, the contract liabilities amounted to HK\$3,317,085,000. The contract liabilities of the Group are all expected to be settled within the Group's normal operating cycle and thus are classified as current liabilities.

The revenue recognised in the current year that was included in the contract liability balance at prior year end was HK\$2,980,380,447,000 (2024: HK\$1,668,593,000). No revenue is recognised in the current year which was related to the performance obligations satisfied in prior period.

Typical payment terms in respect of sale of properties, which impact on the amount of contract liabilities recognised are as follows:

The Group receives 30% to 100% of the contract value from customers when they sign the sale and purchase agreements while construction work of properties is still ongoing. For the customers who applied mortgage loans provided by the banks, the remaining consideration will be paid to the Group from the banks once the mortgage loan application has been completed and release of fund has been approved. Such advance payment schemes result in contract liabilities being recognised through the property construction period until the customer obtains control of the completed property.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 35. LEASE LIABILITIES

	2025 HK\$'000	2024 HK\$'000
<b>The maturity of the lease liabilities payable is as follows:</b>		
Within one year	<b>8,070</b>	10,377
More than one year but not exceeding two years	<b>7,580</b>	3,304
More than two years but not exceeding five years	<b>5,020</b>	1,332
	<b>20,670</b>	15,013
Less: Amount due for settlement within 12 months shown under current liabilities	<b>(8,070)</b>	(10,377)
Amount due for settlement after 12 months shown under non-current liabilities	<b>12,600</b>	4,636

Lease obligations 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
Hong Kong dollars	<b>15,983</b>	7,399

## 36. OWNERS OF PERPETUAL CAPITAL SECURITIES

	Notes	2025 HK\$'000	2024 HK\$'000
2017 February perpetual capital securities	(a)	<b>2,536,125</b>	2,347,247
2017 June perpetual capital securities	(a)	<b>2,532,417</b>	2,365,677
2019 November perpetual capital securities	(b)	<b>2,600,636</b>	2,410,518
		<b>7,669,178</b>	7,123,442

Notes:

- (a) In February 2017 and June 2017, two wholly-owned subsidiaries of the Company issued US\$300 million 7.95% senior guaranteed perpetual capital securities ("2017 February perpetual capital securities") and US\$300 million 7% senior guaranteed perpetual capital securities ("2017 June perpetual capital securities") respectively at issue price of 100% of the principal amounts. The 2017 February perpetual capital securities with an outstanding principal amount of US\$295,500,000 (2024: US\$295,500,000) and the 2017 June perpetual capital securities with an outstanding principal amount of US\$295,000,000 (2024: US\$295,000,000) were then listed on the Singapore Exchange and guaranteed by the Company for the due payment. Distributions are paid semi-annually in arrears and can be deferred at the discretion of the issuers. The perpetual capital securities have no fixed maturity and are redeemable at the issuers' option at their principal amounts together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company cannot declare or, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank, which includes the ordinary shares of the Company.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 36. OWNERS OF PERPETUAL CAPITAL SECURITIES (continued)

Notes: (continued)

- (b) In November 2019, a wholly-owned subsidiary of the Company issued US\$300 million 7.75% senior guaranteed fixed spread perpetual capital securities ("2019 November perpetual capital securities") at issue price of 100% of the principal amounts. The distribution rate is subject to reset at the first call date and each day falling every five calendar years after the first call date. The reset distribution rate is equal to the sum of 6.003% and the Treasury Rate as defined in the terms and conditions of the perpetual securities. The capital securities were then listed on the Singapore Exchange and guaranteed by the Company for the due payment. Distributions are paid semi-annually in arrears and can be deferred at the discretion of the issuers. The perpetual capital securities have no fixed maturity and are redeemable at the issuers' option at their principal amounts together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company cannot declare or, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank, which includes the ordinary shares of the Company.
- (c) In August 2025, the Group was unable to pass the consent solicitations in respect of its five senior notes due between 2028 and 2030. As a result, the Group has decided to suspend payment of all principal and distributions falling due on all of the Group's perpetual capital securities. As at 31 December 2025, the Group suspended the payment of aggregate distributions of US\$92,275,000 (equivalent to HK\$717,898,000) on the perpetual capital securities.

## 37. RETIREMENT BENEFIT PLANS

For the operations in Hong Kong, the Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees including Directors in Hong Kong. Under MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of the independent trustee. Both the Group and the employees contribute a fixed percent to the MPF Scheme based on their monthly salary in accordance with government regulations. The MPF Scheme contributions represent contributions payable to the fund by the Group at rates specified in the rules of the MPF Scheme. Where there are employees who leave the MPF Scheme prior to vesting fully in the contributions, the amount of the forfeited contributions will be refunded to the Group. There were no forfeited contributions available to be refunded at the end of the reporting period.

For the operations in the PRC, the employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government. The subsidiaries are required to contribute a fixed percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement scheme is to make the specified contributions.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 38. 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 debts and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debts, which include bank and other borrowings and lease liabilities disclosed in notes 29 and 35, and equity comprising issued capital and reserves, owners of perpetual capital securities and other non-controlling interests of subsidiaries.

The management of the Group reviews the capital structure periodically. As part of this review, the management of the Group assesses the annual budget which incorporates the planned construction projects and takes into account the provision of funding. Based on the proposed annual budget, the management of the Group considers the cost of capital and the risks associated with the capital. The management of the Group also balances its overall capital structure through the payment of dividends, the issue of new share as well as new debts or the redemption of existing debts.

The management of the Group monitors the utilisation of bank and other borrowings and has procedures and policies in place and delegated teams to monitor the continuous compliance of covenant terms attached to the bank and other borrowings. At the same time, the teams would communicate with the agents and lenders of the relevant borrowings in respect of the Group's financial performance and position timely throughout the term of the borrowings and seek advice, consent or approval from these lenders in the case the need arises.

## 39. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

	2025 HK\$'000	2024 HK\$'000
<b>Financial assets</b>		
Financial assets at amortised cost	7,684,142	11,975,262
Financial assets at FVTPL	428,187	551,560
<b>Financial liabilities</b>		
Financial liabilities at amortised cost	23,176,928	26,850,423
Financial liabilities at FVTPL	–	924,365

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 39. FINANCIAL INSTRUMENTS (continued)

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

The management of the Group has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

There has been no material change to the Group's exposure to market risks or the manner in which it manages and measures these risks.

### (i) Market risk

The Group's activities expose primarily to the financial risks of changes in foreign exchange rate and interest rates. In addition, the Group is exposed to price risk through its investments in financial assets and financial liabilities measured at FVTPL, which are further disclosed in note (c) Fair value of financial instruments.

#### Foreign currency risk management

Certain transactions of the Group are denominated in foreign currencies which are different from the functional currency of the respective group entities and therefore the Group is exposed to foreign currency risk. The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
United States dollars	<b>130,336</b>	359,326	<b>12,157,321</b>	12,131,813
Hong Kong dollars	<b>319,424</b>	403,692	<b>124,022</b>	948,441

#### Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the RMB against the relevant foreign currencies. 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 foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rate. A positive number below indicates an increase in profit before tax where RMB strengthens against the relevant currencies. For a 5% weakening of RMB against the relevant currencies, there would be an equal and opposite impact on the profit, and the amounts below would be negative.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 39. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### (i) Market risk (continued)

##### Foreign currency risk management (continued)

*Foreign currency sensitivity analysis (continued)*

	Profit or loss	
	2025 HK\$'000	2024 HK\$'000
United States dollars	601,349	588,624
Hong Kong dollars	(9,770)	27,237

##### Interest rate risk management

The Group is exposed to cash flow interest rate risk due to the fluctuation of SOFR, HIBOR, PBOC and LPR prescribed interest rates on bank balances, pledged bank deposits, amounts due from other non-controlling interests of subsidiaries, loan receivables and bank and other borrowings.

The Group's fair value interest rate risk relates primarily to loan receivables, amounts due from (to) joint ventures, amounts due from other non-controlling interests of subsidiaries, lease liabilities, and fixed-rate bank and other borrowings which carry interest at fixed interest rates.

The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

Total interest income and expenses from financial assets and financial liabilities that are measured at amortised cost is as follows:

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 39. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### (i) Market risk (continued)

##### Interest rate risk management (continued)

*Interest rate sensitivity*

	2025 HK\$'000	2024 HK\$'000
<b>Financial assets at amortised cost</b>		
– Interest income from bank deposits and amounts due from joint ventures and other non-controlling interests of subsidiaries and others	16,724	78,477
<b>Financial liabilities at amortised cost</b>		
– Interest expense on financial liabilities not measured at FVTPL	598,633	735,272

The sensitivity analyses 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 point (2024: 50 basis point) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The Group's bank balances and pledged bank deposits are excluded from sensitivity analysis as the Directors consider the exposure of cash flow interest rate risk arising from variable-rate bank balances and pledged bank deposits is insignificant.

If the interest rate had been 50 basis point (2024: 50 basis point) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2025 would decrease/increase by HK\$11,055,000 (2024: HK\$13,759,000) after capitalisation of additional finance costs of HK\$5,291,000 (2024: HK\$9,206,000) in properties under development for sale.

#### (ii) Credit risk and impairment management

The Group's maximum exposure to credit risk which will cause a financial loss to the Group is arising from the financial guarantees provided by the Group and the financial assets as disclosed in the consolidated statements of financial position. Other than the collateral to cover the credit risks of the loan receivables and financial guarantee contracts as detailed in note 22 and note 44, the Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

# Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2025

## 39. FINANCIAL INSTRUMENTS *(continued)*

### (b) Financial risk management objectives and policies *(continued)*

#### (ii) Credit risk and impairment management *(continued)*

In order to minimise the credit risk, the management of the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on financial assets at amortised cost individually or collectively, where appropriate. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

#### Trade debtors arising from contracts with customers

The Group has no concentration of credit risk for the trade debtors as no single trade debtor is accounted for 5% of the total trade debtor balances of the Group at the end of the reporting period.

In addition, the Group performs impairment assessment under ECL model on trade debtor balances on a collective basis based on historical credit loss experience and the forward-looking macroeconomic information at the reporting date. For the years ended 31 December 2025 and 2024, the Group assessed the ECL for trade debtors were insignificant and thus no loss allowance was recognised.

#### Loan receivables

The Group has designated team to assess the credit quality of the borrowers before an advance is made. The Group would generally require the borrowers to provide collaterals for the loans with material balances i.e. the properties owned by the borrowers or equity interests in the property companies. The Group also closely monitor the repayment status of the loan receivables and the status and conditions of the collaterals and request for credit enhancements if necessary. The Directors estimate the loss rates of loan receivables based on historical credit loss experience of the borrowers as well as the fair value of the collateral pledged by the borrowers to the loan receivables. Based on assessment under ECL model by the Directors, the ECL on loan receivables for the year ended 31 December 2025 was HK\$204,082,000 (2024: HK\$789,071,000). The Group has concentration of credit risks in loan receivables as 73% (2024: 72%) of the loan receivables was due from the three largest borrowers.

#### Amounts due from joint ventures and associates

The joint ventures and associates of the Group mainly engage in toll road operation and property development business in the PRC, Hong Kong and Indonesia. The Group regularly monitors the business performance, financial position and repayment status of the joint ventures and associates. The Group's credit risks in these balances are mitigated through the power to jointly control or has significant influence over the relevant activities of the investees. Based on assessment under ECL model by the Directors, the ECL on amounts due from joint ventures and associates for the year ended 31 December 2025 was HK\$526,316,000 (2024: HK\$738,475,000) due to high default risks of some investees. The Group has concentration of credit risks in amounts due from joint ventures and associates as 68% (2024: 77%) of the balances was due from the three largest borrowers within the property development business.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 39. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### (ii) Credit risk and impairment management (continued)

##### **Amounts due from other non-controlling interests of subsidiaries**

The other non-controlling interests of subsidiaries of the Group mainly engage in property development business in the PRC. The Group regularly monitors the business performance, financial position and repayment status of the other non-controlling interests of subsidiaries. For the years ended 31 December 2025 and 2024, the Group assessed the ECL for amounts due from other non-controlling interests of subsidiaries were insignificant in both years. The Group has concentration of credit risks in amounts due from other non-controlling interests of subsidiaries as 59% (2024: 67%) of the balances was due from the three largest borrowers within the property development business.

##### **Other receivables**

For other receivables and deposits, the Directors make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. For the years ended 31 December 2025 and 2024, the Group assessed the ECL for amounts due from other receivables and deposits were insignificant and thus no loss allowance was recognised in both years.

##### **Pledged bank deposits and bank balances**

The Group's credit risk on pledged bank deposits and bank balances is limited because the counterparties are banks with high credit ratings and good reputation established in the PRC and Hong Kong. The Group assessed 12m ECL for pledged bank deposits and bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on pledged bank deposits and bank balances for the years ended 31 December 2025 and 2024 is considered to be insignificant and no loss allowance was recognised.

##### **Financial guarantee contracts**

For the financial guarantee contracts provided by the Group to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of properties, the Group measured the loss allowance on financial guarantee contracts by reference to the historical default rate of the purchasers, the loss on default based on the current property value and the pre-sale deposits already received and the forward-looking information. The Directors considered that the loss allowances on financial guarantee contracts at 31 December 2025 and 31 December 2024 were insignificant to the Group. For properties which have been pre-sold, or for the completed properties that sold but the building ownership certificate not yet issued, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 70% of the total purchase price of the property. If a purchaser defaults on the payment of its mortgage during the term of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount of the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the customer's sales deposit and sell the property to recover any amounts paid by the Group to the bank. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

# Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2025

## 39. FINANCIAL INSTRUMENTS *(continued)*

### (b) Financial risk management objectives and policies *(continued)*

#### (ii) Credit risk and impairment management *(continued)*

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

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount		ECL	
					2025	2024	2025	2024
					HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Financial assets at amortised costs</b>								
Amounts due from joint ventures and associates	20	N/A	(note 1)	Lifetime ECL (not credit-impaired)	<b>4,318,803</b>	5,061,329	<b>1,917,512</b>	1,252,575
Amounts due from other non-controlling interests of subsidiaries	21	N/A	(note 1)	12m ECL	<b>587,501</b>	1,208,249	-	-
Loan receivables	22	N/A	(note 1)	12m ECL	<b>106,360</b>	129,420	-	20,386
				Lifetime ECL (not credit-impaired)	<b>214,888</b>	400,901	<b>87,281</b>	96,567
				Credit impaired	<b>1,476,325</b>	1,242,705	<b>1,323,378</b>	1,066,383
					<b>1,797,573</b>	1,773,026	<b>1,410,659</b>	1,183,336
Other debtors	24	N/A	(note 1)	12m ECL	<b>1,532,488</b>	1,534,936	-	-
Trade debtors	24	N/A	(note 2)	Lifetime ECL (not credit-impaired)	<b>177,427</b>	138,893	-	-
Pledged bank deposits	26	Ranged from AA- to BBB	N/A	12m ECL	<b>32,789</b>	421,169	-	-
Bank balances	26	Ranged from AA- to BBB-	N/A	12m ECL	<b>2,563,857</b>	4,272,852	-	-
<b>Financial guarantee contracts</b>	44	N/A	(note 3)	12m ECL	<b>3,719,421</b>	6,102,418	-	-

# Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2025

## 39. FINANCIAL INSTRUMENTS *(continued)*

### (b) Financial risk management objectives and policies *(continued)*

#### (ii) Credit risk and impairment management *(continued)*

Notes:

1. For the purposes of internal credit risk management, the Group uses the financial performance of the joint ventures and associates including their profitability and net asset position to assess whether credit risk on amounts due from joint ventures and associates has been increased significantly since initial recognition. The Group assess whether credit risk on loans receivables has been increased significantly since initial recognition based on the settlement status of the loans principal and interest and whether the loan period has been extended during the year. For other debtors and amounts due from other non-controlling interests of subsidiaries, the Group considered there is insignificant credit risk for the debtors during the year.
2. For trade debtors, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group uses provision matrix to calculate ECL for the trade debtors. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort.
3. For financial guarantee contracts, the gross carrying amount represents the maximum amount the Group has guaranteed under the respective contracts.

The following tables show reconciliation of loss allowances that have been recognised for amounts due from joint ventures and associates and loan receivables.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 39. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### (ii) Credit risk and impairment management (continued)

##### Amounts due from joint ventures and associates

	12m ECL HK\$'000	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
At 1 January 2024	–	608,222	–	608,222
Changes due to financial instruments				
– Impairment loss recognised	–	765,503	–	765,503
– Impairment losses reversed	–	(32,780)	–	(32,780)
– Write-offs	–	(56,407)	–	(56,407)
New financial assets originated or purchased	–	5,752	–	5,752
Exchange adjustments	–	(37,715)	–	(37,715)
At 31 December 2024	–	1,252,575	–	1,252,575
Changes due to financial instruments				
– Transfer	–	107,411	–	107,411
– Impairment loss recognised	–	531,690	–	531,690
– Impairment losses reversed	–	(9,412)	–	(9,412)
New financial assets originated or purchased	–	4,038	–	4,038
Exchange adjustments	–	31,210	–	31,210
<b>At 31 December 2025</b>	<b>–</b>	<b>1,917,512</b>	<b>–</b>	<b>1,917,512</b>

During the year ended 31 December 2025, changes in the loss allowance for amounts due from joint ventures and associates of HK\$526,316,000 (2024: HK\$738,475,000) were mainly due to the deterioration in external market indicators of credit risk.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 39. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### (ii) Credit risk and impairment management (continued)

##### Loan receivables

	12m ECL HK\$'000	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
At 31 January 2024	91,667	1,111,110	–	1,202,777
Changes due to financial instruments				
– Transfer to credit-impaired	–	(1,058,616)	1,058,616	–
– Transfer to lifetime ECL	(74,034)	74,034	–	–
– Impairment loss recognised	7,815	23,102	774,626	805,543
– Impairment losses reversed	(2,200)	(14,708)	–	(16,908)
– Write-offs	–	–	(747,743)	(747,743)
New financial assets originated or purchased	436	–	–	436
Exchange adjustments	(3,298)	(38,355)	(19,116)	(60,769)
At 31 December 2024	20,386	96,567	1,066,383	1,183,336
Changes due to financial instruments				
– Transfer to credit-impaired	–	(48,335)	48,335	–
– Impairment loss recognised	–	37,586	186,904	224,490
– Impairment losses reversed	(20,408)	–	–	(20,408)
Exchange adjustments	22	1,463	21,756	23,241
<b>At 31 December 2025</b>	<b>–</b>	<b>87,281</b>	<b>1,323,378</b>	<b>1,410,659</b>

During the year ended 31 December 2025, changes in the loss allowance for loan receivables of HK\$204,082,000 (2024: HK\$789,071,000) were mainly due to some borrowers transferred to credit impaired.

# Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2025

## 39. FINANCIAL INSTRUMENTS *(continued)*

### (b) Financial risk management objectives and policies *(continued)*

#### (iii) Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank and other borrowings and ensures compliance with loan covenants.

Ultimate responsibility for liquidity risk management rests with the management of the Group who has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk to finance its existing financial obligations, future operating activities and capital expenditures by:

- maintaining adequate working capital and available banking facilities;
- continuously monitors the forecast and actual cash flows, including repatriation of dividends from the PRC to Hong Kong, the pre-sale and sales of inventory of properties;
- asset disposals; and
- seeking new debt financing at costs acceptable to the Group.

It is the intention of the Group to improve its liquidity position. As a result, the Directors are taking active steps to manage the Group's liquidity risks, with the details as set out in note 3.1.

#### Liquidity and interest risk tables

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 39. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### (iii) Liquidity risk management (continued)

##### Liquidity and interest risk tables (continued)

	Weighted average effective interest rate %	On demand or less than 6 months HK\$'000	6 – 12 months HK\$'000	1 – 2 years HK\$'000	2 – 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
<b>2025</b>								
Creditors and accrued charges	-	3,874,547	-	-	-	-	3,874,547	3,874,547
Amounts due to joint ventures and associates	0.24	3,684,095	-	-	-	-	3,684,095	3,675,434
Bank and other borrowings								
– fixed rate	5.57	12,800,325	-	-	-	-	12,800,325	11,813,653
– variable rate	4.80	1,401,209	454,512	396,581	650,858	1,572,941	4,476,101	3,300,772
Amounts due to other non-controlling interests of subsidiaries	-	512,522	-	-	-	-	512,522	512,522
Lease liabilities	4.59	4,477	4,733	7,093	5,116	-	21,419	20,670
Financial guarantee contracts	-	3,719,421	-	-	-	-	3,719,421	-
		<b>25,996,596</b>	<b>459,245</b>	<b>403,674</b>	<b>655,974</b>	<b>1,572,941</b>	<b>29,088,430</b>	<b>23,197,598</b>

	Weighted average effective interest rate %	On demand or less than 6 months HK\$'000	6 – 12 months HK\$'000	1 – 2 years HK\$'000	2 – 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
<b>2024</b>								
Creditors and accrued charges	-	4,374,792	-	-	-	-	4,374,792	4,374,792
Amounts due to joint ventures and associates	0.02	5,387,562	-	-	-	-	5,387,562	5,386,445
Bank and other borrowings								
– fixed rate	5.57	322,035	357,442	726,472	9,287,084	3,377,111	14,070,144	11,625,195
– variable rate	4.95	1,908,780	1,005,896	615,198	555,022	1,446,563	5,531,459	4,602,053
Amounts due to other non-controlling interests of subsidiaries	-	861,938	-	-	-	-	861,938	861,938
Lease liabilities	4.59	6,142	4,654	3,792	505	-	15,093	15,013
Financial liabilities at FVTPL	-	924,365	-	-	-	-	924,365	924,365
Financial guarantee contracts	-	6,102,418	-	-	-	-	6,102,418	-
		<b>19,888,032</b>	<b>1,367,992</b>	<b>1,345,462</b>	<b>9,842,611</b>	<b>4,823,674</b>	<b>37,267,771</b>	<b>27,789,801</b>

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 39. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### (iii) Liquidity risk management (continued)

##### Liquidity and interest risk tables (continued)

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on the expectations at the end of the reporting period, the management considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

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

### (c) Fair value of financial instruments

#### Fair value measurements

##### (i) Financial assets and financial liabilities measured at fair value on a recurring basis

Some of the Group's financial instruments 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 and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

##### Fair value hierarchy as at 31 December 2025

	Notes	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Financial assets</b>					
Investment in a listed entity	(a)	546	–	–	546
Investment in an unlisted entity	(b)	–	–	427,641	427,641
		546	–	427,641	428,187

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 39. FINANCIAL INSTRUMENTS (continued)

### (c) Fair value of financial instruments (continued)

#### Fair value measurements (continued)

##### (i) Financial assets and financial liabilities measured at fair value on a recurring basis (continued)

Fair value hierarchy as at 31 December 2024

	Notes	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Financial assets</b>					
Investment in a listed entity	(a)	536	–	–	536
Investment in an unlisted entity	(b)	–	–	551,024	551,024
		536	–	551,024	551,560
<b>Financial liabilities</b>					
Contingent consideration	(c)	–	–	23,654	23,654
Participation rights designated as at FVTPL	(d)	–	–	102,825	102,825
Sale loan with redemption right designated as at FVTPL	(e)	–	–	797,886	797,886
		–	–	924,365	924,365

- (a) The Group owns 4,163 ordinary shares in Entity A mainly engaging in providing co-working space in the PRC. Entity A is listed on the Nasdaq Capital Market, with its shares traded in an active market. Therefore, the fair value of the investment is determined based on a published price quotation available on the Nasdaq Capital Market and was classified as Level 1 of the fair value hierarchy.
- (b) It represents investment in an unlisted investment trust with the underlying investment in a tourism related property development project in Yunnan. Currently, the property project only has a land pending for development and seeking approval from the local government. It is grouped under Level 3 fair value measurement and its fair value is determined by an independent professional valuer based the market comparison approach of the land value. A significant increase in market value of the land would result in a significant increase in fair value of the unlisted investment trust, and vice versa.
- (c) The contingent consideration is grouped into level 3 fair value measurement and the fair value is determined by the Directors based on probability of the adjustment to the toll road tariff chargeable under the Concession Agreement. A significant increase in toll tariff adjustment probability would result in a significant increase in the fair value, and vice versa.

# Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2025

## 39. FINANCIAL INSTRUMENTS *(continued)*

### (c) Fair value of financial instruments *(continued)*

#### Fair value measurements *(continued)*

##### (i) Financial assets and financial liabilities measured at fair value on a recurring basis *(continued)*

- (d) The participation rights is grouped into level 3 fair value measurement and the fair value is determined based on valuation provided by an independent professional valuer which is measured using discount cash flow analysis based on surrender price, distribution, discount rate. A significant increase in surrender value would result in a significant increase in fair value of the participation rights, and vice versa.
- (e) The sale loan with redemption right is grouped into level 3 fair value measurement and the fair value is determined based on valuation provided by an independent professional valuer which is measured using Monte Carlo simulation based on the current property prices, China risk-free rate, the expected volatility of the property prices and expected return.

During the years ended 31 December 2025 and 2024, there were no transfers between Level 1, Level 2 and Level 3.

##### (ii) Reconciliation of Level 3 fair value measurements

	Investment in an unlisted entity HK\$'000
<b>Financial assets at FVTPL</b>	
At 1 January 2024	579,152
Change in fair value recognised in profit or loss (note 7)	(8,452)
Exchange difference arising on translation to presentation currency	(19,676)
At 31 December 2024	551,024
Change in fair value recognised in profit or loss (note 7)	<b>(130,634)</b>
Exchange difference arising on translation to presentation currency	<b>7,251</b>
<b>At 31 December 2025</b>	<b>427,641</b>

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 39. FINANCIAL INSTRUMENTS (continued)

### (c) Fair value of financial instruments (continued)

#### Fair value measurements (continued)

##### (ii) Reconciliation of Level 3 fair value measurements (continued)

	Sale loan with redemption right HK\$'000	Contingent consideration HK\$'000	Participation rights HK\$'000	Total HK\$'000
<b>Financial liabilities at FVTPL</b>				
At 1 January 2024	734,734	60,155	139,564	934,453
Change in fair value recognised in profit or loss (note 7)	62,452	(34,281)	(28,990)	(819)
Settlement	–	–	(12,205)	(12,205)
Exchange difference arising on translation to presentation currency	700	(2,220)	4,456	2,936
At 31 December 2024	797,886	23,654	102,825	924,365
Change in fair value recognised in profit or loss (note 7)	2,116	–	–	2,116
Settlement	(400,000)	(23,654)	(102,825)	(526,479)
Transfer to equity	(400,000)	–	–	(400,000)
Exchange difference arising on translation to presentation currency	(2)	–	–	(2)
<b>At 31 December 2025</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

##### (iii) Financial assets and financial liabilities not measured at fair value on a recurring basis (but fair value disclosures are required)

The Directors consider that the carrying amounts of the Group's financial assets and financial liabilities carried at amortised cost in the consolidated financial statements approximate their fair values as at 31 December 2025 and 31 December 2024, which are determined in accordance with generally accepted pricing models based on discounted cash flow, except for the following financial liabilities, for which their carrying amounts and fair values (reference to the quoted ask price available in an over-the-counter market) are disclosed below:

	31 December 2025		31 December 2024	
	Carrying amount HK\$'000	Fair value HK\$'000	Carrying amount HK\$'000	Fair value HK\$'000
2019 September guaranteed senior notes	1,682,942	321,474	1,624,062	869,415
2020 March guaranteed senior notes	1,310,490	251,541	1,270,263	622,651
2020 September guaranteed senior notes	1,249,867	241,754	1,208,816	526,000
2021 January guaranteed senior notes	3,524,415	675,498	3,428,064	1,435,612
2021 July guaranteed senior notes	3,564,761	690,694	3,467,765	1,424,059

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 40. 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 the future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Balance at 1.1.2025 HK\$'000	Dividend distribution declared HK\$'000	Financing cash flows HK\$'000 (note)	Financing cost incurred during the year HK\$'000	Uncall redemption right transferred to equity HK\$'000	Additions of right-of-use assets HK\$'000	Change in fair value of financial liabilities at FVTPL HK\$'000	Disposal of a joint venture HK\$'000	Dividend contribution by joint ventures HK\$'000	Capital reduction in joint ventures HK\$'000	Settlement with amount due from non- controlling interests of subsidiaries HK\$'000	Settlement with amount due from joint ventures and associates HK\$'000	Exchange adjustment HK\$'000	Balance at 31.12.2025 HK\$'000
Bank and other borrowings (note 29)	16,227,248	-	(2,064,356)	880,068	-	-	-	-	-	-	-	-	71,465	15,114,425
Amounts due to other non-controlling interests of subsidiaries (note 33)	861,938	-	(363,993)	-	-	-	-	-	-	-	-	-	14,577	512,522
Amounts due to joint ventures and associates (note 32)	5,386,445	-	598,640	5,367	-	-	-	(5,810)	(473,958)	(1,898,636)	-	(27,794)	91,180	3,675,434
Lease liabilities (note 35)	15,013	-	(10,968)	615	-	15,848	-	-	-	-	-	-	162	20,670
Participation rights designated as at FVTPL (note 25)	102,825	-	(102,825)	-	-	-	-	-	-	-	-	-	-	-
Sale loan with redemption right designated as at FVTPL (note 25)	797,886	-	(400,000)	-	(400,000)	-	2,116	-	-	-	-	-	(2)	-
Dividend distribution payable	-	154,932	(22,500)	-	-	-	-	-	-	-	(132,432)	-	-	-
	23,391,355	154,932	(2,366,002)	886,050	(400,000)	15,848	2,116	(5,810)	(473,958)	(1,898,636)	(132,432)	(27,794)	177,382	19,323,051

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 40. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

(continued)

	Balance at 1.1.2024 HK\$'000	Dividend distribution declared HK\$'000	Financing cash flows HK\$'000 (note)	Financing cost incurred during the year HK\$'000	Acquisition of subsidiaries HK\$'000	Debt assignment arrangement HK\$'000	Change in fair value of financial liabilities at FVTPL HK\$'000	Gains on buyback of senior notes HK\$'000	Dividend contribution by joint ventures HK\$'000	Capital reduction in joint ventures HK\$'000	Settlement with amount due from non- controlling interests of subsidiaries HK\$'000	Settlement with amount due from joint ventures and associates HK\$'000	Exchange adjustment HK\$'000	Balance at 31.12.2024 HK\$'000
Bank and other borrowings (note 29)	22,618,006	-	(6,846,560)	1,211,397	-	-	-	(590,967)	-	-	-	-	(164,628)	16,227,248
Amounts due to other non-controlling interests of subsidiaries (note 33)	1,452,807	-	(540,987)	-	-	-	-	-	-	-	-	-	(49,882)	861,938
Amounts due to joint ventures and associates (note 32)	6,250,067	-	859,201	16,525	(538,143)	263,771	-	-	(15,157)	(957,987)	-	(339,788)	(152,044)	5,386,445
Lease liabilities (note 35)	28,785	-	(14,602)	1,059	-	-	-	-	-	-	-	-	(229)	15,013
Participation rights designated as at FVTPL (note 25)	139,564	-	(12,205)	-	-	-	(28,990)	-	-	-	-	-	4,456	102,825
Sale loan with redemption right designated as at FVTPL (note 25)	734,734	-	-	-	-	-	62,452	-	-	-	-	-	700	797,886
Dividend distribution payable	-	1,466,963	(1,057,358)	-	-	-	-	-	-	-	(409,605)	-	-	-
	31,223,963	1,466,963	(7,612,511)	1,228,981	(538,143)	263,771	33,462	(590,967)	(15,157)	(957,987)	(409,605)	(339,788)	(361,627)	23,391,355

## 41. ACQUISITION OF SUBSIDIARIES

For the year ended 31 December 2024, the Group elected to apply the optional concentration test in accordance with HKFRS 3 and concluded that inventory of properties are considered a group of similar identifiable assets of each subsidiary acquired. The Group determined that substantially all of the fair value of the gross assets (excluding cash and cash equivalents and deferred tax assets) acquired is concentrated in a group of similar identifiable assets and concluded that the acquired set of activities and assets is not a business. In the event where the concentration test is not met, the Directors have performed a detail assessment of the acquired subsidiaries which are engaged in property development but without substantive process at the date of acquisition. Therefore, the acquired set of activities and assets is not a business and these transactions are accounted for as acquisition of assets and liabilities through acquisition of subsidiaries. Details of the acquisitions are as follows:

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 41. ACQUISITION OF SUBSIDIARIES (continued)

In October 2023, the Group entered into an equity transfer agreement with a joint venture partner of 廣州雋宏房地產開發有限公司 (“廣州雋宏”), to acquire 49% equity interest in 廣州雋宏 from the joint venture partner at a total consideration of RMB222,637,000 (equivalent to HK\$238,880,000). The consideration would be settled by a debt assignment arrangement where the Group would assume the debt of RMB245,835,000 (equivalent to HK\$263,771,000) the other joint venture partner owed to 廣州雋宏 and this amount would then be designated to offset the aforementioned consideration. The excess amount of RMB23,198,000 (equivalent to HK\$24,891,000), would be required to settle to the Group before the completion of this acquisition. 廣州雋宏 is engaged in the property development in Guangzhou, the PRC. Upon completion of this acquisition in February 2024, 廣州雋宏 became a wholly-owned subsidiary of the Company.

In October 2024, the Group entered into an equity transfer agreement with a joint venture partner of 北京雋安房地產開發有限公司 (“北京雋安”), to acquire 49% equity interest in 北京雋安 from the joint venture partner at a total consideration of RMB1, which was settled by cash. 北京雋安 was a 51% joint venture of the Group engaging in the property development in Beijing, the PRC. Upon completion of the acquisition in October 2024, it becomes a wholly-owned subsidiary of the Company.

The aggregate net assets of the subsidiaries at the date of acquisition were as follow:

	2024 HK\$'000
Property, plant and equipment	38
Inventory of properties	459,623
Debtors, deposits and prepayments	20,738
Amounts due from group companies	538,143
Prepaid income tax	36,569
Bank balances and cash	27,332
Creditors and accrued charges	(180,894)
Amounts due to group companies	(199,362)
Contract liabilities	(51,390)
Income tax payable	(24,178)
	<u>626,619</u>
Satisfied by:	
Consideration with a debt assignment arrangement	238,880
Interests in joint ventures disposed of	387,739
	<u>626,619</u>
Net cash inflow arising on acquisition:	
Cash considerations received	24,891
Bank balances and cash acquired	27,332
	<u>52,223</u>

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 42. DISPOSAL OF SUBSIDIARIES

In November 2023, RKE (the "Seller"), an indirect subsidiary owned as to 75% by the Company, entered into a sale and purchase agreement with a subsidiary of China Merchants Expressway Network & Technology Holdings Co., Ltd. (招商局公路網絡科技控股股份有限公司) (the "Purchaser"), pursuant to which the Seller agreed to sell and the Purchaser agreed to buy the entire issued share capital of Road King (China) Infrastructure Limited ("RKC") at a consideration of RMB4,411,800,000 (equivalent to HK\$4,902,000,000). RKC is a wholly-owned subsidiary of the Seller incorporated under the laws of the British Virgin Islands with limited liability. RKC is an investment holding company and its subsidiaries are engaged in investment in, and development, operation and management of four expressway projects in Mainland China through holding interests in joint ventures with respective joint venture partners. Each joint venture has the right to operate the section of the expressway held by it during the concession period in accordance with the relevant joint venture contracts. The Disposal was completed and the consideration was received in full in April 2024. The gain on the disposal transaction amounting to HK\$1,862,396,000 was recognised in profit or loss during the year of 2024.

In August 2024, the Group entered into sale and purchase agreement with an independent third party to dispose 90.1% equity interests in 東莞市雋越投資發展有限公司 ("東莞雋越"), a non-wholly-owned subsidiary of the Company, at a cash consideration of RMB14,140,000 (equivalent to HK\$15,172,000). The subsidiary is engaging in property development in Dongguan, the PRC. The consideration was fully received in 2024 and the gain on disposal of the subsidiary amounting to HK\$6,890,000 was recognised in profit or loss during the year of 2024.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 42. DISPOSAL OF SUBSIDIARIES (continued)

The aggregate net assets of the subsidiaries at the date of completion of the disposals were as follow:

	2024 HK\$'000
<b>Cash considerations</b>	<u>4,917,172</u>
<b>Analysis of assets and liabilities over which control were lost:</b>	
Interests in joint ventures	2,983,989
Deferred tax assets	293
Inventory of properties	152,383
Debtors, deposits and prepayments	1,377
Amount due from a joint venture	79,991
Bank balances and cash	13
Amounts due to group companies	(186,594)
Deferred tax liabilities	(24,966)
Net assets disposed of	<u>3,006,486</u>
<b>Gains on disposal of:</b>	
Cash considerations	4,917,172
Direct transaction costs and expenses	(41,400)
Net assets disposal of	(3,006,486)
<b>Gains on disposal of before taxation</b>	1,869,286
Income tax expenses	(372,511)
<b>Gains on disposal of, net of related income tax</b>	<u>1,496,775</u>
– attributable to owners of the Company	<u>1,123,469</u>
– attributable to other non-controlling interest of subsidiaries	<u>373,306</u>
<b>Net cash inflow arising on the disposal:</b>	
Cash received	4,917,172
Less: Bank balances and cash disposed of	(13)
Net cash proceeds on disposal of subsidiaries	<u>4,917,159</u>
Less: Direct transaction costs and expenses	(41,400)
Less: Income tax expenses	(372,511)
	<u>4,503,248</u>

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 43. OPERATING LEASES

### As lessor

The maturity of the minimum lease payments receivable on leases is as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	156,916	164,601
In the second year	122,228	120,489
In the third year	98,433	96,781
In the fourth year	70,767	81,452
In the fifth year	58,864	59,133
After five years	244,227	262,283
	<b>751,435</b>	<b>784,739</b>

## 44. FINANCIAL GUARANTEE CONTRACTS

At 31 December 2025, the Group provided guarantees of HK\$2,882,814,000 (2024: HK\$4,041,598,000) to banks in favour of its customers in respect of the mortgage loans provided by the banks to such customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted. The Directors consider that the fair value of such guarantees on initial recognition was insignificant.

At 31 December 2025, the Group provided guarantees of HK\$836,607,000 (2024: HK\$2,060,820,000) to banks in connection with the banking facilities granted to joint ventures. The Directors consider that the fair value of such guarantees on initial recognition was insignificant as the joint ventures have strong net asset position and the default risk is low.

## 45. PLEDGE OF ASSETS

At the end of the reporting period, other than the pledged bank deposits as disclosed in note 26, the Group's inventory of properties of HK\$4,734,315,000 (2024: HK\$5,427,155,000) and investment properties of HK\$3,666,704,000 (2024: HK\$4,065,437,000) were pledged to banks to secure the banking and other facilities granted to the Group.

As at 31 December 2025, the Group's borrowings with outstanding principal amount of HK\$392,744,000 (2024: HK\$468,193,000) were secured by the pledges of the equity shares of certain subsidiaries or/and joint ventures of the Company.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 46. CAPITAL COMMITMENTS

	2025 HK\$'000	2024 HK\$'000
Capital injection into property joint ventures contracted for but not provided in the consolidated financial statements	<b>25,117</b>	24,699
The maturity of the commitments is as follows:		
Within one year	<b>11,566</b>	–
More than two years but not exceeding five years	<b>1,658</b>	11,373
More than five years	<b>11,893</b>	13,326
	<b>25,117</b>	24,699

## 47. RELATED PARTY TRANSACTIONS

Other than set out in notes 20, 21, 25, 32, 33 and 44, the Group had transactions with the following related parties during the year:

Related parties	Nature	2025 HK\$'000	2024 HK\$'000
Property and other joint ventures	Interest income	–	1,182
Other non-controlling interests of subsidiaries	Interest income	–	16,541
Property joint ventures	Interest expense	<b>5,367</b>	6,004

### Compensation of key management personnel

The remuneration of Directors and other members of key management during the year was as follows:

	2025 HK\$'000	2024 HK\$'000
Short-term employment benefits	<b>64,494</b>	102,589
Post-employment benefits	<b>4,367</b>	4,919
	<b>68,861</b>	107,508

The remuneration of Directors and key executives is determined with reference to the performance of individuals and market trends.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 48. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2025 HK\$'000	2024 HK\$'000
<b>ASSETS</b>		
<b>Non-current asset</b>		
Unlisted investments in subsidiaries	9,051,510	12,977,713
<b>Current assets</b>		
Deposits and prepayments	181	211
Bank balances and cash	3,676	7,859
	3,857	8,070
<b>Total assets</b>	<b>9,055,367</b>	<b>12,985,783</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital (note 27)	74,934	74,934
Reserves (note)	5,244,233	8,968,960
	5,319,167	9,043,894
<b>Current liabilities</b>		
Creditors and accrued charges	3,288	3,988
Amounts due to subsidiaries	3,732,912	3,937,901
	3,736,200	3,941,889
<b>Total equity and liabilities</b>	<b>9,055,367</b>	<b>12,985,783</b>

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 48. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

	Share premium HK\$'000	Foreign currency translation reserve HK\$'000	Special reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
Balance at 1 January 2024	3,224,794	466,321	1,260,000	1,417,104	6,368,219
Profit for the year	–	–	–	2,893,092	2,893,092
Exchange differences arising on translation to presentation currency	–	(292,351)	–	–	(292,351)
Total comprehensive (expense) income for the year	–	(292,351)	–	2,893,092	2,600,741
Balance at 31 December 2024	3,224,794	173,970	1,260,000	4,310,196	8,968,960
Loss for the year	–	–	–	(3,792,191)	(3,792,191)
Exchange differences arising on translation to presentation currency	–	67,464	–	–	67,464
Total comprehensive income (expense) for the year	–	67,464	–	(3,792,191)	(3,724,727)
<b>Balance at 31 December 2025</b>	<b>3,224,794</b>	<b>241,434</b>	<b>1,260,000</b>	<b>518,005</b>	<b>5,244,233</b>

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 49. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 December 2025 and 31 December 2024 are as follows, all of these are limited liability companies:

Name of subsidiary	Place of incorporation/ establishment	Place of operation	Issued and fully paid ordinary share capital/paid registered capital	Proportion of amount paid/nominal value of issued ordinary share capital/registered capital held by the Company		Principal activity
				Directly %	Indirectly %	
<i>Incorporated in the British Virgin Islands ("BVI")/Hong Kong/Bermuda</i>						
Kings Bless Limited	Hong Kong	Hong Kong	HK\$1	-	75	Investment holding
Kings Key Limited	Hong Kong	Hong Kong	HK\$1	-	75	Investment holding
Kings Ring Limited	Hong Kong	Hong Kong	HK\$1	-	75	Investment holding
Power Truth Development Limited	Hong Kong	Hong Kong	HK\$1	-	100	Development and sale of properties
RKE	Bermuda	Hong Kong	HK\$66,666,668	-	75	Investment holding
RKE International Limited	Hong Kong	Hong Kong	HK\$1	-	75	Investment holding
RK Investment and Asset Management Group Limited	Hong Kong	Hong Kong	HK\$1	-	100	Investment holding
RKI Overseas Finance 2017 (A) Limited	BVI	#	US\$1	100	-	Provision of financial services
RK Properties Holdings Limited	BVI	Hong Kong	US\$1	-	100	Investment holding
RK Properties Management Limited	Hong Kong	Hong Kong	HK\$1	-	100	Provision of management services
RK Properties (Overseas) Limited	BVI	Hong Kong	US\$1	-	100	Investment holding
RKP Overseas Finance 2016 (A) Limited	BVI	#	US\$1	100	-	Provision of financial services
RKPF Overseas 2019 (A) Limited	BVI	#	US\$1	-	100	Provision of financial services
RKPF Overseas 2019 (E) Limited	BVI	#	US\$1	-	100	Provision of financial services
RKPF Overseas 2020 (A) Limited	BVI	#	US\$1	-	100	Provision of financial services
Road King Infrastructure Management Limited	Hong Kong	Hong Kong	HK\$2	-	100	Provision of management services
Shine Precious Limited	BVI	#	US\$1	-	100	Investment holding
Sunco Property Holdings Company Limited	BVI	Hong Kong	US\$250	-	94.74	Investment holding

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 49. PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment	Place of operation	Issued and fully paid ordinary share capital/paid registered capital	Proportion of amount paid/nominal value of issued ordinary share capital/registered capital held by the Company		Principal activity
				Directly %	Indirectly %	
<b>Registered as wholly foreign owned enterprises in the PRC</b>						
常州宏曦管理顧問有限公司	PRC	PRC	RMB1,520,000,000	–	100	Investment holding
常州宏駿房地產開發有限公司	PRC	PRC	US\$153,245,300	–	100	Development and sale of properties
Changzhou Great Superior Properties Developments Ltd.	PRC	PRC	RMB612,220,000	–	100	Development and sale of properties
天津啟威企業管理有限公司	PRC	PRC	RMB678,500,000	–	94.74	Investment holding
Tianjin Sunco Binhai Land Co., Ltd.	PRC	PRC	RMB600,000,000	–	94.74	Investment holding
天津順祥企業管理有限公司	PRC	PRC	RMB760,000,000	–	94.74	Investment holding
<b>Registered as sino-foreign equity joint venture enterprises in the PRC</b>						
常州宏智房地產開發有限公司	PRC	PRC	RMB500,000,000	–	100	Development and sale of properties
蘇州雋御地產有限公司	PRC	PRC	RMB1,008,600,000	–	100	Development and sale of properties
<b>Registered as limited liability companies in the PRC</b>						
天津順馳新地置業有限公司	PRC	PRC	RMB1,000,000,000	–	94.74	Development and sale of properties
北京路勁雋御房地產開發有限公司	PRC	PRC	RMB4,385,300,000	–	100	Development and sale of properties
常州宏耀房地產開發有限公司	PRC	PRC	RMB650,000,000	–	95	Development and sale of properties
深圳市盛世盈投資發展有限公司	PRC	PRC	RMB50,000,000	–	90	Development and sale of properties
寧波甬鴻置業有限公司	PRC	PRC	RMB710,000,000	–	100	Development and sale of properties
廣州雋順房地產開發有限公司	PRC	PRC	RMB400,000,000	–	51	Development and sale of properties

# The subsidiaries of the Company are either investment holding or provision of financial services companies only and do not have any operations.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 49. PRINCIPAL SUBSIDIARIES (continued)

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affect the results of the year or constituted a substantial portion of the net asset of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

The table below shows details of non-wholly-owned subsidiary of the Group that has material non-controlling interest:

Name of subsidiary	Place of Incorporation/ establishment	Proportion of ownership interests and voting rights held by non-controlling interest		Profit allocated to non-controlling interest		Accumulated non-controlling interest	
		2025	2024	2025	2024	2025	2024
		HK\$'000	HK\$'000	HK\$'000	HK\$'000		
RKE	Bermuda	25%	25%	51,796	454,152	1,092,151	1,103,573

### At 31 December 2025

	2025 HK\$'000	2024 HK\$'000
Current assets	150,258	128,095
Non-current assets	4,254,908	4,340,626
Current liabilities	16,466	39,103
Non-current liabilities	20,098	15,328
Equity attributable to owners of the Company	3,276,451	3,310,717
Non-controlling interest of RKE	1,092,151	1,103,573

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 49. PRINCIPAL SUBSIDIARIES (continued)

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
Income	264,164	2,367,943
Expenses	(56,979)	(551,335)
Profit attributable to owners of the Company	155,389	1,362,456
Profit attributable to the non-controlling interest of RKE	51,796	454,152
Profit for the year	207,185	1,816,608
Other comprehensive expense attributable to owners of the Company	(122,157)	(614,228)
Other comprehensive expense attributable to non-controlling interest of RKE	(40,719)	(204,742)
Other comprehensive expense for the year	(162,876)	(818,970)
Total comprehensive income attributable to owners of the Company	33,232	748,228
Total comprehensive income attributable to non-controlling interest of RKE	11,077	249,410
Total comprehensive income for the year	44,309	997,638

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
Net cash outflow from operating activities	(58,607)	(514,597)
Net cash (outflow) inflow from investing activities	(14,582)	100,638
Net cash inflow from financing activities	92,172	19,557
Net cash inflow (outflow)	18,983	(394,402)
Dividends paid to non-controlling interest of RKE	(22,500)	(1,017,230)

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 49. PRINCIPAL SUBSIDIARIES (continued)

None of the subsidiaries had any debt securities at the end of the year except for the following:

	2025 HK\$'000	2024 HK\$'000
RKPF Overseas 2019 (A) Limited	4,243,299	4,103,141
RKPF Overseas 2020 (A) Limited	7,089,176	6,895,829
	<b>11,332,475</b>	10,998,970

## 50. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 23 January 2026, an indirect wholly-owned subsidiary of the Company entered into an agreement for the disposal of the investment properties in Ningbo to an independent third party at an aggregate consideration of RMB100,300,000 (equivalent to HK\$109,438,000) (the "Disposal Transaction"). The Disposal Transaction has not been completed as at the date when these consolidated financial statements are approved by the Board of Directors.

## 51. TOTAL ASSETS LESS CURRENT LIABILITIES/NET CURRENT LIABILITIES

The Group's total assets less current liabilities at 31 December 2025 amounted to HK\$18,043,340,000 (2024: HK\$35,250,970,000). The Group's net current liabilities at 31 December 2025 amounted to HK\$413,236,000 (2024: net current assets amounted to HK\$12,314,259,000).

# Financial Summary

## RESULTS

	For the year ended 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
<b>Revenue</b>	<b>5,321,879</b>	5,536,911	13,075,348	17,155,976	24,677,949
<b>(Loss) profit before taxation</b>	<b>(5,313,119)</b>	(3,340,575)	(3,589,225)	1,098,173	4,274,226
Income tax credit (expenses)	<b>10,955</b>	32,266	(171,322)	(639,561)	(2,289,737)
<b>(Loss) profit for the year</b>	<b>(5,302,164)</b>	(3,308,309)	(3,760,547)	458,612	1,984,489
<b>Attributable to:</b>					
Owners of the Company	<b>(5,981,508)</b>	(4,121,870)	(3,961,585)	(495,378)	1,028,245
Owners of perpetual capital securities	<b>545,971</b>	540,452	532,676	536,907	527,775
Non-controlling interests of subsidiaries	<b>133,373</b>	273,109	(331,638)	417,083	428,469
	<b>(5,302,164)</b>	(3,308,309)	(3,760,547)	458,612	1,984,489

## ASSETS AND LIABILITIES

	As at 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Total assets	<b>45,152,304</b>	57,513,135	73,146,313	90,002,373	108,235,731
Total liabilities	<b>(30,119,486)</b>	(36,612,956)	(45,948,649)	(57,241,890)	(72,437,351)
	<b>15,032,818</b>	20,900,179	27,197,664	32,760,483	35,798,380
<b>Attributable to:</b>					
Owners of the Company	<b>5,319,167</b>	10,815,447	15,695,656	20,246,414	22,337,418
Owners of perpetual capital securities	<b>7,669,178</b>	7,123,442	6,963,623	6,961,258	6,954,296
Non-controlling interests of subsidiaries	<b>2,044,473</b>	2,961,290	4,538,385	5,552,811	6,506,666
	<b>15,032,818</b>	20,900,179	27,197,664	32,760,483	35,798,380





**Road King Infrastructure Limited**